THIS IS NOT A SOLICITATION OF AN ACCEPTANCE OR REJECTION OF THE PLAN WITHIN THE MEANING OF SECTION 1125 OF THE BANKRUPTCY CODE. ACCEPTANCES OR REJECTIONS OF THE PLAN MAY NOT BE SOLICITED UNTIL A DISCLOSURE STATEMENT HAS BEEN APPROVED BY THE BANKRUPTCY COURT. THIS DISCLOSURE STATEMENT HAS NOT BEEN APPROVED BY THE BANKRUPTCY COURT.

IN THE UNITED STATES BANKRUPTCY COURT

FOR THE DISTRICT OF DELAWARE

In re:	Chapter 11
GIBSON BRANDS, INC., *et al.*,	Case No. 18-11025 (CSS)
Debtors.[1]	Jointly Administered

DISCLOSURE STATEMENT FOR DEBTORS' JOINT CHAPTER 11 PLAN OF REORGANIZATION

Dated: June 20, 2018

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Counsel for the Debtors and Debtors in Possession

[1] The Debtors and the last four digits of their respective taxpayer identification numbers are as follows: Gibson Brands, Inc. (4520); Cakewalk, Inc. (2455); Consolidated Musical Instruments, LLC (4695); Gibson Café & Gallery, LLC (0434); Gibson International Sales LLC (1754); Gibson Pro Audio Corp. (3042), Neat Audio Acquisition Corp. (3784); Gibson Innovations USA, Inc. (4620); Gibson Holdings, Inc. (8455); Baldwin Piano, Inc. (0371); Wurlitzer Corp. (0031); and Gibson Europe B.V. (Foreign). The Debtors' corporate headquarters is located at 309 Plus Park Blvd., Nashville, TN 37217.

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GIBSON BRANDS, INC. ("Gibson") and each of its debtor affiliates in the above-captioned cases (collectively, the "Debtors" and, together with the Non-Debtor Subsidiaries, the "Company"), are sending you this document and the accompanying materials (the "Disclosure Statement") in connection with soliciting votes to approve the *Debtors' Joint Chapter 11 Plan of Reorganization* dated June 20, 2018, as the same may be amended from time to time (the "Plan").[2] The Debtors are soliciting votes to approve the Plan (the "Solicitation") in these cases (the "Chapter 11 Cases") under chapter 11 of title 11 of the United States Code, as amended (the "Bankruptcy Code") pursuant to the order of the Bankruptcy Court entered on July [__], 2018: (I) approving this Disclosure Statement as containing adequate information, and (II) approving procedures for the solicitation of votes in compliance with sections 1125 and 1126(b) of the Bankruptcy Code [Docket No. [__]] (the "Disclosure Statement Order").

If you are a creditor of the Debtors entitled to vote on the Plan you should read this Disclosure Statement, make a decision on how you want to vote on the Plan, and follow exactly the voting instructions.

A copy of the Plan is attached hereto as **Exhibit A**. The Plan has the support of the Supporting Noteholders and the Supporting Principals pursuant to the terms of the Restructuring Support Agreement attached hereto as **Exhibit B**.

THE PLAN CLASSIFIES VARIOUS CLASSES OF CREDITORS. ONLY HOLDERS OF CLAIMS CLASSIFIED AS: (I) DOMESTIC TERM LOAN CLAIMS (CLASS 4) (TO THE EXTENT NOT PREVIOUSLY REFINANCED IN ACCORDANCE WITH THE DIP ORDERS), (II) ALLOWED PREPETITION SECURED NOTES CLAIMS (CLASS 5), (III) GENERAL UNSECURED CLAIMS (OTHER THAN CLASS 7, 8 AND 9 CLAIMS) (CLASS 6), (IV) GENERAL UNSECURED CLAIMS AGAINST GIBSON HOLDINGS, INC. (CLASS 7), AND (V) CONVENIENCE CLASS CLAIMS (CLASS 8) ARE ENTITLED TO VOTE ON THE PLAN. IF YOU ARE A CREDITOR WITH A CLAIM IN ONE OF THESE CLASSES AND ARE ENTITLED TO VOTE YOU ARE BEING SOLICITED UNDER THIS DISCLOSURE STATEMENT.

THE PLAN IS SUPPORTED BY THE DEBTORS, SUPPORTING NOTEHOLDERS REPRESENTING APPROXIMATELY 99% OF THE PRINCIPAL AMOUNT OF THE ALLOWED PREPETITION SECURED NOTES CLAIMS, AND THE SUPPORTING PRINCIPALS. THE DEBTORS RECOMMEND THAT ALL CREDITORS WHOSE VOTES ARE BEING SOLICITED SUBMIT BALLOTS TO ACCEPT THE PLAN.

The Debtors believe that the Plan provides the best restructuring alternative available to these estates and their creditors. Through the Plan, the Debtors expect to substantially deleverage their balance sheet and reduce their interest expenses through the consummation of a change of control from the Debtors' existing Holders of Equity Interests to the Prepetition Secured Noteholders to emerge from chapter 11 as a sustainable and recapitalized business uniquely positioned for success.

[2] Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Plan. To the extent that a definition of a term in the text of this Disclosure Statement and the definition of such term in the Plan are inconsistent, the definition included in the Plan shall control and govern.

THE VOTING DEADLINE IS 4:00 P.M. PREVAILING EASTERN TIME ON [____], 2018 (UNLESS THE DEBTORS EXTEND THE VOTING DEADLINE IN ACCORDANCE WITH THE RESTRUCTURING SUPPORT AGREEMENT).

BENEFICIAL HOLDERS THAT HOLD THEIR CLAIMS THROUGH NOMINEES MUST RETURN SUCH BENEFICIAL HOLDER BALLOTS TO THEIR RESPECTIVE INTERMEDIARY RECORD OWNERS AS SOON AS POSSIBLE TO ALLOW SUFFICIENT TIME FOR INTERMEDIARY RECORD OWNERS TO VALIDATE AND INCLUDE THEIR VOTES ON A MASTER BALLOT AND RETURN SUCH MASTER BALLOTS TO THE VOTING AGENT ON OR BEFORE THE VOTING DEADLINE.

IN ORDER FOR YOUR VOTE TO BE COUNTED, THE MASTER BALLOT SUBMITTED ON YOUR BEHALF TO YOUR NOMINEE MUST BE ACTUALLY RECEIVED BY THE VOTING AGENT ON OR BEFORE THE VOTING DEADLINE.

IF YOU HOLD YOUR CLAIMS DIRECTLY, YOU MUST RETURN YOUR COMPLETED BALLOT TO THE VOTING AGENT ON OR BEFORE THE VOTING DEADLINE.

IMPORTANT DISCLAIMERS AND INFORMATION ABOUT THIS DISCLOSURE STATEMENT FOR YOU TO READ

VOTING PURPOSE

THE DEBTORS ARE PROVIDING THE INFORMATION IN THIS DISCLOSURE STATEMENT TO HOLDERS OF CLAIMS FOR THE PURPOSE OF SOLICITING VOTES TO ACCEPT OR REJECT THE DEBTORS' JOINT CHAPTER 11 PLAN OF REORGANIZATION. NOTHING IN THIS DISCLOSURE STATEMENT MAY BE RELIED UPON OR USED BY ANY ENTITY FOR ANY PURPOSE OTHER THAN TO DETERMINE HOW TO VOTE ON THE PLAN. BEFORE DECIDING WHETHER TO VOTE FOR OR AGAINST THE PLAN, EACH HOLDER ENTITLED TO VOTE SHOULD CAREFULLY CONSIDER ALL OF THE INFORMATION IN THIS DISCLOSURE STATEMENT, INCLUDING THE RISK FACTORS DESCRIBED IN ARTICLE XII HEREIN.

SECURITIES NOT REGISTERED

UPON CONFIRMATION OF THE PLAN, CERTAIN OF THE SECURITIES DESCRIBED IN THIS DISCLOSURE STATEMENT WILL BE ISSUED WITHOUT REGISTRATION UNDER THE SECURITIES ACT OF 1933, 15 U.S.C. §§ 77A-77AA, TOGETHER WITH THE RULES AND REGULATIONS PROMULGATED THEREUNDER (THE "SECURITIES ACT"), OR SIMILAR FEDERAL, STATE, LOCAL, OR FOREIGN LAWS, IN RELIANCE ON THE EXEMPTION SET FORTH IN SECTION 1145 OF THE BANKRUPTCY CODE. OTHER SECURITIES MAY BE ISSUED PURSUANT TO OTHER APPLICABLE EXEMPTIONS UNDER FEDERAL AND STATE SECURITIES LAWS. TO THE EXTENT EXEMPTIONS FROM REGISTRATION UNDER SECTION 1145 OF THE BANKRUPTCY CODE, THE SECURITIES ACT OR APPLICABLE FEDERAL OR STATE SECURITIES LAW DO NOT APPLY, THE SECURITIES MAY NOT BE OFFERED OR SOLD EXCEPT IN A TRANSACTION REGISTERED UNDER THE SECURITIES ACT.

NO REGULATORY APPROVAL

NO SECURITIES TO BE ISSUED PURSUANT TO THE PLAN HAVE BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR BY ANY STATE SECURITIES COMMISSION OR SIMILAR PUBLIC, GOVERNMENTAL OR REGULATORY AUTHORITY. THIS DISCLOSURE STATEMENT HAS NOT BEEN FILED FOR APPROVAL WITH THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE AUTHORITY AND NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE AUTHORITY HAS PASSED UPON THE ACCURACY OR ADEQUACY OF THIS DISCLOSURE STATEMENT OR UPON THE MERITS OF THE PLAN. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. NEITHER THIS SOLICITATION NOR THIS DISCLOSURE STATEMENT CONSTITUTES AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY SECURITIES IN ANY STATE OR JURISDICTION IN WHICH SUCH OFFER OR SOLICITATION IS NOT AUTHORIZED.

EXEMPTIONS UNDER APPLICABLE LAW

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED PURSUANT TO SECTION 1125 OF THE BANKRUPTCY CODE AND BANKRUPTCY RULE 3016 AND IS NOT NECESSARILY IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAWS OR OTHER SIMILAR LAWS.

ALL SECURITIES DESCRIBED HEREIN ARE EXPECTED TO BE ISSUED WITHOUT REGISTRATION UNDER THE SECURITIES ACT OR ANY STATE SECURITIES LAWS ("BLUE SKY LAWS"). THE DEBTORS INTEND TO RELY ON THE FOLLOWING EXEMPTIONS FROM REGISTRATION UNDER THE SECURITIES ACT AND BLUE SKY LAWS:

- **SECTION 1145 OF THE BANKRUPTCY CODE, SECTION 3(A)(9) OF THE SECURITIES ACT AND SECTION 4(A)(2) OF THE SECURITIES ACT (AND/OR REGULATION D PROMULGATED THEREUNDER), TO EXEMPT FROM SUCH REGISTRATION THE OFFER AND ISSUANCE OF THE NEW COMMON STOCK IN REORGANIZED GIBSON TO HOLDERS OF ALLOWED PREPETITION SECURED NOTES CLAIMS AND DIP FACILITY CLAIMS.**

- **SECTION 4(A)(2) OF THE SECURITIES ACT AND RULE 506 OF REGULATION D AND/OR RULE 701 PROMULGATED THEREUNDER TO EXEMPT FROM SUCH REGISTRATION THE OFFER AND THE ISSUANCE OF NEW COMMON STOCK AND NEW WARRANTS TO OFFICERS AND OTHER KEY EMPLOYEES OF THE DEBTORS PURSUANT TO THE MANAGEMENT EMPLOYMENT AND CONSULTING AGREEMENTS AND MANAGEMENT INCENTIVE PLAN.**

FORWARD LOOKING INFORMATION – SAFE HARBOR

THIS DISCLOSURE STATEMENT CONTAINS "FORWARD-LOOKING STATEMENTS" WITHIN THE MEANING OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. SUCH STATEMENTS CONSIST OF ANY STATEMENT OTHER THAN A RECITATION OF HISTORICAL FACT AND CAN BE IDENTIFIED BY THE USE OF FORWARD LOOKING TERMINOLOGY SUCH AS "MAY," "EXPECT," "ANTICIPATE," "ESTIMATE" OR "CONTINUE" OR THE NEGATIVE THEREOF OR OTHER VARIATIONS THEREON OR COMPARABLE TERMINOLOGY. THE DEBTORS CONSIDER ALL STATEMENTS REGARDING ANTICIPATED OR FUTURE MATTERS TO BE FORWARD-LOOKING STATEMENTS.

THERE ARE RISKS, UNCERTAINTIES, AND OTHER IMPORTANT FACTORS THAT COULD CAUSE THE REORGANIZED DEBTORS' ACTUAL PERFORMANCE OR ACHIEVEMENTS TO BE DIFFERENT FROM THOSE THEY MAY PROJECT, AND THE DEBTORS UNDERTAKE NO OBLIGATION TO UPDATE THE PROJECTIONS MADE HEREIN. THE READER IS CAUTIONED THAT ALL FORWARD-LOOKING STATEMENTS ARE NECESSARILY SPECULATIVE AND THERE ARE CERTAIN RISKS AND UNCERTAINTIES THAT COULD CAUSE ACTUAL EVENTS OR RESULTS TO DIFFER MATERIALLY FROM THOSE REFERRED TO IN SUCH FORWARD-LOOKING STATEMENTS. THE LIQUIDATION ANALYSIS, PROJECTIONS

AND OTHER INFORMATION CONTAINED HEREIN AND ATTACHED HERETO ARE ESTIMATES ONLY, AND THE VALUE OF THE PROPERTY DISTRIBUTED TO HOLDERS OF ALLOWED CLAIMS OR EQUITY INTERESTS MAY BE AFFECTED BY MANY FACTORS THAT CANNOT BE PREDICTED. THEREFORE, ANY ANALYSES, ESTIMATES OR RECOVERY PROJECTIONS MAY OR MAY NOT TURN OUT TO BE ACCURATE.

CONSULT OWN ADVISORS

THE DEBTORS RECOMMEND THAT POTENTIAL RECIPIENTS OF ANY SHARES OF NEW COMMON STOCK PURSUANT TO THE PLAN CONSULT THEIR OWN LEGAL COUNSEL CONCERNING THE SECURITIES LAWS GOVERNING THE TRANSFERABILITY OF ANY SUCH SHARES OF NEW COMMON STOCK.

NO LEGAL OR TAX ADVICE IS PROVIDED TO YOU BY THIS DISCLOSURE STATEMENT. THE DEBTORS URGE EACH HOLDER OF A CLAIM OR AN EQUITY INTEREST TO CONSULT WITH ITS OWN ADVISORS WITH RESPECT TO ANY LEGAL, FINANCIAL, SECURITIES, TAX OR BUSINESS ADVICE IN REVIEWING THIS DISCLOSURE STATEMENT, THE PLAN AND EACH OF THE PROPOSED TRANSACTIONS CONTEMPLATED THEREBY. FURTHER, THE BANKRUPTCY COURT'S APPROVAL OF THE ADEQUACY OF DISCLOSURES CONTAINED IN THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE THE BANKRUPTCY COURT'S APPROVAL OF THE MERITS OF THE PLAN OR A GUARANTEE BY THE BANKRUPTCY COURT OF THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED HEREIN.

GOODWIN PROCTER LLP ("GOODWIN") AND PEPPER HAMILTON LLP ("PEPPER") ARE GENERAL INSOLVENCY COUNSEL TO THE DEBTORS. GOODWIN AND PEPPER RELIED UPON INFORMATION PROVIDED BY THE DEBTORS IN CONNECTION WITH PREPARATION OF THIS DISCLOSURE STATEMENT. GOODWIN AND PEPPER HAVE NOT INDEPENDENTLY VERIFIED THE INFORMATION CONTAINED HEREIN.

REVIEW ALL DOCUMENTS

THIS DISCLOSURE STATEMENT CONTAINS, AMONG OTHER THINGS, SUMMARIES OF THE PLAN, CERTAIN STATUTORY PROVISIONS, CERTAIN EVENTS IN THE DEBTORS' CHAPTER 11 CASES, AND EXHIBITS AND CERTAIN DOCUMENTS RELATED TO THE PLAN THAT ARE ATTACHED HERETO AND INCORPORATED HEREIN BY REFERENCE OR THAT MAY BE FILED LATER WITH THE PLAN SUPPLEMENT. ALTHOUGH THE DEBTORS BELIEVE THAT THESE SUMMARIES ARE FAIR AND ACCURATE, THESE SUMMARIES ARE QUALIFIED IN THEIR ENTIRETY TO THE EXTENT THAT THE SUMMARIES DO NOT SET FORTH THE ENTIRE TEXT OF SUCH DOCUMENTS OR STATUTORY PROVISIONS OR EVERY DETAIL OF SUCH EVENTS. IN THE EVENT OF ANY CONFLICT, INCONSISTENCY OR DISCREPANCY BETWEEN A DESCRIPTION IN THIS DISCLOSURE STATEMENT AND THE TERMS AND PROVISIONS OF THE PLAN OR ANY OTHER DOCUMENTS INCORPORATED HEREIN BY REFERENCE, THE PLAN OR SUCH OTHER DOCUMENTS WILL GOVERN AND CONTROL FOR ALL PURPOSES. EXCEPT WHERE OTHERWISE SPECIFICALLY NOTED, FACTUAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT

HAS BEEN PROVIDED BY THE DEBTORS' MANAGEMENT. THE DEBTORS DO NOT REPRESENT OR WARRANT THAT THE INFORMATION CONTAINED HEREIN OR ATTACHED HERETO IS WITHOUT ANY MATERIAL INACCURACY OR OMISSION.

NO REPRESENTATION OF ACCURACY OF INFORMATION

IN PREPARING THIS DISCLOSURE STATEMENT, THE DEBTORS RELIED ON FINANCIAL DATA DERIVED FROM THE DEBTORS' BOOKS AND RECORDS AND ON VARIOUS ASSUMPTIONS REGARDING THE DEBTORS' BUSINESS. THE DEBTORS' MANAGEMENT HAS REVIEWED THE FINANCIAL INFORMATION PROVIDED IN THIS DISCLOSURE STATEMENT. ALTHOUGH THE DEBTORS HAVE USED THEIR REASONABLE BUSINESS JUDGMENT TO ENSURE THE ACCURACY OF THIS FINANCIAL INFORMATION, THE FINANCIAL INFORMATION CONTAINED IN, OR INCORPORATED BY REFERENCE INTO, THIS DISCLOSURE STATEMENT HAS NOT BEEN AUDITED (UNLESS OTHERWISE EXPRESSLY PROVIDED HEREIN) AND NO REPRESENTATIONS OR WARRANTIES ARE MADE AS TO THE ACCURACY OF THE FINANCIAL INFORMATION CONTAINED HEREIN OR ASSUMPTIONS REGARDING THE DEBTORS' BUSINESS AND ITS FUTURE RESULTS AND OPERATIONS. THE DEBTORS EXPRESSLY CAUTION READERS NOT TO PLACE UNDUE RELIANCE ON ANY FORWARD-LOOKING STATEMENTS CONTAINED HEREIN.

NOTWITHSTANDING ANY RIGHTS OF APPROVAL PURSUANT TO THE RESTRUCTURING SUPPORT AGREEMENT OR OTHERWISE AS TO THE FORM OR SUBSTANCE OF THIS DISCLOSURE STATEMENT, THE PLAN OR ANY OTHER DOCUMENT RELATING TO THE TRANSACTIONS CONTEMPLATED THEREUNDER, NEITHER THE SUPPORTING NOTEHOLDERS, NOR THEIR RESPECTIVE REPRESENTATIVES, MEMBERS, FINANCIAL OR LEGAL ADVISORS OR AGENTS, HAS INDEPENDENTLY VERIFIED THE INFORMATION CONTAINED HEREIN OR TAKES ANY RESPONSIBILITY THEREFOR AND NONE OF THE FOREGOING ENTITIES OR PERSONS MAKES ANY REPRESENTATIONS OR WARRANTIES WHATSOEVER CONCERNING THE INFORMATION CONTAINED HEREIN.

NO ADMISSION

THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE, AND MAY NOT BE CONSTRUED AS, AN ADMISSION OF FACT, LIABILITY, STIPULATION OR WAIVER. RATHER, THIS DISCLOSURE STATEMENT SHALL CONSTITUTE A STATEMENT MADE IN SETTLEMENT NEGOTIATIONS RELATED TO POTENTIAL CONTESTED MATTERS, POTENTIAL ADVERSARY PROCEEDINGS AND OTHER PENDING OR THREATENED LITIGATION OR ACTIONS.

NO RELIANCE

NO RELIANCE SHOULD BE PLACED ON THE FACT THAT A PARTICULAR LITIGATION CLAIM OR PROJECTED OBJECTION TO A PARTICULAR CLAIM OR EQUITY INTEREST IS, OR IS NOT, IDENTIFIED IN THE DISCLOSURE STATEMENT. EXCEPT AS PROVIDED UNDER THE PLAN, THE DEBTORS OR THE REORGANIZED DEBTORS MAY SEEK TO INVESTIGATE, FILE AND PROSECUTE CLAIMS AND CAUSES OF ACTION

AND MAY OBJECT TO CLAIMS OR EQUITY INTERESTS AFTER THE CONFIRMATION OR EFFECTIVE DATE OF THE PLAN IRRESPECTIVE OF WHETHER THE DISCLOSURE STATEMENT IDENTIFIES ANY SUCH CLAIMS OR EQUITY INTERESTS OR OBJECTIONS TO CLAIMS OR EQUITY INTERESTS ON THE TERMS SPECIFIED IN THE PLAN.

HOLDERS OF CLAIMS ENTITLED TO VOTE TO ACCEPT OR REJECT THE PLAN MUST RELY ON THEIR OWN EVALUATION OF THE DEBTORS AND THEIR OWN ANALYSES OF THE TERMS OF THE PLAN IN DECIDING WHETHER TO VOTE TO ACCEPT OR REJECT THE PLAN. IMPORTANTLY, PRIOR TO DECIDING WHETHER AND HOW TO VOTE ON THE PLAN, EACH HOLDER OF A CLAIM IN A VOTING CLASS SHOULD REVIEW THE PLAN IN ITS ENTIRETY AND CONSIDER CAREFULLY ALL OF THE INFORMATION IN THIS DISCLOSURE STATEMENT AND ANY EXHIBITS HERETO, INCLUDING THE RISK FACTORS DESCRIBED IN GREATER DETAIL IN ARTICLE XII HEREIN, "RISK FACTORS."

NO UPDATES

THE DEBTORS ARE GENERALLY MAKING THE STATEMENTS AND PROVIDING THE FINANCIAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT AS OF THE DATE HEREOF WHERE FEASIBLE, UNLESS OTHERWISE SPECIFICALLY NOTED. ALTHOUGH THE DEBTORS MAY SUBSEQUENTLY UPDATE THE INFORMATION IN THIS DISCLOSURE STATEMENT, THE DEBTORS HAVE NO AFFIRMATIVE DUTY TO DO SO. HOLDERS OF CLAIMS AND EQUITY INTERESTS REVIEWING THIS DISCLOSURE STATEMENT SHOULD NOT INFER THAT, AT THE TIME OF THEIR REVIEW, THE FACTS SET FORTH HEREIN HAVE NOT CHANGED SINCE THE DATE OF THE DISCLOSURE STATEMENT. INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION, MODIFICATION, OR AMENDMENT. THE DEBTORS RESERVE THE RIGHT TO FILE AN AMENDED OR MODIFIED PLAN AND RELATED DISCLOSURE STATEMENT FROM TIME TO TIME, SUBJECT TO THE TERMS OF THE RESTRUCTURING SUPPORT AGREEMENT.

SOLE SOURCE OF INFORMATION FOR VOTING

THE DEBTORS HAVE NOT AUTHORIZED ANY ENTITY TO GIVE ANY INFORMATION ABOUT OR CONCERNING THE PLAN OTHER THAN THAT WHICH IS CONTAINED IN THIS DISCLOSURE STATEMENT. THE DEBTORS HAVE NOT AUTHORIZED ANY REPRESENTATIONS CONCERNING THE DEBTORS OR THE VALUE OF THEIR PROPERTY OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT.

DEADLINE

THE DEADLINE TO ACCEPT OR REJECT THE PLAN IS 4:00 P.M. (EASTERN TIME) ON [_____], 2018, UNLESS EXTENDED BY THE DEBTORS IN THEIR DISCRETION, SUBJECT TO THE TERMS OF THE RESTRUCTURING SUPPORT AGREEMENT.

PLAN AS CONFIRMED IS BINDING

IF THE PLAN IS CONFIRMED BY THE BANKRUPTCY COURT AND THE EFFECTIVE DATE OCCURS, ALL HOLDERS OF CLAIMS AGAINST, AND HOLDERS OF EQUITY INTERESTS IN THE DEBTORS (INCLUDING THOSE HOLDERS OF CLAIMS WHO DO NOT SUBMIT BALLOTS TO ACCEPT OR REJECT THE PLAN, WHO VOTE TO REJECT THE PLAN, OR WHO ARE NOT ENTITLED TO VOTE ON THE PLAN), WILL BE BOUND BY THE TERMS OF THE PLAN AND THE TRANSACTIONS CONTEMPLATED THEREBY.

THE CONFIRMATION AND EFFECTIVENESS OF THE PLAN ARE SUBJECT TO CERTAIN MATERIAL CONDITIONS PRECEDENT DESCRIBED HEREIN AND SET FORTH IN ARTICLE IX OF THE PLAN. THERE IS NO ASSURANCE THAT THE PLAN WILL BE CONFIRMED, OR IF CONFIRMED, THAT THE CONDITIONS REQUIRED TO BE SATISFIED FOR THE PLAN TO BECOME EFFECTIVE WILL BE SATISFIED (OR WAIVED).

EXHIBITS

EXHIBIT A – Plan of Reorganization

EXHIBIT B – Restructuring Support Agreement (with amendments and exhibits)

EXHIBIT C – Organizational Chart

EXHIBIT D – Liquidation Analysis

EXHIBIT E – Financial Projections

EXHIBIT F – Valuation Analysis

THE DEBTORS HEREBY ADOPT AND INCORPORATE EACH EXHIBIT ATTACHED TO THIS DISCLOSURE STATEMENT BY REFERENCE AS THOUGH FULLY SET FORTH HEREIN.

ARTICLE I.
EXECUTIVE SUMMARY

Only Holders of Domestic Term Loan Claims (Class 4) (to the extent not previously refinanced in accordance with the DIP Orders), Allowed Prepetition Secured Notes Claims (Class 5), General Unsecured Claims (other than Classes 7, 8, and 9) (Class 6), General Unsecured Claims Against Gibson Holdings, Inc. (Class 7), and Convenience Class Claims (Class 8), are entitled to vote on the Plan and are being solicited under this Disclosure Statement.

In the opinion of the Debtors, the Plan is preferable to the alternatives described in this Disclosure Statement because it provides for a larger distribution to the Debtors' creditors than would otherwise result from a liquidation under chapter 7 of the Bankruptcy Code and will allow the Reorganized Debtors to emerge from these chapter 11 cases as a sustainable and recapitalized business positioned for future success. The Plan will provide an efficient, expeditious change-of-control restructuring through the chapter 11 process, which is designed to significantly reduce the Company's interest expense, minimize disruption to the Company's business endeavors, recapitalize the Company's balance sheet, and provide a platform for renewed success. Any delay in confirmation of the Plan could result in significant administrative expenses resulting in smaller distributions to Holders of Allowed Claims than that which is proposed under the Plan. Accordingly, the Debtors recommend that all Holders of Impaired Claims support confirmation of the Plan and vote to accept the Plan.

Holders of approximately 99% in outstanding principal amount of the Allowed Prepetition Secured Notes Claims have already agreed, subject to the terms and conditions of the Restructuring Support Agreement, to vote in favor of the Plan.

This Executive Summary is being provided as an overview of the material items addressed in the Disclosure Statement and the Plan, which is qualified by reference to the entire Disclosure Statement and by the actual terms of the Plan (and including all Exhibits attached hereto and to the Plan and the Plan Supplement), and should not be relied upon for a comprehensive discussion of the Disclosure Statement and/or the Plan. Prior to soliciting votes on a proposed plan of reorganization, section 1125 of the Bankruptcy Code requires a debtor to prepare a disclosure statement containing information of a kind, and in sufficient detail, to enable a hypothetical reasonable investor to make an informed judgment regarding acceptance or rejection of the plan of reorganization. As such, this Disclosure Statement is being submitted in accordance with the requirements of section 1125 of the Bankruptcy Code. This Disclosure Statement includes information about:

- the Debtors' operating and financial history;
- the significant events that have occurred to date;
- the solicitation procedures for voting on the Plan;
- the Confirmation process and the voting procedures that Holders of Claims who are entitled to vote on the Plan must follow for their votes to be counted;
- the terms and provisions of the Plan, including certain effects of Confirmation of the Plan, certain risk factors relating to the Debtors or the Reorganized Debtors, the Plan and the securities to be issued under the Plan, and the manner in which distributions will be made under the Plan;

- the means for implementing the Plan, including the assumption of executory contracts, the establishment of a Litigation Trust to pursue certain causes of action, the proposed organization of the Debtors and their subsidiaries, operations and financing of the Reorganized Debtors if the Plan is confirmed and becomes effective; and

- the releases, exculpations and injunctions set forth in the Plan.

The classification and treatment of Claims against, and Equity Interests in, the Debtors and the Plan Distribution under the Plan are on a Debtor by Debtor basis. To the extent Claims against, and Equity Interests in, more than one Debtor are classified in one Class, the Class shall be deemed to include sub-classes for each such Debtor. If the Plan cannot be confirmed as to some or all of the Debtors, then, without prejudice to the respective parties' rights under the Restructuring Support Agreement, and subject to the terms set forth herein and therein, (a) the Plan may be revoked as to all of the Debtors, or (b) the Debtors may revoke the Plan as to any Debtor and confirm the Plan as to the remaining Debtors. The Debtors reserve the right to seek confirmation of the Plan pursuant to the "cram down" provisions contained in section 1129(b) of the Bankruptcy Code with respect to any non-accepting Class of Claims or Equity Interests as set forth in Article III of the Plan.

In connection with developing the Plan, the Company reviewed its current business operations and compared its prospects as an ongoing business enterprise with the estimated recoveries in various liquidation scenarios. As a result, the Company concluded that the Company's enterprise value would be maximized by continuing to operate as a going concern. The Company believes that its ongoing business and assets have significant value that would not be realized in a liquidation, either in whole or in substantial part. Consistent with the liquidation analysis described herein, the value of the Debtors' assets will be considerably greater if the Debtors operate as a going concern instead of liquidating. Moreover, the Debtors believe that any alternative to Confirmation of the Plan, such as an out-of-court restructuring, liquidation, or attempts by another party in interest to file a plan of reorganization, would result in significant delays, litigation, and additional costs, and ultimately would diminish the Debtors' enterprise value. **Accordingly, the Debtors strongly recommend that all Holders of Domestic Term Loan Claims (Class 4) (to the extent not previously refinanced in accordance with the DIP Orders), Allowed Prepetition Secured Notes Claims (Class 5), General Unsecured Claims (other than Classes 7, 8, and 9) (Class 6), General Unsecured Claims Against Gibson Holdings, Inc. (Class 7), and Convenience Class Claims (Class 8) vote to accept the Plan.**

The following rules for interpretation and construction shall apply to this Disclosure Statement: (1) capitalized terms used in the Disclosure Statement and not otherwise defined shall have the meaning ascribed to such terms in the Plan; (2) unless otherwise specified, any reference in this Disclosure Statement to a contract, instrument, release, indenture, or other agreement or document shall be a reference to such document in the particular form or substantially on such terms and conditions described; (3) unless otherwise specified, any reference in this Disclosure Statement to an existing document, schedule, or Exhibit, whether or not filed, shall mean such document, schedule, or Exhibit, as it may have been or may be amended, modified, or supplemented; (4) any reference to an entity as a Holder of a Claim or Equity Interest includes that Entity's successors and assigns; (5) unless otherwise specified, all references in this Disclosure Statement to Sections are references to Sections of this Disclosure Statement; (6) unless otherwise specified, all references in this Disclosure Statement to Exhibits are references to Exhibits in this Disclosure Statement; (7) unless otherwise set forth in this Disclosure Statement, the rules of construction set forth in section 102 of the Bankruptcy Code shall apply; and (8) any term used in capitalized form in this Disclosure Statement that is not otherwise defined in this Disclosure Statement or the Plan but that is used in the Bankruptcy

Code or the Bankruptcy Rules shall have the meaning assigned to such term in the Bankruptcy Code or the Bankruptcy Rules, as applicable.

A. THE CHAPTER 11 PROCESS – CONFIRMATION OF A PLAN OF REORGANIZATION

Chapter 11 is the principal business reorganization chapter of the Bankruptcy Code. Pursuant to chapter 11 of the Bankruptcy Code, a debtor may remain in possession of its assets and business and attempt to reorganize its business for the benefit of such debtor, its creditors and other parties in interest.

The commencement of a reorganization case creates an estate comprised of all of the legal and equitable interests of a debtor in property as of the date that the bankruptcy petition is filed. Sections 1107 and 1108 of the Bankruptcy Code provide that a debtor may continue to operate its business and remain in possession of its property as a "debtor in possession," unless the bankruptcy court orders the appointment of a trustee. The filing of a bankruptcy petition also triggers the automatic stay provisions of section 362 of the Bankruptcy Code that provide, among other things, for an automatic stay of all attempts to collect prepetition claims from a debtor or otherwise interfere with its property or business. Except as otherwise ordered by the bankruptcy court, the automatic stay generally remains in full force and effect until the effective date of a plan of reorganization, following confirmation of such plan of reorganization.

The Bankruptcy Code provides that upon commencement of a chapter 11 case, the Office of the United States Trustee may appoint a committee of unsecured creditors and may, in its discretion, appoint additional committees of creditors or of equity interest holders if necessary to assure adequate representation.

Upon the commencement of a chapter 11 case, all creditors and equity interest holders have standing to be heard on any issue in the chapter 11 proceedings pursuant to section 1109(b) of the Bankruptcy Code.

The formulation and confirmation of a plan of reorganization is the principal objective of a chapter 11 case. The plan of reorganization sets forth the means of satisfying the claims against and equity interests in the debtor.

B. PURPOSE AND EFFECT OF THE PLAN

The Debtors are reorganizing pursuant to chapter 11 of the Bankruptcy Code. As a result, the confirmation of the Plan means that the Reorganized Debtors will continue to operate their business going forward and does not mean that the Debtors will be liquidated or forced to go out of business. Additionally, a bankruptcy court's confirmation of a plan binds the debtor, any entity acquiring property under the plan, any holder of a claim or an equity interest in a debtor and all other entities as may be ordered by the bankruptcy court in accordance with the applicable provisions of the Bankruptcy Code to the terms and conditions of the confirmed plan, whether or not such entity voted on the plan or affirmatively voted to reject the plan.

C. SUMMARY OF THE PLAN AND THE FINANCIAL RESTRUCTURING IN CONNECTION THEREWITH

After good faith, active, and arm's-length negotiations, the Debtors, in consultation with their advisors, reached agreement on the terms of the Plan with (a) the Supporting Noteholders, which represent in the aggregate approximately 99% of the principal amount of Prepetition Secured Notes Claims, and (b) the Supporting Principals. The Company believes that the Plan is the best restructuring alternative reasonably available to its estates.

Through Confirmation of the Plan, the Debtors will restructure through a consensual change of control from Gibson's existing equity holders to the Holders of Allowed Prepetition Secured Notes Claims; substantially deleverage their balance sheet; satisfy in full all claims under the Debtors' DIP Facility and Prepetition ABL/Term Loan Agreement; reduce their Cash interest expense to a level that is aligned with their expected future Cash flows; and retain additional flexibility to invest in growth initiatives to maximize enterprise value. The Debtors believe that they will have sufficient liquidity during the course of the Chapter 11 Cases and will be well-positioned post-emergence.

The Debtors have outstanding secured debt in the principal amount of over $518 million, consisting of $375 million of principal amount of Prepetition Secured Notes (plus accrued and unpaid prepetition interest of $8,227,865.00) and, following the satisfaction of the Prepetition ABL/Term Loan Secured Claims through exercise of the Purchase Option or the ABL Refinancing (each as defined in the Final DIP Order), will have $135 million to $139 million of principal amount of outstanding DIP Financing (depending on whether the ABL Refinancing Increment is borrowed under the DIP Facility).[3] To the extent the Purchase Option or the ABL Refinancing is implemented as of the Effective Date to repay the remaining obligations due under the Prepetition ABL/Term Loan Agreement, Allowed Class 4 Domestic Term Loan Claims shall be paid in full and Unimpaired under the Plan and Holders of such Claims shall not be entitled to vote to accept or reject the Plan and, regardless of any votes in fact cast, shall be deemed to accept the Plan. To the extent the Purchase Option or the ABL Refinancing is not implemented as of the Effective Date to repay the remaining obligations due under the Prepetition ABL/Term Loan Agreement, (i) the amount of DIP Financing as of the Effective Date may be in an amount equal to the draws thereunder used for working capital purposes and to fund Administrative Expense Claims during these Chapter 11 Cases and (ii) Allowed Class 4 Domestic Term Loan Claims may be Impaired under the Plan and Holders of such Claims shall be entitled to vote to accept or reject the Plan, and votes actually cast shall be counted as described herein and in accordance with the Bankruptcy Code. In either case, all ABL Revolver Claims have been repaid as of the date hereof and Class 3 shall be Unimpaired under the Plan and the Holders of such Claims shall not be entitled to vote to accept or reject the Plan and shall instead be deemed to accept the Plan

Upon emergence from these Chapter 11 Cases, the Reorganized Debtors expect to have outstanding funded debt consisting of obligations under a contemplated New Exit ABL Facility expected to be undrawn at emergence and a New Exit Term Loan Facility in an aggregate initial principal amount necessary to repay the Debtors' DIP Facility. The New Exit Term Loan Facility, however, may be less than the $135 million to $139 million that may be outstanding under the DIP Facility as of the Effective Date. Specifically, at the election of the Required Lenders, or if the Debtors are unable to obtain a New Exit Term Loan Facility in an amount sufficient to repay the DIP Facility Claims in full in Cash on terms and conditions reasonably acceptable to the Debtors and the Required Lenders, the Restructuring Support Agreement provides that the Required Lenders shall elect, in their sole discretion after consulting with the Debtors, to either (i) refinance all of the remaining DIP Facility Claims with "takeback paper" in the form of a New Take-Out Facility secured by liens junior to the New Exit ABL Facility and the New Exit Term Loan Facility, (ii) convert all of the remaining DIP Facility Claims to New Common Stock at a price per share equal to 80% of Plan Value (subject to dilution as described below), or (iii) satisfy the remaining DIP Facility Claims through a combination of (i) and (ii).

[3] Pursuant to the Final DIP Order, the Debtors were authorized to borrow up to an additional $4 million of DIP Loans to effectuate the ABL Refinancing because, pursuant the Prepetition ABL/Term Loan Agreement, such refinancing would require payment of an approximately $4 million Termination Fee (defined below) upon the repayment of the Domestic Term Loans (such incremental borrowings, the "ABL Refinancing Increment").

Accordingly, upon emergence from chapter 11 the Reorganized Debtors will have a significantly deleveraged capital structure better aligned with their current and projected Cash flows.[4]

Pursuant to the Restructuring Support Agreement, subject to the terms and conditions set forth therein, the Debtors have obtained the agreement of Holders of approximately 99% in principal amount of the Allowed Prepetition Secured Notes Claims to vote in support of the Plan. Under the Plan, each Holder of Allowed Prepetition Secured Notes Claims will receive its Pro Rata share of 100% of New Common Stock in Reorganized Gibson, subject to dilution by New Common Stock issued (if any): (i) upon exercise of the New Warrants contemplated by the Plan and Management Employment and Consulting Agreements, (ii) in accordance with the terms of the Management Incentive Plan, and (iii) in satisfaction of any DIP Facility Claims as described above (including those DIP Lenders receiving certain fees to which they are entitled under the DIP Facility in the form of New Common Stock in Reorganized Gibson).

Pursuant to the Restructuring Support Agreement, the Plan provides for the payment in full of administrative Claims and secured Claims, payment of unsecured Claims in accordance with law, and the cancellation of Equity Interests of Gibson. More specifically:

- All Other Priority Claims will receive, at the election of the Debtors (with the consent of the Required Supporting Noteholders) or the Reorganized Debtors which election shall be consistent with the Restructuring Support Agreement either: (A) payment in full in Cash; (B) such other less favorable treatment as to which the Debtors or Reorganized Debtors and the Holder of such Allowed Claim will have agreed upon in writing; or (C) other treatment rendering such Claims Unimpaired.

- All Other Secured Claims will receive, at the election of the Debtors (with the consent of Required Supporting Noteholders) or Reorganized Debtors which election shall be consistent with the Restructuring Support Agreement: (A) payment in full in Cash; (B) such other less favorable treatment as to which the Debtors or Reorganized Debtors and the Holder of such Allowed Claim will have agreed upon in writing; (C) return of the Collateral securing such Allowed Claim; or (D) such other treatment rendering such Claim Unimpaired. Except with respect to Claims that are treated in accordance with the preceding clause (C), each Holder of such Allowed Claim will retain the Liens securing its Allowed Other Secured Claim as of the Effective Date until full and final payment of such Allowed Other Secured Claim is made as provided herein.

- All ABL Revolver Claims that are Secured shall have been paid in full in Cash prior to the Confirmation Hearing or have been Cash collateralized and thus shall be Allowed in the amount of $0.

- Domestic Term Loan Claims will receive either (i) payment in full in Cash on or prior to the Effective Date through the exercise of the Purchase Option or the ABL Refinancing, (ii) other treatment rendering such Claims Unimpaired (including a Cure pursuant to Section 1124(2) of the Bankruptcy Code, or (iii) other treatment as provided for in Section 1129(b)(2)(A) of the Bankruptcy Code.

[4] The definitive documents for the New Exit ABL Facility, New Exit Term Loan Facility, New Take-Out Facility, Management Incentive Plan, Management Employment and Consulting Agreements, and other Plan-related documentation will be filed with the Bankruptcy Court, as described in the Plan.

- Unsecured Claims are Impaired under the Plan and Holders of such Claims are entitled to vote on the Plan. There are four (4) separate Classes of unsecured Claims under the Plan:

  1) Holders of Allowed General Unsecured Claims against all Debtors (except for Claims against Gibson Holdings, Inc.) (Class 6), to the extent (a) such Holder does not elect to be treated as a Convenience Class Claim or agrees to different treatment and (b) such Holder has not otherwise been paid during the pendency of the Chapter 11 Cases pursuant to a Bankruptcy Court order, will receive (i) a Pro Rata Litigation Trust Beneficial Interest; and (ii) a Pro Rata distribution of the Class 6 Liquidation Amount;

  2) Holders of Allowed General Unsecured Claims against Gibson Holdings, Inc. (Class 7) are separately classified and, such Allowed Claims shall have the right, after the entry of a Final Order Allowing such Class 7 Gibson Holdings Claim (if applicable), to receive a Profits Interest of a value as of the date of Distribution equal to such Holder's Pro Rata share of the value of Gibson Holdings, Inc. as of the Effective Date, plus interest at the Post-Petition Rate from the Effective Date until the date of Distribution;

  3) The Plan also contemplates a Convenience Class of General Unsecured Claims (Class 8) that are not more than up to an amount equal to $[•] per Claim (either by the nature of such Claim or as a result of the Holder of such Claim voluntarily reducing its Claim to such amount). Subject to an aggregate Convenience Class Cap of $[•], Holders of Convenience Claims shall be paid in Cash in an amount equal to [•]% of the Allowed Convenience Class Claim; and

  4) Intercompany Claims (Class 9) shall be either Impaired or Unimpaired and, at the Debtors' option, with the consent of the Required Supporting Noteholders, such Claims will be (i) reinstated, (ii) converted into equity, or (iii) cancelled (and may be compromised, extinguished or settled after the Effective Date). In either case, Holders of Intercompany Claims shall not be entitled to vote on the Plan.

- Equity Interests in Gibson (Class 10) and Gibson's Equity Interests in Excluded Subsidiaries (Class 12) will be extinguished for no consideration under the Plan and, accordingly, the Holders of such Equity Interests are not entitled to vote on the Plan. Gibson's Equity Interests in Subsidiaries other than Excluded Subsidiaries (Class 11) will be reinstated in full and are deemed to have voted in favor of the Plan.

Although their Equity Interests in Gibson will be cancelled for no consideration under the Plan, the Restructuring Support Agreement and the Plan contemplate that the Supporting Principals will be retained by the Reorganized Debtors to provide post-Effective Date services pursuant to one (1) year Management Employment and Consulting Agreements to aid the new owners of the Reorganized Debtors position the business for growth. Under the Management Employment and Consulting Agreement, the Supporting Principals will receive (i) in the case of Mr. Berryman, a salary and bonus totaling $3.35 million and New Warrants exercisable for up to 2.25% of the Equity Interests in Reorganized Gibson plus ongoing health benefits, and (ii) in the case of Mr. Juszciewicz, (a) $2.1 million in consulting fees payable in quarterly installments and New Warrants exercisable for up to 2.25% of the Equity Interests in Reorganized Gibson plus ongoing health benefits and (b) in consideration for future assistance in monetizing the Reorganized Debtors' interest in TEAC, a profits interest in the TEAC Shares owned by Gibson

Holdings, Inc. The Plan also provides for a Management Incentive Plan to be put in place that will provide for grants of options and/or restricted units of New Common Stock reserved for management, directors, officers, and other key employees of the Debtors in an amount of up to [•]% of the New Common Stock, which shall be in form and substance consistent with the terms of the Restructuring Support Agreement (as amended, modified, waived, or supplemented from time to time in accordance with its terms). The primary participants in and the structure of the Management Incentive Plan, including the amount, form, exercise price, allocation and vesting of such equity-based awards with respect to such primary participants, shall be determined by the New Board of Reorganized Gibson.

D. PLAN OVERVIEW

The Plan provides for the classification and treatment of Claims against and Equity Interests in the Debtors. For classification and treatment of Claims and Equity Interests, the Plan designates Classes of Claims and Classes of Equity Interests. These Classes and Plan treatments take into account the differing nature and priority under the Bankruptcy Code of the various Claims and Equity Interests.

The following chart briefly summarizes the classification and treatment of Claims and Equity Interests under the Plan.[5] Amounts listed below are estimated.

In accordance with section 1122 of the Bankruptcy Code, the Plan provides for twelve (12) Classes of Claims against and/or Equity Interests in the Debtors.

THE PROJECTED RECOVERIES SET FORTH IN THE TABLE BELOW ARE ESTIMATES ONLY AND ACTUAL RECOVERIES COULD BE SIGNIFICANTLY DIFFERENT FROM THESE ESTIMATES. FOR A COMPLETE DESCRIPTION OF THE DEBTORS' CLASSIFICATION AND TREATMENT OF CLAIMS OR EQUITY INTERESTS, REFERENCE SHOULD BE MADE TO THE ENTIRE PLAN AND THE RISK FACTORS DESCRIBED IN ARTICLE XII BELOW. THE TABLE IS INTENDED FOR ILLUSTRATIVE PURPOSES ONLY AND IS NOT A SUBSTITUTE FOR A REVIEW OF THE PLAN AND THE DISCLOSURE STATEMENT IN THEIR ENTIRETY. FOR CERTAIN CLASSES OF CLAIMS, THE ACTUAL AMOUNT OF ALLOWED CLAIMS COULD BE MATERIALLY DIFFERENT THAN THE ESTIMATED AMOUNTS SHOWN IN THE TABLE BELOW.

[5] This chart is only a summary of the classification and treatment of Claims and Equity Interests under the Plan. References should be made to the entire Disclosure Statement and the Plan for a complete description.

Class	Type of Claim or Interest	Estimated Allowed Claim Amount	Impairment	Entitled to Vote	Estimated Recovery Under Plan
1	Other Priority Claims	$0	No	No	100%
2	Other Secured Claims	$0	No	No	100%
3	ABL Revolver Claims	$0	No	No	100%
4	Domestic Term Loan Claims	$[77,400,000]	[Yes/No]	[Yes/No]	[100% or [•]%][6]
5	Allowed Prepetition Secured Notes Claims	$383,227,865	Yes	Yes	[•]% (approx.)[7]
6.	General Unsecured Claims (other than Class 7, 8 and 9 Claims)	$[•] million - $[•] million (approx.)	Yes	Yes	[•]% (approx.)
7.	General Unsecured Claims Against Gibson Holdings, Inc.	$[•] million - $[•] million (approx.)	Yes	Yes	[•]% (approx.)
8.	Convenience Claims	$[•] - $[•] (approx.)	Yes	Yes	[•]% (approx.)
9.	Intercompany Claims	N/A	No/Yes	No	100% or 0%
10.	Equity Interests in Gibson	N/A	Yes	No	0%
11.	Equity Interests in Subsidiaries Other than Excluded Subsidiaries	N/A	No	No	100%
12.	Equity Interests in Excluded Subsidiaries	N/A	Yes	No	0%

ARTICLE II.
VOTING, SOLICITATION, AND CONFIRMATION PROCESS

A. WHO MAY VOTE ON THE PLAN

Each Holder of an Allowed Claim in Classes 4, 5, 6, 7 and 8 is entitled to vote either to accept or to reject the Plan. Only those votes cast by Holders of Allowed Claims in Classes 4, 5,

[6] Treatment of Class 4 Domestic Term Loan Claims depends on whether the Prepetition ABL/Term Loan Agreement is refinanced prior to the Effective Date. Accordingly, to the extent such refinancing has not occurred prior to the date votes on the Plan are solicited, Holders of Class 4 Domestic Term Loan Claims shall receive ballots and be entitled to vote on the Plan. To the extent the Purchase Option or the ABL Refinancing is implemented prior to the Confirmation Date to repay the remaining obligations due under the Prepetition ABL/Term Loan Agreement, Allowed Class 4 Domestic Term Loan Claims shall be paid in full and Unimpaired under the Plan and any votes cast by Holders of such Claims shall not be counted and Class 4 shall instead be deemed to accept the Plan pursuant to section 1126(f) of the Bankruptcy Code.

[7] Estimated recovery is based upon the New Common Stock to be issued under the Plan, subject to dilution as set forth in the Plan.

6, 7 and 8 shall be counted in determining whether acceptances have been received sufficient in number and amount to obtain Confirmation. An Impaired Class of Claims shall have accepted the Plan if: (a) the Holders (other than any Holder designated under section 1126(e) of the Bankruptcy Code) of at least two-thirds in amount of the Allowed Claims actually voting in such Class have voted to accept the Plan, and (b) the Holders (other than any Holder designated under section 1126(e) of the Bankruptcy Code) of more than one-half in number of the Allowed Claims actually voting in such Class have voted to accept the Plan. Classes 1, 2, 3, and 9 (in certain instances) and 11 are Unimpaired under the Plan, are each deemed to accept the Plan by operation of law, and are not entitled to vote on the Plan. Classes 9 (in certain instances), 10 and 12 are Impaired under the Plan and deemed to reject the Plan by operation of law, and are not entitled to vote on the Plan. Without limiting the foregoing, in the event that any Class of Claims entitled to vote on the Plan fails to accept the Plan as required by section 1129(a) of the Bankruptcy Code, the Plan may be amended subject to the Restructuring Support Agreement and, in any event, the Debtors reserve the right to seek confirmation of the Plan over such rejection pursuant to section 1129(b) of the Bankruptcy Code.

B. SUMMARY OF SOLICITATION PACKAGE AND VOTING INSTRUCTIONS

The following materials constitute the solicitation package with respect to the Plan enclosed herewith (the "Solicitation Package"):

- the Disclosure Statement, as approved by the Court, with all exhibits thereto, including the Plan and the exhibit to the Plan;
- the solicitation procedures;
- the Confirmation Hearing Notice;
- a solicitation cover letter from the Debtors addressed to the voting creditor;
- the appropriate form of Ballot and instructions for completing the Ballot; and
- any supplemental documents the Debtors file with the Court and any documents that the Court orders to be included in the Solicitation Package.

As noted above, only Holders of Domestic Term Loan Claims (Class 4) (to the extent not previously refinanced in accordance with the DIP Orders), Allowed Prepetition Secured Notes Claims (Class 5), General Unsecured Claims (other than Class 7, 8, and 9 Claims) (Class 6), General Unsecured Claims Against Gibson Holdings, Inc. (Class 7), and Convenience Class Claims (Class 8), are entitled to vote to accept or reject the Plan. All parties entitled to vote to accept or reject the Plan shall receive copies of the Solicitation Package (including an appropriate Ballot) by email or regular mail. Any party who desires additional paper copies of these documents may request copies from Prime Clerk LLC (the "Voting Agent") at no charge by: (i) accessing the Debtors' restructuring website at https://cases.primeclerk.com/gibson; (ii) calling the Voting Agent at (844) 240-1258 or, if calling from outside the United States or Canada, at (929) 477-8085; or (iii) emailing gibsonballots@primeclerk.com. The Voting Agent will, among other things, answer questions, provide additional copies of all Solicitation Package materials, and generally oversee the solicitation process. Voting instructions are attached to each Ballot. **To be counted, Ballots cast by Holders of such Classes of Claims must be received by the Voting Agent by 4:00 p.m. (prevailing Eastern Time) on [___], 2018, the Voting Deadline**.

If you are a Beneficial Holder of an Allowed Prepetition Secured Notes Claim held through a broker, bank, dealer, agent, or other nominee (each of the foregoing, a

"Nominee"), please return your Ballot to your Nominee in order to allow for sufficient time to permit your Nominee to deliver a Master Ballot including your vote to the Debtors' Voting Agent by the Voting Deadline.

Any Ballot that is properly executed by the Holder of a Claim but fails to clearly indicate an acceptance or rejection, or that indicates both an acceptance and a rejection of the Plan, shall not be counted.

All Ballots are accompanied by voting instructions. It is important to follow the specific instructions provided with the Ballot. Voting tabulation procedures are set forth in the Ballots.

Unless the Debtors in their discretion decides otherwise, any Ballot received after the Voting Deadline shall not be counted. The Voting Agent will process and tabulate received Ballots and will File a voting report as soon as practicable on or after the Petition Date.

Parties may contact the Voting Agent with any questions related to the solicitation procedures applicable to their Claims.

The Plan Supplement will be filed by the Debtors no later than ten (10) calendar days before the Confirmation Hearing (unless otherwise ordered by the Bankruptcy Court). When Filed, the Plan Supplement will be available in both electronic and hard copy form.

The Debtors intend to rely on section 1145 of the Bankruptcy Code and Section 3(a)(9) of the Securities Act to exempt from registration under the Securities Act and Blue Sky Laws the offer and issuance under the Plan of New Common Stock in Reorganized Gibson to Holders of Allowed Prepetition Secured Notes Claims, Holders of DIP Facility Claims.

The Debtors may also rely on section 4(a)(2) of the Securities Act and Regulation D promulgated thereunder to exempt from registration under the Securities Act and Blue Sky Laws the offer and issuance of New Common Stock in Reorganized Gibson.

The Debtors intend to rely on section 4(a)(2) of the Securities Act and Rule 506 of Regulation D and/or Rule 701 under the Securities Act to exempt from registration under the Securities Act and Blue Sky Laws the offer and the issuance of New Common Stock in Reorganized Gibson to the Supporting Principals and officers and other key employees of the Company pursuant to the Management Employment and Consulting Agreements and the Management Incentive Plan.

C. CONFIRMATION OF THE PLAN

1. Generally

"Confirmation" is the technical term for the Bankruptcy Court's approval of a plan of reorganization or liquidation. The timing, standards and factors considered by the Bankruptcy Court in deciding whether to confirm a plan of reorganization are discussed below.

The confirmation of a plan of reorganization by the Bankruptcy Court binds the debtor, any issuer of securities under a plan of reorganization, any person acquiring property under a plan of reorganization, any creditor or equity interest holder of a debtor, and any other person or entity as may be ordered by the Bankruptcy Court in accordance with the applicable provisions of the Bankruptcy Code. Subject to certain limited exceptions, the order issued by the Bankruptcy Court confirming a plan of reorganization discharges a debtor from any debt that

arose before the confirmation of such plan of reorganization and provides for the treatment of such debt in accordance with the terms of the confirmed plan of reorganization.

2. **The Confirmation Hearing**

Section 1128(a) of the Bankruptcy Code requires the Bankruptcy Court, after notice, to hold a hearing on Confirmation of the Plan. Section 1128(b) of the Bankruptcy Code provides that any party in interest may object to Confirmation of the Plan.

The Debtors intend to schedule a Confirmation Hearing and will provide notice of the Confirmation Hearing to all necessary parties. The Confirmation Hearing may be adjourned from time to time without further notice except for an announcement of the adjourned date made at the Confirmation Hearing of any adjournment thereof.

D. CONFIRMING THE PLAN

It is a condition to Confirmation of the Plan that the Bankruptcy Court shall have entered the Confirmation Order in form and substance acceptable to the Debtors and Required Supporting Noteholders. Certain other conditions contained in the Plan must be satisfied or waived pursuant to the provisions of the Plan as a condition to Confirmation of the Plan.

E. THE VOTING RECORD DATE

The Voting Record Date is [ ], 2018. Only Holders of Allowed Claims in the Voting Classes on the Voting Record Date received the Solicitation Package and are allowed to vote to accept or reject the Plan.

F. OTHER RESTRUCTURING DOCUMENTS

Holders of Domestic Term Loan Claims (Class 4) (to the extent not previously refinanced in accordance with the DIP Orders), Allowed Prepetition Secured Notes Claims (Class 5), General Unsecured Claims (other than Class 7, 8 and 9) (Class 6), General Unsecured Claims Against Gibson Holdings, Inc. (Class 7), and Convenience Class Claims (Class 8) on the Voting Record Date will receive the Solicitation Package, which will be delivered by the Debtors via their Voting Agent.

In addition to the Solicitation Package, Holders of Claims in the Voting Classes on the Voting Record Date will receive, after the commencement of the Chapter 11 Cases and as ordered by the Bankruptcy Court, the following supplemental materials (the "Supplemental Materials"):

(i) a notice of the Confirmation Hearing approved by the Bankruptcy Court for transmission to Holders of Claims and other parties in interest (the "Confirmation Hearing Notice"); and

(ii) such other materials as the Bankruptcy Court may direct.

G. DISTRIBUTION OF CONFIRMATION HEARING NOTICE TO HOLDERS OF CLAIMS AND EQUITY INTERESTS IN NON-VOTING CLASSES AND HOLDERS OF DISPUTED CLAIMS

As set forth above, certain Holders of Claims and Equity Interests are not entitled to vote on the Plan. As a result, such parties will not receive Solicitation Packages or Supplemental Materials but, instead, will receive the Confirmation Hearing Notice that explains, among other

things, (i) that Classes 1, 2, 3, 4, 9 (in certain instances) and 11 are Unimpaired under the Plan, and therefore, are presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code, (ii) that Holders of Claims or Equity Interests in Classes 9 (in certain instances), 10 and 12 are Impaired and shall receive no distribution under the Plan and are therefore deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code, (iii) instructions for Holders of Claims and Equity Interests on how they may obtain a copy of the Plan and this Disclosure Statement, (iv) the deadline by which to object to confirmation of the Plan; and (v) the Confirmation Hearing date and time.

Contract and Lease Counterparties. Parties to certain of the Debtors' executory contracts and unexpired leases may not have Claims pending the disposition of their contracts or leases by assumption or rejection under the Plan. Such parties nevertheless will receive the Confirmation Hearing Notice as well as notice of the projected disposition of their contracts and/or lease in advance of the Confirmation Hearing.

H. FILING OF THE PLAN SUPPLEMENT

The Debtors will file the Plan Supplement no later than ten (10) calendar days before the Confirmation Hearing. Parties may request a copy of the Plan Supplement at no charge by: (i) accessing the Debtors' restructuring website at https://cases.primeclerk.com/gibson; (ii) calling the Voting Agent at (844)240-1258 or, if calling from outside the United States or Canada, at (929) 477-8085; or (iii) emailing gibsonballots@primeclerk.com.

I. THE CONFIRMATION HEARING

The Bankruptcy Court has not yet scheduled a Confirmation Hearing Date. Once scheduled, the Confirmation Hearing may be continued from time to time by the Bankruptcy Court or the Debtors without further notice other than by such adjournment being announced in open court or by a notice of adjournment filed with the Bankruptcy Court and served on such parties as the Bankruptcy Court may order. Moreover, the Plan may be modified or amended, if necessary, pursuant to section 1127 of the Bankruptcy Code, prior to, during or as a result of the Confirmation Hearing, without further notice to parties-in-interest.

J. THE DEADLINE FOR OBJECTING TO CONFIRMATION OF THE PLAN

The Bankruptcy Court has not yet scheduled a Confirmation Objection Deadline. Subject to order of the Bankruptcy Court, any objection to confirmation of the Plan must: (i) be in writing; (ii) conform to the Bankruptcy Rules and the Local Rules; (iii) state the name of the applicable Debtor, the name of the objecting party and the amount and nature of the Claim of such Entity in each applicable Chapter 11 Case or the amount of Equity Interests held by such Entity in each applicable Chapter 11 Case; (iv) state with particularity the legal and factual bases and nature of any objection to the Plan and, if practicable, a proposed modification to the Plan that would resolve such objection; and (v) be filed, contemporaneously with a proof of service, with the Bankruptcy Court and served so that it is **actually received** no later than the Confirmation Objection Deadline by the parties set forth below (the "Notice Parties").

CONFIRMATION OBJECTIONS NOT TIMELY FILED AND SERVED IN THE MANNER SET FORTH HEREIN MAY NOT BE CONSIDERED BY THE BANKRUPTCY COURT AND MAY BE OVERRULED WITHOUT FURTHER NOTICE. INSTRUCTIONS WITH RESPECT TO THE CONFIRMATION HEARING AND DEADLINES WITH RESPECT TO CONFIRMATION WILL BE INCLUDED IN THE NOTICE OF CONFIRMATION HEARING TO BE APPROVED BY THE BANKRUPTCY COURT.

K. NOTICE PARTIES

(a) The Debtors:
Gibson Brands Inc., 309 Plus Park Blvd., Nashville, TN 37217
Attn: Bruce A. Mitchell and Brian J. Fox (Bruce.Mitchell@gibson.com; bfox@alvarezandmarsal.com);

(b) Counsel to the Debtors:
Goodwin Procter LLP, 620 Eighth Avenue, New York, NY 10018-1405
Attn: Michael H. Goldstein, Gregory W. Fox, and Barry Z. Bazian (mgoldstein@goodwinlaw.com; gfox@goodwinlaw.com; bbazian@goodwinlaw.com), and Pepper Hamilton LLP, Hercules Plaza, Suite 5100, 1313 Market Street, P.O. Box 1709, Wilmington, DE 19899-1709
Attn: David M. Fournier (fournierd@pepperlaw.com);

(c) Counsel to the Ad Hoc Committee of Secured Notes:
Paul, Weiss, Rifkind, Wharton & Garrison LLP, 1285 Avenue of the Americas, New York, NY 10019-6064 Attn: Brian S. Hermann and Robert Britton (bhermann@paulweiss.com; rbritton@paulweiss.com), and Young Conaway Stargatt & Taylor, LLP, Rodney Square, 1000 North King Street, Wilmington, DE 19801 Attn: Pauline K. Morgan (pmorgan@ycst.com);

(d) Counsel to the DIP Agent
Arnold & Porter Kaye Scholer LLP, 70 W. Madison St., Suite 4200, Chicago, Illinois 60602 Attn: D. Tyler Nurnberg and Steven Fruchter (tyler.nurnberg@arnoldporter.com; steven.fruchter@arnoldporter.com);

(e) Counsel to the Prepetition Trustee:
Pryor Cashman LLP, 7 Times Square, New York, NY 10036, Attn: Seth H. Lieberman and Patrick Sibley (slieberman@pryorcashman.com; psibley@pryorcashman.com), and Morris James LLP, 500 Delaware Avenue, Suite 1500, P.O. Box 2306, Wilmington, DE 19899-2306, Attn: Eric J. Monzo (emonzo@morrisjames.com);

(f) Counsel to the Committee:
Lowenstein Sandler LLP, 1251 Avenue of the Americas New York, NY 10020
Attn: Jeffrey L. Cohen and Wojciech F. Jung (jcohen@lowenstein.com; wjung@lowenstein.com), and Landis Rath & Cobb LLP, 919 Market Street, Suite 1800 Wilmington, DE 19801 (Attn: Adam G. Landis (landis@lrclaw.com);

(g) Counsel to the Prepetition ABL/Term Loan Agent:
Winston & Strawn LLP, 16th Floor, 300 South Tryon Street, Charlotte, NC 28202 Attn: Jason E. Bennett and Christina M. Wheaton (jbennett@winston.com; cwheaton@winston.com); and

(h) The Office of the United States Trustee for the District of Delaware:
844 King St., Suite 2207, Wilmington, DE 19801
Attn: Linda J. Casey (Linda.Casey@usdoj.gov).

L. EFFECT OF CONFIRMATION OF THE PLAN

The Plan contains certain provisions relating to (a) the compromise and settlement of Claims and Equity Interests, (b) the release of the Released Parties by the Debtors and the Holders of Claims or Equity Interests, and each of their respective Related Persons, and (c) exculpation of certain parties.

THE PLAN SHALL BIND ALL HOLDERS OF CLAIMS AGAINST AND EQUITY INTERESTS IN THE DEBTORS TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, NOTWITHSTANDING WHETHER OR NOT SUCH HOLDER (A) WILL RECEIVE OR RETAIN ANY PROPERTY OR INTEREST IN PROPERTY UNDER THE PLAN, (B) HAS FILED A PROOF OF CLAIM IN THE CHAPTER 11 CASES, OR (C) FAILED TO VOTE TO ACCEPT OR REJECT THE PLAN OR VOTED TO REJECT THE PLAN.

M. CONSUMMATION OF THE PLAN

It will be a condition to confirmation of the Plan that all provisions, terms and conditions of the Plan are approved in the Confirmation Order as well as all other conditions precedent set forth in Article IX of the Plan (unless such conditions are otherwise satisfied or waived pursuant to the provisions of Article IX of the Plan). Following confirmation, the Plan will be consummated on the Effective Date.

N. RISK FACTORS

PRIOR TO DECIDING WHETHER AND HOW TO VOTE ON THE PLAN, EACH HOLDER OF A CLAIM OR AN EQUITY INTEREST IN A VOTING CLASS HAS BEEN URGED TO CONSIDER CAREFULLY ALL OF THE INFORMATION IN THIS DISCLOSURE STATEMENT, INCLUDING THE RISK FACTORS DESCRIBED IN ARTICLE XII HEREIN TITLED, "RISK FACTORS."

ARTICLE III.
BACKGROUND TO THE CHAPTER 11 CASES

A. THE DEBTORS' ORGANIZATIONAL STRUCTURE

An organizational chart showing the Debtors and their non-Debtor Affiliates is attached hereto as **Exhibit C**. Debtor Gibson is the principal operating entity of the Debtors and is organized as a Delaware corporation. Gibson is the parent and sole owner of the remaining Debtors, and also has direct and indirect interests in various domestic and foreign subsidiaries that are not debtors in these Chapter 11 Cases.

The following Debtors are each organized in Delaware: Baldwin Piano, Inc., Consolidated Musical Instruments, LLC, Gibson Café & Gallery, LLC, Gibson International Sales LLC, Neat Audio Acquisition Corp., Gibson Innovations USA, Inc., Gibson Holdings, Inc., Baldwin Piano, Inc., and Wurlitzer Corp. Debtor Gibson Pro Audio Corp. is a corporation organized in California and Debtor Cakewalk, Inc. is a corporation organized in Massachusetts. Debtor Gibson Europe B.V. is organized under the laws of the Netherlands.

B. OVERVIEW OF THE DEBTORS' BUSINESSES

1. The MI Business

Founded in 1894 and headquartered in Nashville, Tennessee, the Debtors are widely recognized as one of the world's leading designers and manufacturers of guitars and other fretted instruments. Gibson's brands and its proprietary guitar designs, which include the *Les Paul*, *SG*, *Flying V*, *Explorer*, *J-45*, *Hummingbird*, and *ES-335*, are among the most respected in the music industry and enjoy exceptional market share, particularly in premium price segments.

The Debtors' businesses also include the design, manufacture and worldwide distribution of various other musical instruments, accessories, and audio equipment. The Debtors' "Pro Audio" segment, including the *KRK*, *Cerwin Vega*, and *Stanton* brands, markets a collection of studio monitors, headphones, loud speakers, and turntables that specifically target amateur and professional musicians and sound engineers.[8]

In addition, Gibson (through its wholly-owned subsidiary Gibson Holdings, Inc.) owns a 54% equity interest in TEAC Corp. ("TEAC"), a publicly traded Japanese manufacturer of premium audio electronic products for the home and professional segments, and industrial electronic products for the aerospace and healthcare industries.[9]

The Debtors' MI Business (excluding TEAC) employs over 875 people. In addition to its Nashville headquarters and manufacturing facilities, the Debtors operate from a handful of warehouse and distribution centers in the U.S. and abroad as well as several "Entertainment Relations" locations in certain large, musically-important markets, which provide musicians exclusive access to lounge and recording studio space, test outlets for new products, and "by appointment" retail points of purchase for Gibson instruments and equipment.

The Debtors' MI Business products are sold at more than 3,000 music retailer locations as well as through e-commerce channels and third party distributors. The Debtors manufacture all of their *Gibson*-brand guitars in the United States through a custom manufacturing process utilizing precision tooling equipment and the finest artistry in the country. The Debtors operate manufacturing facilities for electric guitars in Nashville and Memphis, Tennessee, and a facility for acoustic guitars in Bozeman, Montana.

The Debtors also manufacture and distribute some of their musical instrument products in China through certain foreign Non-Debtor Subsidiaries, including *Epiphone* guitars and *Baldwin* pianos.

The Company purchases approximately 35-40% of its *Epiphone*-branded instruments from Qingdao Gibson Musical Instrument Co., Ltd. ("China Guitar"),[10] a Gibson wholly-owned subsidiary organized under the laws of the People's Republic of China ("PRC"). China Guitar operates a manufacturing facility that is leased by Gibson (not China Guitar) in Qingdao, which is in the Shandong Province of the PRC. The intellectual property associated with the *Epiphone* brand is owned by Gibson, not China Guitar. Approximately 65% of China Guitar's sales are to the Debtors with the other 35% as a distributor of Gibson products in the PRC. Gibson Brands

[8] Prior to the commencement of these Chapter 11 Cases, certain MI Business brands were discontinued or of minimal productions (including *NEAT*, *Wurlitzer* and *Slingerland*) or were sold prior to the Petition Date, including the *Cakewalk* brand, which was sold in February 2018.

[9] The Debtors' musical instruments and Pro Audio businesses shall be referred to herein as the "MI Business".

[10] The Company purchases the rest of its *Epiphone* finished goods inventory from third party vendors.

also owns 100% of the Equity of Qingdao Epiphone Musical Instrument Co., Ltd. ("EQ"), which leased and operated a manufacturing facility for *Epiphone* guitars prior to November 2017. The EQ entity, however, no longer operates and its operations and equipment were reintegrated into the China Guitar facility. It is anticipated that EQ will dissolve under PRC law upon payment of all taxes, duties, severance and other trade payables. China Guitar and EQ are both guarantors of the ITLA Debt and Gibson has pledged 65% of its Equity Interests in China Guitar and EQ to the Prepetition ABL/Term Loan Agent and the Prepetition Indenture Trustee.

Gibson also owns majority interests in two PRC entities associated with the manufacture of *Baldwin* pianos: a 67% interest in Baldwin (Zhongshan) Piano & Musical Instrument Co., Ltd. PRC ("Baldwin Zhongshan") and an 88% interest in Baldwin (Dongbei) Piano & Musical Instrument Co., Ltd. ("Baldwin Dongbei").[11] Baldwin Zhongshan manufactures pianos in a facility it owns in Guangdong, PRC and its workers are represented by a union. Approximately 90% of Baldwin Zhongshan's sales are within the PRC. Baldwin Zhongshan has approximately $1.6 million in debt outstanding as of March 31, 2018. Baldwin Dongbei historically sold pianos manufactured by third-party manufacturers to a small number of customers. During the fiscal quarter ended June 30, 2017, the PRC local government issued an executive order to transfer a large portion of Baldwin Dongbei's land use rights to its minority shareholders to settle litigation and the remaining land use rights and other property are expected to be confiscated by the local government for past due taxes and penalties. Baldwin Dongbei is in the process of winding down and dissolving under PRC law. None of Baldwin Dongbei's business is expected to be recaptured by Baldwin Zhongshan. Neither Baldwin Zhongshan nor Baldwin Dongbei is an obligor or guarantor with respect to any of the Company's funded debt facilities and Gibson's Equity Interests in these entities have not been pledged.

Gibson also owns 100% of the equity of Ji Sheng Bo Yun Musical Instrument Trading Co. ("Ji Sheng"), a PRC entity that operates a sales office for China Guitar and Baldwin Zhongshan sales within the PRC. Ji Sheng owns no assets and receives financial support from China Guitar and Baldwin Zhongshan. Ji Sheng is not an obligor or guarantor with respect to any of the Company's funded debt facilities and Gibson's Equity Interests in Ji Sheng has not been pledged.

Debtor Gibson Europe B.V. is the Company's distribution center for MI Business products in the European, Middle East and African markets and operates a sales and marketing office out of the Netherlands. Pursuant to the Debtors' pre-bankruptcy intercompany protocols and Cash management/accounting system (which has been maintained post-bankruptcy on authorization of the Bankruptcy Court), when MI Business inventory is shipped from the United States, such inventory is transferred on an accounting basis from Gibson to Gibson International Sales LLC. When such inventory is sold by Gibson Europe B.V., the transaction is "back-to-back" such that the inventory is never owned by Gibson Europe BV. Accounts receivable are held by Gibson Europe B.V. and collections on such receivables are swept daily to Gibson International Sales LLC. Gibson Europe B.V. is a guarantor of the Debtors' obligations under the DIP Facility (including the related Pledge and Security Agreement), the Prepetition ABL/Term Loan Agreement, the ITLA, and the Prepetition Indenture and has granted security interests on its assets to the DIP Agent, the Prepetition ABL/Term Loan Agent and the Prepetition Indenture Trustee.

Non-Debtor Kabushiki Kaisha Gibson Guitar Corporation Japan ("Gibson Japan") operates a marketing, sales, and distribution center in Japan. Similar to Gibson Europe B.V., Gibson Japan never owns inventory transferred to it from Gibson and Gibson International Sales

[11] Most of the global intellectual property associated with the *Baldwin* brand is owned by Debtors Gibson and Baldwin Pianos, Inc. A small number of the local PRC trademarks are owned by Baldwin Zhongshan.

LLC. Unlike Gibson Europe B.V., however, Gibson Japan never holds accounts receivable as such receivables are owed directly by the customer to Gibson International Sales LLC. Excess cash is swept on a monthly basis from Gibson Japan to Gibson International Sales LLC. Gibson Japan is a guarantor of the ITLA Debt and Gibson has pledged 65% of its Equity Interests in Gibson Japan to the DIP Agent (under the DIP Facility and the related the Pledge and Security Agreement), the Prepetition ABL/Term Loan Agent and the Prepetition Indenture Trustee.[12]

2. **The GI Business**

In addition to the MI Business, Gibson owns directly and indirectly the equity of certain subsidiaries that previously operated a consumer electronics business referred to as "Gibson Innovations" (the "GI Business"), which Gibson acquired in June 2014 from Koninklijke Philips ("Philips") in a leveraged transaction. Headquartered in Hong Kong, the GI Business sold (pursuant to a licensing agreement with Philips) *Philips*-branded consumer electronics such as headphones, speakers, accessories, and other electronic devices, operating in numerous jurisdictions throughout Asia, Europe, and Latin America. Except for Debtor Gibson Innovations USA, Inc. ("GI USA"), each of the entities comprising the GI Business is a foreign, Non-Debtor Subsidiary of Gibson.

Declining sales, liquidity constraints, and a precipitous loss of credit insurance, coupled with an inability of the GI Business to further pay down its secured credit facility to obtain forbearance or waivers with respect to financial covenant defaults, necessitated the commencement of liquidation proceedings for the Gibson foreign Non-Debtor Subsidiaries comprising the GI Business. Specifically, beginning on April 30, 2018, Gibson Innovations Limited (the top level Hong Kong-based operating company for the GI Business) ("GI HK") initiated the process to commence formal liquidation proceedings under Hong Kong law. The other entities comprising the GI Business are also being wound down under the laws of their local jurisdictions, including in most cases through formal insolvency proceedings (including in Hong Kong, France, Italy, Germany, Netherlands, Poland, Singapore, the United Kingdom, Spain, Turkey, Russia, Peru and the PRC).[13]

Gibson Brands and certain other Debtors have significant intercompany Claims against various entities within the GI Business and are in the process of monitoring and, to the extent appropriate, asserting such Claims in the foreign liquidation proceedings of such entities. As of the date hereof, the Debtors do not know what the recovery on such intercompany Claims will be but, in light of the secured Claims against the assets of the GI Business and the other claims against the various entities within the GI Business, the Debtors do not expect such recovery, if any, to be material.

C. SUMMARY OF THE DEBTORS' PREPETITION DEBT

The Debtors are parties to certain financing arrangements, as summarized below:

[12] The other Non-Debtor Subsidiaries that are part of the MI Business reflected on the organizational chart attached hereto as Exhibit D are non-operating, function as mere intermediaries, or hold assets of *de minimis* value.

[13] In conjunction with the wind down of the GI Business, Debtor GI USA is being liquidated as well. The Debtors actively solicited offers for and have been negotiating with interested parties with respect to a sale of the remaining inventory of GI USA. The Debtors anticipate filing a motion with the Bankruptcy Court in the near term seeking approval a "bulk sale" of such inventory pursuant to section 363 of the Bankruptcy Code.

1. **Prepetition ABL Loan Agreement**

Gibson, Gibson International Sales LLC, Gibson Pro Audio Corp., and Gibson Innovations USA, Inc. as borrowers; the remaining Debtors, as guarantors; Bank of America, N.A. as administrative and collateral agent; and certain lenders thereto, entered into a certain *Amended and Restated Loan Agreement*, dated February 15, 2017, as amended (the "Prepetition ABL/Term Loan Agreement").

As of the Petition Date, there was an outstanding principal balance of approximately $100 million under the Prepetition ABL Loan Agreement, comprised of (i) $17.5 million owed to Bank of America, N.A. (the "Prepetition ABL Lender") under a "first out" revolving loan facility (the "Prepetition ABL Loans") and $2.176 million as issuing bank for certain letters of credit, and (ii) $77.4 million of "last out" term loans (the "Prepetition Term Loans") owed to GSO Capital Solutions Fund II AIV-I LP and GSO Capital Solutions Fund II AIV-IV LP (together, "GSO", and in the capacity as lender under the Prepetition ABL/Term Loan Agreement, the "Prepetition Term Loan Lenders" and collectively with the Prepetition ABL Lender, the "Prepetition ABL/Term Loan Lenders"). Interest on the Prepetition ABL Loans accrued at the non-default rate of approximately 5.9% and interest on the Prepetition Term Loans accrued at the non-default rate of approximately 14.6% (each subject to fluctuation due to LIBOR).

The obligations under the Prepetition ABL/Term Loan Agreement were guaranteed by each of the Debtors. Pursuant to that certain Intercreditor Agreement dated as of July 31, 2013, by and among the Debtors, the Prepetition ABL/Term Loan Agent and the Prepetition Indenture Trustee (the "Intercreditor Agreement"), the obligations under the Prepetition ABL/Term Loan Agreement were secured by a first priority lien on the "ABL Priority Collateral" (*i.e.*, the Debtors' working capital assets such as Cash, accounts receivable, inventory, etc.) and a second priority lien on the "Notes Priority Collateral" (*i.e.*, the Debtors' fixed assets such as intellectual property, real property, equipment, etc.)[14], each subject to customary exceptions. The Prepetition Term Loans also were subject to a "call protection" provision, which provided for a 5.0% premium to be applied to any Prepetition Term Loans paid prior to February 15, 2019 and a 2.5% premium to be applied to any Prepetition Term Loans paid prior to February 15, 2020 (the "Termination Fees").

2. **Prepetition Secured Notes**

The Debtors entered into that certain Indenture, dated as of July 31, 2013 (the "Prepetition Indenture"), by and among Gibson as borrower, each of the other Debtors (except for Baldwin Piano, Inc. and Wurlitzer Corp.) as guarantors and/or grantors thereunder, and Wilmington Trust, National Association as successor to Wells Fargo Bank, National Association, a national banking association, as trustee and collateral agent (the "Prepetition Indenture Trustee"). Pursuant to the Prepetition Indenture, Gibson issued secured notes in the principal amount of $375 million (the "Prepetition Secured Notes" and the Holders of such Prepetition Secured Notes, the "Prepetition Secured Noteholders"). Interest accrues on the Prepetition Secured Notes at 8.875% per annum and Gibson made each of the semi-annual coupon payments

[14] "ABL Priority Collateral" and "Notes Priority Collateral", each as defined in the Intercreditor Agreement. A copy of the Intercreditor Agreement is attached to the *Debtors' Motion for Entry of Interim and Final Orders Pursuant to 11 U.S.C. §§ 105, 107, 361, 362, 363, 364 and 507 and Rules 2002, 4001, 9014 and 9018 of the Federal Rules of Bankruptcy Procedure, (I) Authorizing the Debtors to Obtain Postpetition Financing, (II) Authorizing the Debtors to Use Cash Collateral, (III) Granting Liens and Super-Priority Claims; (IV) Scheduling a Final Hearing, and (V) Granting Related Relief* (the "DIP Motion") [Docket No. 22] and the Declaration of Brian J. Fox filed in support of the DIP Motion [Docket No. 32].

due to the Prepetition Secured Noteholders. As of the Petition Date, approximately $8.2 million of interest had accrued on the Prepetition Secured Notes. Prior to acceleration due to these Chapter 11 Cases, the Prepetition Secured Notes were to mature on August 1, 2018. Pursuant to the Intercreditor Agreement, the Prepetition Secured Notes are secured by a first priority lien on the "Notes Priority Collateral" and a second priority lien on the "ABL Priority Collateral."

3. **Guaranty Obligations**

The Debtors (as well as certain of Gibson's foreign Non-Debtor Subsidiaries) have guaranteed the obligations due under that certain International Term Loan Agreement, dated as of February 15, 2017 (as amended, supplemented, or otherwise modified, the "ITLA" and the obligations thereunder, the "ITLA Debt") by and among GI HK, as borrower, Gibson and the other subsidiaries of Gibson that are guarantors and grantors thereunder, Elavon Financial Services DAC, UK Branch, as agent, and GSO as lender. The ITLA Debt was in the original amount of $60 million and was secured by a first lien security interest in the assets of certain foreign Non-Debtor Subsidiaries of Gibson comprising the GI Business. As of the Petition Date the principal amount of the obligations due under the ITLA was approximately $24 million. The reduction in the ITLA Debt in the months preceding the Chapter 11 Cases is described in Article III.D below.

Gibson has also guaranteed on an unsecured basis certain of GI HK's obligations to (i) Philips under an Amended and Restated Trademark License Agreement, dated as of November 3, 2013 (as amended and restated, the "Philips License Agreement")[15] and (ii) IBM China/Hong Kong Limited under a Master Services Agreement, dated as of June 30, 2014 (as amended, the "IBM Agreement"), each relating to the GI Business.

As of the date hereof, the Debtors' guaranty obligations with respect to the ITLA, the Philips License Agreement, and the IBM Agreement remain unliquidated and disputed because, *inter alia*, creditor recoveries from the foreign liquidations of the entities comprising the GI Business are not yet known.

Pursuant to the Plan, the Debtors reserve all rights to contest or seek to estimate, subordinate or disallow any Claims filed by, or assert any Causes of Action against, any purported creditor or Holder of an Equity Interest, including any guaranty Claims asserted by GSO, Philips or IBM.

4. **Other Prepetition Obligations**

The Debtors incur general unsecured trade debt in the ordinary course of business. In addition, the Debtors are the subject of various litigation Claims, which are disputed. The Debtors are also lessees of certain non-residential real property and counterparties to certain other executory contracts (including certain endorsement contracts). As of the date hereof, except for those unexpired leases and executory contracts with respect to which the Debtors have already filed motions to reject, the Debtors have not yet determined whether to assume or reject any of their prepetition leases or executory contracts. The Debtors do not have any material capital lease obligations or other secured debt.

[15] The Debtors understand that that Philips has relicensed the *Philips* trademark to TPV Technology Limited. *See https://www.philips.com/a-w/about/news/archive/standard/news/press/2018/20180523-philips-and-tpv-to-enter-global-brand-license-agreement-for-audio-and-video-products-and-accessories.html* (last visited June 13, 2018). The Debtors are assessing the impact of such relicensing on any guaranty claims Philips may assert in these Chapter 11 Cases.

5. **Litigation Claims**

The Company is periodically involved in various claims and litigation arising principally in the ordinary course of business. These claims generally concern contract and intellectual property disputes, employment actions, and product liability matters.

Of note, Gibson is party to litigation with Tronical GmbH ("Tronical") related to a contract for Tronical to supply Gibson with robotic guitar tuners. In 2017, Gibson sued Tronical in the United States District Court for the Middle District of Tennessee seeking damages in excess of $4 million for breach of contract and fraud related to Tronical's failure to fulfill its contractual obligations. *See Gibson Brands Inc. v. Tronical Components GmbH, Tronical Solutions GmbH, Tronical GmbH, and Chris Adams*, 3:17-cv-08084 (M.D. Tenn.). Prior to the Petition Date, Tronical commenced litigation against Gibson in Germany seeking approximately $50 million in damages for unpaid royalties and/or fees. Gibson denies any liability and will oppose payment of any Claims to Tronical as part of these Chapter 11 Cases and will seek damages against Tronical.[16]

Gibson is also party to a dispute with respect to a sale of certain Gibson-owned property located at 1117 Church Street, Nashville, Tennessee (the "Church Street Property"). Before the Petition Date, Gibson entered into a contract to sell the Church Street Property to Starguitar LLC for approximately $12 million. Prior to the closing of that sale, Somera Road, Inc. filed litigation against Gibson claiming that it had a contract to purchase the Church Street Property and filed a *lis pendens* with respect to the Church Street Property. Subsequently, Starguitar LLC commenced litigation against Gibson seeking to enforce its contract. As of the date hereof, the Debtors have filed a motion to reject the purported contract with Somera Road, Inc. Gibson's contract with Starguitar LLC remains under review.

6. **Equity Interests and Governance**

Gibson's current majority shareholders – Henry Juszkiewicz and David Berryman (the "Supporting Principals") – acquired Gibson in 1986. The Supporting Principals are actively engaged and immersed in the Company's domestic and international operations; Mr. Juszkiewicz currently serves as Gibson's CEO and Mr. Berryman serves as President and oversees the entire *Epiphone* brand. Both Messrs. Juszkewicz and Berryman serve on Gibson's board of directors along with Messrs. Alan Carr and Sol Picciotto, as independent directors.

D. COMMENCEMENT OF THE DEBTORS' CHAPTER 11 CASES

While the Debtors' MI Business has performed well and is experiencing positive Cash flow,[17] the GI Business experienced significant declines in sales in recent years due to foreign exchange rate dynamics, tightening credit terms, and various other operational factors. Over the

[16] The Debtors have commenced discovery with respect to Tronical's purported Claims. *See Debtors' Motion for Entry of Order Pursuant to Fed. R. Bankr. P. 2004 and Del. L.R. 2004-1 Directing Tronical GmbH, Tronical Components GmbH, and Christopher Adams to Produce Documents and to Appear for Depositions Upon Oral Examination* [Docket No. 276].

[17] The Debtors' MI Business has also been negatively impacted by the Convention on International Trade in Endangered Species, ("CITES"), an international agreement between governments of 183 "Parties" aimed at protecting endangered or threatened plants and wildlife. In October 2016, the CITES Parties elected to expand CITES protections to include rosewood, which is used in the production of the most Gibson and Epiphone guitars. This change has subjected nearly all of the Debtors' shipments of product into and out of the United States to a bureaucratic permitting system. The Debtors have been implementing operational adjustments to mitigate and minimize the CITES impact on the MI Business.

past year, sales at the GI Business dropped dramatically due to a loss of credit insurance overseas, which, in turn, caused significant liquidity constraints and supply issues. In particular, during the period between October and December 2017, the GI Business precipitously lost approximately $100 million of vendor credit terms when a credit rating downgrade caused it to lose insurance from three government-sponsored trade credit insurance providers. As a direct result, the GI Business was forced to radically reduce purchases of inventory to preserve liquidity.

Another strong force working against the GI Business was its inability to "right-size" its overhead to a level commensurate with its sales. Specifically, the GI Business had an infrastructure that was not commensurate with its revenues; however, it lacked the funds to pay the severance costs associated with downsizing an employee base (including many legacy Philips employees) under the employment laws in the European, Asian, and Latin American jurisdictions in which the GI Business operated. GI HK also has a contractual obligation to pay a minimum royalty of €23.5 million under its license agreement with Philips, which obligation is guaranteed by Gibson on an unsecured basis. This obligation proved to be a further drain on liquidity at the GI Business.

All these factors culminated in severe financial distress at the GI Business. For the fourth quarter of fiscal year 2018 (ending March 31, 2018), while revenues for the MI Business were $71 million, and revenues at the GI Business were $95 million, EBITDA for that same period was $26 million for the MI Business and negative $8 million for the GI Business and Adjusted EBITDA was $11 million and negative $7 million for the MI Business and GI Business, respectively.

Since mid-2017, due to the downturn at the GI Business, the Debtors have been out of compliance with the financial (Consolidated EBITDA) covenants contained in the Prepetition ABL/Term Loan Agreement and the ITLA. To avoid an Event of Default and exercise of secured creditor remedies, the Company was required to negotiate a series of amendments with the ITLA Lenders and Prepetition ABL/Term Loan Lenders, which required (among other things) substantial paydowns of the ITLA. Specifically, following the occurrence of the aforementioned covenant defaults, beginning in the fall of 2017, the ITLA Lenders required significant paydowns of the ITLA Debt, reducing the amount owed from an original principal amount of $60 million to approximately $24 million as of the Petition Date. GI HK made the majority of these paydowns on the ITLA Debt from its own capital; however, such payments strained liquidity at the GI Business. While the GI Business sought to maximize its Cash position, including by downsizing operations as it could, selling its assets and rationalizing product orders, to further address working capital needs at the GI Business, GI USA would from time to time make prepayments to GI HK for inventory purchases. Further, pursuant to an amendment to the ITLA and the Prepetition ABL/Term Loan Agreement entered on October 27, 2017, Gibson was required to and did incur $6.65 million of additional Prepetition Term Loans under the Prepetition ABL/Term Loan Agreement and invested the proceeds of that new Prepetition Term Loan in GI HK to make a corresponding paydown of the ITLA Debt. Gibson agreed to these amendments and paydowns because, at the time, it was in the market for a refinancing, recapitalization, or sale of its GI Business that would create more value than a liquidation.

These transactions are the subject of an ongoing investigation. Depending on the result of that investigation, the Debtors, the Reorganized Debtors, the Committee (to the extent standing has been granted), and/or the Litigation Trustee (to the extent of the Litigation Trust Claims) may pursue any and all rights and remedies available to them. Such rights and remedies include seeking to (i) disallow or subordinate any Filed Claims with respect to the ITLA, (ii) designate votes related to such Claims, (iv) pursue Avoidance Actions and other Causes of Action, (v) commence bankruptcy proceedings pursuant to the Bankruptcy Code or foreign law

for Non-Debtor Affiliates that have provided guaranties with respect to the ITLA Debt, and (vi) and obtain non-consensual third-party releases of such Claims on behalf of such Non-Debtor Subsidiaries that provided guaranties with respect to the ITLA Debt, any of which actions could have a material impact on recoveries by other creditors.

However, without the liquidity to make additional paydowns on the ITLA Debt that the ITLA Lenders required to obtain a further waiver/extension past April 30, 2018, the Debtors defaulted under the ITLA and the Prepetition ABL Loan Agreement as of May 1, 2018.

Having defaulted on the ITLA, on or around the Petition Date, the foreign non-Debtor Gibson subsidiaries comprising the GI Business began the process of winding down their operations, with many of those entities eventually entering into formal liquidation proceedings under the laws of their local jurisdictions. The commencement of these foreign insolvency proceedings resulted in defaults under the Prepetition Indenture and the Prepetition ABL/Term Loan Agreement.

Anticipating the possibility of needing to liquidate the GI Business and the resulting defaults under the Debtors' funded debt facilities, prior to the Petition Date (among exploring alternative sale and financing transactions), the Debtors and the Supporting Principals entered into good faith negotiations with an ad hoc group representing Holders of more than 69% of the principal amount of the Prepetition Secured Notes (the "Ad Hoc Committee of Secured Notes") regarding a consensual change-of-control transaction through a chapter 11 plan of reorganization.

As a result of these negotiations, the Debtors, the Ad Hoc Committee of Secured Notes, and the Supporting Principals entered into a *Restructuring Support Agreement* dated as of April 30, 2018 (as amended, modified, waived, or supplemented from time to time in accordance with its terms, the "Restructuring Support Agreement"). The terms of the Restructuring Support Agreement are summarized below and have been incorporated in the Plan.

On May 1, 2018, the Debtors each filed voluntary petitions for chapter 11 bankruptcy protection in order to effectuate the orderly restructuring of the Debtors' capital structure contemplated under the Restructuring Support Agreement.

Following the commencement of these Chapter 11 Cases, additional Holders of Prepetition Secured Notes executed joinders to the Restructuring Support Agreement. Accordingly, as of the date hereof, Holders of approximately 99% of the principal amount of Prepetition Secured Notes are parties to the Restructuring Support Agreement and have contractually agreed to support the restructuring and recapitalization of the Debtors contemplated under the Plan.

The Debtors intend to move promptly towards confirmation of the Plan, consistent with the terms of the Restructuring Support Agreement, and to exit bankruptcy as quickly as possible in order to minimize any potential adverse impact of the bankruptcy filing on the Debtors' business. The Debtors believe that the proposed Plan is in the best interests of the Debtors' creditors and will maximize the value of these estates.

E. RESTRUCTURING SUPPORT AGREEMENT[18]

The Restructuring Support Agreement among the Debtors, the Supporting Noteholders, and the Supporting Principals provides for: (i) the material terms of a confirmable plan of reorganization, which is embodied in a term sheet attached as Exhibit A to the Restructuring Support Agreement (the "Plan Term Sheet"), (ii) a DIP Facility sufficient to refinance the Debtors' obligations under the Prepetition ABL/Term Loan Agreement and finance these Chapter 11 Cases, which is embodied in a term sheet attached as Exhibit B to the Restructuring Support Agreement (the "DIP Term Sheet"), and (iii) the continued services of the Supporting Principals necessary to transition the MI Business and aid the new owners of the business (*i.e.*, the Prepetition Secured Noteholders) to maximize value after the Effective Date of the Plan.[19]

Pursuant to the Restructuring Support Agreement, each Supporting Noteholder agreed (subject to receipt of the Solicitation Package, including this Disclosure Statement and the other terms and conditions set forth in the Restructuring Support Agreement) to timely vote all of its Claims to accept the Plan. While the Restructuring Support Agreement is in effect, each Supporting Noteholder also agreed, among other things and subject to certain exceptions, (i) not to transfer any Claims held by it that are subject to the Restructuring Support Agreement, except to a transferee who agrees to be bound by the Restructuring Support Agreement, (ii) not to support, negotiate, or vote for an Alternative Transaction (as defined in the Restructuring Support Agreement), and (iii) not to take any actions inconsistent with or that could reasonably be expected to prevent, interfere with, delay, or impede the implementation or consummation of the restructuring contemplated under the Restructuring Support Agreement (the "Restructuring").

Under the Restructuring Support Agreement, the Debtors agreed, among other things, to support and consummate the Restructuring in a timely manner and comply with the other covenants and commitments set forth in the Restructuring Support Agreement and to use commercially reasonable efforts to seek approval of the Plan and to complete the Restructuring (including prosecuting and defending any appeals relating to the Plan). Under the Restructuring Support Agreement, the Debtors also agreed to consult with the Ad Hoc Committee of Secured Notes with respect to the Restructuring and notify them of certain events, including (i) the receipt of any third party proposal for an Alternative Transaction,[20] governmental notices, or notices of pending or threatened litigation, (ii) the assertion of certain third party approval rights, (iii) anticipated failures of a covenant or condition under the Restructuring Support Agreement, and (iv) any failure by the Debtors to comply with the Restructuring Support Agreement.

The Restructuring Support Agreement also requires the Debtors to (i) comply with the milestones set forth in the Restructuring Support Agreement, (ii) provide the Ad Hoc Committee of Secured Notes with draft copies of all definitive documents with respect to the Restructuring

[18] This summary is qualified in all respects by the actual terms of the Restructuring Support Agreement, attached hereto as **Exhibit B**. In the event of an inconsistency or discrepancy between a description in this summary and the terms and provisions of the Restructuring Support Agreement, the terms and provisions of the Restructuring Support Agreement shall govern.

[19] The Restructuring Support Agreement has been amended twice, once on May 4, 2018 and again on June 12, 2018. The June 12th amendments to the Restructuring Support Agreement (i) extended certain milestones and (ii) addressed the modifications incorporated into the Final DIP Order with respect to the exercise of the Purchase Option or the ABL Refinancing.

[20] Nothing in the Restructuring Support Agreement requires the Debtors or their directors, officers or members to take any action inconsistent with their fiduciary duties; however, the Debtors are obligated to inform counsel to the Ad Hoc Committee of Secured Notes within one day of board approval of a material action related to an Alternative Transaction.

and other material documents that the Debtors intend to file with the Bankruptcy Court at least three (3) business days prior to the date when the Debtors intend to file such document, (iii) timely object to any motion seeking relief that would frustrate the purposes of the Restructuring (*e.g.*, appointment of a trustee or examiner with expanded powers, dismissal or conversion of the Chapter 11 Cases, termination of exclusivity), (iv) cooperate with the Ad Hoc Committee of Secured Notes in connection with their exercise of the "Purchase Option" (if any), (v) use commercially reasonable efforts to obtain any required third party or governmental approvals of the Restructuring, (vi) consult with the Supporting Noteholders with respect to the assumption or rejection of executory contracts and unexpired leases, (vii) pay certain transaction expenses of the Ad Hoc Committee of Secured Notes, (viii) operate in the ordinary course in a manner consistent with past practice in all material respects (other than any changes resulting from or relating to the Chapter 11 Cases), (ix) confer with the Supporting Noteholders on operational matters, (x) maintain good standing and legal existence, (xi) appoint Alan Carr as an independent director with approval rights with respect to certain Specified Actions (as defined in the Restructuring Support Agreement), (xii) retain Brian Fox of Alvarez & Marsal as Gibson's chief restructuring officer, (xiii) retain an operations consultant if requested by the Required Supporting Noteholders, (xiv) not default under the DIP Facility or DIP Orders, (xv) use commercially reasonable efforts to obtain commitments for exit financing, (xvi) consult with the advisors to the Ad Hoc Committee of Secured Notes regarding strategic planning, discussions, negotiations, proposals, or agreements with respect to the Restructuring, (xvii) in connection with Plan confirmation, seek to treat the Claims under the ITLA in a manner acceptable to the Ad Hoc Committee of Secured Notes, (xviii) subject to confidentiality obligations, to timely respond to reasonable information requests by the Ad Hoc Committee of Secured Notes and provide reasonable access to the Debtors' books, records, facilities, management and advisors for purposes of the Restructuring, and (xix) consult in good faith with the Ad Hoc Committee of Secured Notes regarding the potential for filing chapter 11 cases for certain foreign non-Debtor subsidiaries, including China Guitar.

Under the Restructuring Support Agreement, the Supporting Principals are also required to support and take actions to document and effectuate the Restructuring and the transactions contemplated thereby.

The Restructuring Support Agreement provides for customary conditions to the obligations of the parties and for termination by each party upon the occurrence of certain events, including among others, the failure of the Debtors to achieve certain milestones.

ARTICLE IV.
significant events in the chapter 11 cases

A. FIRST AND SECOND DAY MOTIONS

On the Petition Date, in addition to filing voluntary petitions for relief, the Debtors also filed a number of motions (the "First Day Motions") with the Bankruptcy Court seeking relief designed to, among other things, prevent interruptions to the Debtors' business, maintain the Debtors' relationships with certain essential constituents, including employees, vendors, customers and utility providers, provide access to much-needed working capital, and allow the Debtors to retain certain advisors to assist them with the administration of the Chapter 11 Cases.

At the first day hearing conducted on May 2, 2018 and in the days that followed, the Bankruptcy Court entered several orders approving the First Day Motions. An additional hearing was scheduled on May 23, 2018, in connection with which the Bankruptcy Court considered the approval of the First Day Motions on a final basis and certain additional relief requested by the Debtors.

1. Procedural Motions

To facilitate a smooth and efficient administration of these Chapter 11 Cases, the Bankruptcy Court entered certain "procedural" orders, by which the Bankruptcy Court (a) approved the joint administration of the Debtors' Chapter 11 Cases [Docket No. 60], (b) authorized the Debtors to prepare a list of creditors and file a consolidated list of their 30 largest unsecured creditors [Docket No. 64]; (c) approved an extension of time to file their Schedules [Docket No. 161]; and (d) extended the Debtors' time to seek to assume or reject contracts and leases [Docket No. 160].

2. Stabilizing Operations

Recognizing that any interruption of the Debtors' business, even for a brief period of time, would negatively impact their operations, customer relationships, revenue and profits, and to facilitate a stabilization of their businesses and effectuate a smooth transition into operating as debtors in possession, the Debtors sought and obtained orders authorizing them to:

- maintain and administer customer programs and honor obligations arising under or relating to those customer programs [Docket Nos. 70 and 164];
- pay prepetition wages, salaries and other compensation, reimbursable employee expenses, and employee medical and similar benefits [Docket Nos. 68 and 162];
- pay the prepetition Claims of certain domestic and international critical vendors, service providers, shippers and warehousemen [Docket Nos. 69 and 200];
- determine adequate assurance for future utility service and establish procedures for utility providers to object to such assurance [Docket Nos. 61 and 158];
- continue insurance coverage, including performance under their self-insurance programs, and enter into new insurance policies, if necessary [Docket Nos. 65 and 157];
- maintain their existing Cash management system and business forms [Docket Nos. 67 and 190]; and
- remit and pay certain taxes [Docket Nos. 66 and 165].

B. DEBTOR IN POSSESSION FINANCING / USE OF CASH COLLATERAL

A critical element of the Restructuring is the agreement between the Debtors and the Ad Hoc Committee of Secured Notes with respect to (i) a DIP Financing facility in the amount up to $139 million (the "DIP Facility")[21] agented by Cortland Capital Market Services, LLC (the "DIP Agent"), and (ii) consensual use of Cash collateral. Following syndication to the Prepetition Secured Noteholders, Holders of approximately 99% of the Prepetition Secured Notes opted to participate in the DIP Facility and join the Restructuring Support Agreement. The purposes of the DIP Facility were to refinance the Prepetition ABL Loan Agreement with lower cost debt, streamline the Debtors' secured creditor base to facilitate Plan confirmation, and provide the Debtors with the liquidity needed to maintain normal operations during and fund the costs of the

[21] All Prepetition Secured Noteholders were given the opportunity to participate on a Pro Rata basis in the DIP Facility, which facility was backstopped by the members of the Ad Hoc Committee of Secured Notes.

Chapter 11 Cases. Accordingly, on the Petition Date, the Debtors filed the DIP Motion seeking approval of the DIP Facility and continued authorization for the Debtors to use Cash collateral.[22]

The Bankruptcy Court entered an interim order approving the DIP Motion on May 2, 2018 [Docket No. 71] (the "Interim DIP Order") and a final order approving the DIP Motion on May 31, 2018 [Docket No. 220] (the "Final DIP Order" and, together with the Interim DIP Order, the "DIP Orders"). Pursuant to the Interim DIP Order, prior to the entry of the Final DIP Order, the Debtors used Cash collateral to fully pay down the ABL Revolver Claims and Cash collateralize all letters of credit under the Prepetition ABL/Term Loan Agreement. Following entry of the Final DIP Order, the Debtors used Cash collateral for working capital purposes (subject to adequate protection and other terms of the Final DIP Order) rather than further paying down their obligations under the Prepetition ABL/Term Loan Agreement.

The DIP Facility was structured to be funded in multiple draws. First, upon the Bankruptcy Court's entry of the Interim DIP Order, an initial $25 million draw was made available to the Debtors for working capital purposes. Following entry of the Interim DIP Order, the Debtors made additional draws under the DIP Facility for working capital purposes (including payment of certain administrative expenses of these Chapter 11 Cases).

In addition to providing working capital, the DIP Facility was meant to refinance the Debtors' obligations under the Prepetition ABL/Term Loan Agreement in order to simplify the Debtors' capital structure, facilitate the Restructuring, and reduce interest costs. As originally contemplated, the refinancing was to be accomplished through the exercise of the "Purchase Option" pursuant to section 8.21 of the Intercreditor Agreement, whereby the Prepetition Secured Noteholders would acquire from the Prepetition Lenders the obligations under the Prepetition ABL/Term Loan Agreement (but without payment of an approximately $4 million Termination Fee that would otherwise be due to the Prepetition Term Loan Lenders) and refinance those obligations with a "Deemed Draw" under the DIP Facility. Following entry of the Interim Order, certain issues arose that caused the parties to defer the exercise of the Purchase Option. Accordingly, the Debtors sought and obtained Bankruptcy Court authorization under the Final DIP Order to refinance the Prepetition ABL/Term Loan Agreement either (i) through exercise of the Purchase Option as originally contemplated or (ii) through a direct refinancing by the Debtors without utilization of the Purchase Option (the "ABL Refinancing"). Because the ABL Refinancing would require payment of the approximately $4 million Termination Fee to the Prepetition Term Loan Lenders, the Final DIP Order also authorized (but did not require) the Debtors to borrow an additional $4 million under the DIP Facility to make such payment if the Debtors were to exercise the ABL Refinancing rather than the Purchase Option. As of the date hereof, the Prepetition ABL/Term Loan has not yet been refinanced and the Debtors have so far borrowed $40 million under the DIP Facility for working capital purposes.

The DIP Facility matures nine (9) months from the Petition Date unless terminated earlier pursuant to its terms. The DIP Obligations accrue interest at the rate of L+9.0% (with a 2% LIBOR floor) and pursuant to the DIP Orders, the Bankruptcy Court has approved the payment of certain fees associated with the DIP Facility. Availability under the DIP Facility and use of the Debtors' Cash collateral are projected to provide the Debtors with liquidity sufficient to, among other things: (a) continue to operate their business in an orderly manner; (b) maintain their valuable relationships with vendors, shippers, suppliers, customers and employees; (c) pay various administrative professionals' fees to be incurred in the Chapter 11 Cases; and

[22] The DIP Motion was supplemented two times to address certain issues relating to, among other things, the process and timing of the refinancing of the Prepetition ABL/Term Loan Agreement through the Purchase Option or the ABL Refinancing and the Debtors' use of Cash collateral prior to such refinancing. [Docket Nos. 129 and 208]

(d) support the Debtors' working capital, general corporate and overall operational needs – all of which are necessary to preserve and maintain the going concern value of the Debtors' business and, ultimately, help ensure a successful reorganization under the Plan.

The DIP provides for the payment of certain fees to the DIP Lenders and the DIP Agent, including (i) the 5% DIP Backstop Premium to be paid Pro Rata on account of the DIP Facility commitments provided by the DIP Backstop Parties, (ii) a 3% Upfront Premium (as defined in the DIP Facility) to be paid Pro Rata on account of the DIP Facility commitments of the DIP Lenders, and (iii) the 2% Exit Premium to be paid Pro Rata on account of the DIP Loans or DIP Commitment repaid, reduced or satisfied in Cash on the Effective Date. The DIP Lenders/DIP Backstop Parties may elect to receive the Exit Premium and/or Backstop Premium in the form of New Common Stock at a price per share equal to 80% of Plan Value (subject to dilution as described herein). The DIP Facility also provides for certain fees to be paid to the DIP Agent.

C. EMPLOYMENT AND COMPENSATION OF PROFESSIONALS

The Debtors have been authorized to retain and have retained the following professional advisors to assist them in carrying out their duties as debtors in possession and to represent their interest in the Chapter 11 Cases: (a) Goodwin Procter LLP, as restructuring counsel [Docket No. 268], (b) Pepper Hamilton LLP, as local counsel [Docket No. 250], (b) Jefferies LLC ("Jefferies"), as investment banker [Docket No. 257], and (c) Alvarez & Marsal North America, LLC ("A&M"), as financial and operational restructuring advisor, which provided the Debtors with a Chief Restructuring Officer (Brian J. Fox of A&M) and certain additional personnel [Docket No. 262].

The Debtors also have also sought to retain PricewaterhouseCoopers LLP ("PWC") as tax services provider [Docket No. 181], and KPMG LLP ("KPMG") as independent auditors and tax consultants [Docket No. 178].[23] The Debtors also obtained approval to retain Bates & Bates as special intellectual property counsel [Docket No. 254] and, on June 20, 2018, filed an application to retain Dentons US LLP as special counsel to represent the Debtors as creditors and parties in interest in the various international liquidation proceedings pending for the GI Business [Docket No. 294].

The Debtors also sought and received approval of Prime Clerk LLC as the Noticing and Claims Agent [Docket No. 62] and as administrative advisor in these Chapter 11 Cases and solicitation agent with respect to the Plan [Docket No. 253].

D. THE COMMITTEE AND MEETING OF CREDITORS

On May 9, 2018, the United States Trustee appointed the Official Committee of Unsecured Creditors (the "Committee") pursuant to section 1102 of the Bankruptcy Code [Docket No. 106]. As of the date hereof, the Committee consists of (a) TKL Products Corp., (b) Grover Musical Products, Inc., (c) EDC, Inc., (d) Advance Plating, Inc., (e) Philips, (f) Guoguang Electronic Co., Ltd., and (g) Tronical. The Committee has been authorized to retain and has retained Lowenstein Sandler LLP as lead counsel [Docket No. 249], Landis Rath & Cobb LLP as local counsel [Docket No. 251], and FTI Consulting, Inc. as financial advisor [Docket No. 256].

The initial meeting of creditors pursuant to section 341 of the Bankruptcy Code was held on June 11, 2018 and has been continued to a later date to be determined [Docket No. 266]. In accordance with Bankruptcy Rule 9001(5), one representative of the Debtors as well as counsel

[23] As of the date hereof, the applications to retain PWC and KPMG remain pending.

to the Debtors attended the meeting and answered questions posed by the United States Trustee and other parties in interest present.

E. CLAIMS BAR DATE AND SCHEDULES

On June 8, 2018, the Bankruptcy Court entered an order approving the *Debtors' Motion for an Order Establishing Bar Dates for Filing Proofs of Claim and Approving Form and Manner of Notice Thereof* [Docket No. 255], and established (i) August 20, 2018 at 5:00 p.m. (prevailing Eastern time), as the deadline by which all persons and entities must file and serve proofs of claim asserting claims that arose on or prior to the Petition Date, including claims asserted pursuant to section 503(b)(9) of the Bankruptcy Code, against the Debtors in these Chapter 11 Cases (the "Claims Bar Date") and (ii) October 29, 2018, as the deadline by which all governmental units must file and serve proofs of claim asserting prepetition claims against any of the Debtors in these Chapter 11 Cases (the "Government Bar Date").

The Debtors filed their Schedules of Assets and Liabilities and Statements of Financial Affairs on June [__], 2018 [Docket Nos. __].

F. EXCLUSIVE PERIOD FOR FILING A PLAN AND SOLICITING VOTES

Under the Bankruptcy Code, a debtor has the exclusive right to file and solicit acceptance of a plan or plans of reorganization for an initial period of 120 days from the date on which the debtor filed for voluntary relief. If a debtor files a plan within this exclusive period, then the debtor has the exclusive right for 180 days from the Petition Date to solicit acceptances to the plan. During these exclusive periods, no other party in interest may file a competing plan of reorganization; however, a court may extend these periods upon request of a party in interest and "for cause."

G. EXECUTORY CONTRACTS AND UNEXPIRED LEASES

Pursuant to section 365(d)(4) of the Bankruptcy Code, the time within which the Debtors must assume or reject unexpired leases of nonresidential real property is 120 days from the Petition Date, unless extended by order of the Bankruptcy Court. On May 4, 2018, the Debtors filed a *Motion for Entry of an Order Extending the Time to Assume or Reject Unexpired Leases of Nonresidential Real Property Pursuant to Section 365(d)(4) of the Bankruptcy Code* [Docket No. 92], seeking a ninety (90) day extension of this deadline through and including November 27, 2018.

On May 21, 2018, the Debtors filed a first omnibus motion seeking authority to reject certain unexpired leases and a certain executory contracts [Docket No. 186]. On June 20, 2018, the Debtors filed a second omnibus motion seeking authority to reject certain executory contracts [Docket No. 297]. On June 20, the Debtors also filed a motion to assume certain employee separation or "garden leave" agreements (and related relief) [Docket No. 295]. The Debtors may seek authority to assume or reject additional unexpired leases and executory contracts prior to the Effective Date.

H. ASSET SALES

During the course of these Chapter 11 Cases, the Debtors may seek Bankruptcy Court approval to sell certain non-core assets outside the ordinary course of business pursuant to section 363(b) of the Bankruptcy Code. In addition, on June 11, 2018, the obtained Bankruptcy Court approval of procedures for the sale of assets of *de minimis* value [Docket No. 269].

ARTICLE V.
SUMMARY OF THE PLAN

THIS ARTICLE V IS INTENDED ONLY TO PROVIDE A SUMMARY OF THE MATERIAL TERMS OF THE PLAN AND IS QUALIFIED BY REFERENCE TO THE ENTIRE DISCLOSURE STATEMENT AND THE PLAN AND SHOULD NOT BE RELIED ON FOR A COMPREHENSIVE DISCUSSION OF THE PLAN. TO THE EXTENT THERE ARE ANY INCONSISTENCIES OR CONFLICTS BETWEEN THIS ARTICLE V AND THE PLAN, THE TERMS AND CONDITIONS SET FORTH IN THE PLAN SHALL CONTROL AND GOVERN.

A. ADMINISTRATIVE, DIP FACILITY, AND PRIORITY TAX CLAIMS

1. Administrative Expense Claims

On the later of the Effective Date, or the date on which an Administrative Expense Claim becomes an Allowed Administrative Expense Claim, or, in each case, as soon as reasonably practicable thereafter, and in the case of an Allowed Professional Fee Claim subject to the provisions of Article II. B. of the Plan, each Holder of an Allowed Administrative Expense Claim will receive, in full and final satisfaction, settlement, discharge and release of, and in exchange for, such Claim either (i) payment in full in Cash for the unpaid portion of such Allowed Administrative Expense Claim; or (ii) such other less favorable treatment as may be agreed to in writing by the Debtors or Reorganized Debtors, as applicable, and such Holder; *provided, however*, that Administrative Expense Claims incurred by the Debtors in the ordinary course of business may be paid in the ordinary course of business in the discretion of the Debtors or Reorganized Debtors in accordance with such applicable terms and conditions relating thereto without further notice to or order of the Bankruptcy Court. All statutory fees payable under 28 U.S.C. § 1930(a) shall be paid as such fees become due.

2. Professional Fee Claims

(a) Professional Fee Reserve Account

On the Effective Date, the Debtors will establish the Professional Fee Reserve Account and fund into the Professional Fee Reserve Account Cash equal to the Professional Fee Claim Reserve Amount for the benefit of the Professionals. The Professional Fee Reserve Account shall only be available to satisfy the Allowed Professional Fee Claims. The DIP Agent, the DIP Lenders, the Prepetition Indenture Trustee, the Prepetition Secured Noteholders, the Prepetition ABL/Term Loan Agent and the Prepetition ABL/Term Loan Lenders: (i) shall not preclude the use of the Debtors' Cash to fund the Professional Fee Reserve Account in the amount of the Professional Fee Claim Reserve Amount, (ii) shall not foreclose on the Professional Fee Reserve Account; (iii) shall subordinate their security interests, Liens, and Claims (including any superpriority Claim) in the Professional Fee Reserve Account to the payment of the Allowed Professional Fee Claims, (iv) shall only have a security interest, Lien and superpriority Claim upon and to, and the right of enforcement against, such remaining amount in the Professional Fee Reserve Account after payment of the Allowed Professional Fees, and (v) waive, and shall have not right to seek, disgorgement with respect to the payment of any Allowed Professional Fees; *provided*, *however*, that the Reorganized Debtors shall have a reversionary interest in the excess, if any, of the amount of the Professional Fee Reserve Account over the aggregate Allowed Professional Fee Claims of the Professionals.

(b) Final Fee Applications and Payment of Professional Fee Claims

Professionals or other Entities asserting a Professional Fee Claim for services rendered through the Effective Date must File, within sixty (60) days after the Effective Date, and serve on the Debtors, the Reorganized Debtors, the U.S. Trustee, and counsel to the Ad Hoc Committee of Secured Notes, an application for final allowance of such Professional Fee Claim; and *provided* that the Reorganized Debtors will pay Professionals in the ordinary course of business, for any work performed after the Effective Date, including those fees and expenses incurred by Professionals in connection with the implementation and consummation of the Plan, in each case without further application or notice to or order of the Bankruptcy Court in full in Cash; and *provided further*, that any professional that may receive compensation or reimbursement of expenses pursuant to the Ordinary Course Professionals Order may continue to receive such compensation and reimbursement of expenses for services rendered before the Effective Date, without further Bankruptcy Court order, pursuant to the Ordinary Course Professionals Order.

Objections to any Professional Fee Claim must be Filed and served on the Debtors, the Reorganized Debtors, the U.S. Trustee, counsel to the Ad Hoc Committee of Secured Notes, and the requesting party no later than twenty-one (21) calendar days after the filing of the final applications for compensation or reimbursement (unless otherwise agreed by the Debtors or the Reorganized Debtors, as applicable, the Ad Hoc Committee of Secured Notes and the party requesting payment of a Professional Fee Claim).

After notice and a hearing in accordance with the procedures established by the Bankruptcy Code, Bankruptcy Rules and prior Bankruptcy Court orders, the Allowed amounts of such Professional Fee Claims shall be determined by the Bankruptcy Court. The amount of Professional Fee Claims owing to the Professionals shall be paid in Cash to such Professionals when such Claims are Allowed by a Final Order by the Reorganized Debtors, including from the Professional Fee Reserve Account in the case of the Debtors' Professionals.

The Professionals shall reasonably estimate their Professional Fee Claims before and as of the Effective Date, and shall deliver such estimate to the Debtors and counsel to the Ad Hoc Committee of Secured Notes no later than ten (10) calendar days prior to the Effective Date; provided, however, that such estimate shall not be considered a representation with respect to the fees and expenses of such Professional, and such Professionals are not bound to any extent by the estimates. If any of the Debtors' Professionals fails to provide an estimate or does not provide a timely estimate, the Debtors may estimate the unbilled fees and expenses of such Professional, in consultation with the Ad Hoc Committee of Secured Notes. The total amount so estimated shall be utilized by the Debtors to determine the Professional Fee Reserve Amount , but the Professional Fee Reserve Amount shall not limit the amount of Professional Fees that may be Allowed by the Bankruptcy Court or limit the obligation of the Reorganized Debtors to pay Professional Fees in the amounts Allowed by the Bankruptcy Court.

3. **DIP Facility Claims**

On the Effective Date in full and final satisfaction, settlement, discharge and release of, and in exchange for, all DIP Facility Claims, the DIP Facility Claims shall be:

(i) indefeasibly paid, in full in Cash, from the proceeds of the New Exit Term Loan Facility;

(ii) to the extent that the DIP Facility Claims cannot be paid in full in Cash in accordance with clause (i) of Article II.D of the Plan, at the election of the

Required Lenders, refinanced in whole or in part with the proceeds of the New Take-Out Facility;

(iii) to the extent that the DIP Facility Claims are not (i) paid in full in Cash in accordance with clause (i) of Article II.D of the Plan and/or (ii) refinanced in full with the proceeds from a New Take-Out Facility in accordance with clause (ii) of Article II.D of the Plan, at the election of the Required Lenders, exchanged in full for New Common Stock at a price per share equal to 80% of Plan Value, subject to dilution for any New Common Stock issued: (A) to the DIP Backstop Parties on account of the DIP Backstop Premium; (B) in accordance with the Management Incentive Plan; (C) on account of the Exit Premium; and (D) upon the exercise of the New Warrants (collectively, the "**Take-Out Equity Option**"); or

(iv) indefeasibly paid, in full, from a combination of some or all of: (x) the proceeds of the New Exit Term Loan Facility, (y) the proceeds of the New Take-Out Facility; and/or (z) the Take-Out Equity Option,

and, in any case, the DIP Facility Loan Agreement and all related loan documents, and all Liens and security interests granted to secure the DIP Facility Claims, will be deemed to be terminated, extinguished and released, and the DIP Agent will promptly execute and deliver to the Reorganized Debtors, at the Reorganized Debtors' sole cost and expense, such instruments of termination, release, satisfaction and/or assignment (in recordable form) as may be reasonably requested by the Reorganized Debtors to effectuate the foregoing. Notwithstanding the foregoing, the DIP Facility Loan Agreement shall continue in effect solely for the purpose of preserving the DIP Agent's and the DIP Lenders' right to any contingent or indemnification obligations of the Debtors pursuant and subject to the terms of the DIP Facility Loan Agreement or DIP Orders.

4. **Priority Tax Claims**

On or as soon as reasonably practicable after the earlier of (i) the Initial Distribution Date if such Priority Tax Claim is an Allowed Priority Tax Claim as of the Effective Date or (ii) the date on which such Priority Tax Claim becomes an Allowed Priority Tax Claim, each Holder of an Allowed Priority Tax Claim will receive in full satisfaction, settlement, discharge and release of, and in exchange for, such Allowed Priority Tax Claim, at the election of the Debtors or Reorganized Debtors: (a) Cash in an amount equal to the amount of such Allowed Priority Tax Claim; or (b) such other treatment as is consistent with the provisions of section 1129(a)(9) of the Bankruptcy Code and acceptable to the Required Supporting Noteholders. Payment of statutory fees due pursuant to 28 U.S.C. § 1930(a)(6) will be made at all appropriate times until the entry of a final decree.

B. CLASSIFICATION AND TREATMENT OF CLASSIFIED CLAIMS AND EQUITY INTERESTS

All Claims and Equity Interests, except Administrative Expense Claims, Professional Fee Claims, DIP Facility Claims, and Priority Tax Claims, are classified in the Classes set forth below. In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Expense Claims, Professional Fee Claims, DIP Facility Claims, and Priority Tax Claims have not been classified.

The categories of Claims and Equity Interests listed below classify Claims and Equity Interests for purposes of classification, voting, confirmation, treatment and distribution pursuant to the Plan and pursuant to sections 1122 and 1123(a)(1) of the Bankruptcy Code. The

classification and treatment of Claims and Equity Interests in Article III of the Plan does not limit or impair the releases, injunctions or exculpations provided for in Article X of the Plan, or any right or remedy of a Holder of a Claim or Equity Interest to enforce the terms and provisions of the Plan or any of the Plan Documents.

The Plan deems a Claim or Equity Interest to be classified in a particular Class only to the extent that the Claim or Equity Interest qualifies within the description of that Class and will be deemed classified in a different Class to the extent that any remainder of such Claim or Equity Interest qualifies within the description of such different Class. A Claim or Equity Interest is in a particular Class only to the extent that any such Claim or Equity Interest is Allowed in that Class and has not been paid, released or otherwise settled prior to the Effective Date.

The classification and treatment of Claims against, and Equity Interests in, the Debtors are on a Debtor by Debtor basis. To the extent Claims against, and Equity Interests in, more than one Debtor are classified in one Class, the Class shall be deemed to include sub-classes for each such Debtor.

Summary of Classification and Treatment of Classified Claims and Equity Interests

Class	Claim	Status	Voting Rights
1	Other Priority Claims	Unimpaired	Deemed to Accept
2	Other Secured Claims	Unimpaired	Deemed to Accept
3	ABL Revolver Claims	Unimpaired	Deemed to Accept
4	Domestic Term Loan Claims	Impaired/ Unimpaired	Entitled to Vote/ Deemed to Accept[24]
5	Allowed Prepetition Secured Notes Claims	Impaired	Entitled to Vote
6	General Unsecured Claims – (Other than Class 7, 8 and 9 Claims)	Impaired	Entitled to Vote
7	General Unsecured Claims Against Gibson Holdings, Inc.	Impaired	Entitled to Vote
8	Convenience Class Claims	Impaired	Entitled to Vote
9	Intercompany Claims	Impaired/Unimpaired	Deemed to Accept/ Deemed to Reject
10	Equity Interests in Gibson	Impaired	Deemed to Reject
11	Equity Interests in Subsidiaries (Other than Excluded Debtor Subsidiaries)	Unimpaired	Deemed to Accept
12	Equity Interests in Excluded Debtor Subsidiaries	Impaired	Deemed to Reject

[24] Treatment of Class 4 Domestic Term Loan Claims depends on whether the Prepetition ABL/Term Loan Agreement is refinanced prior to the Effective Date. Accordingly, to the extent such refinancing has not occurred prior to the date votes on the Plan are solicited, Holders of Class 4 Domestic Term Loan Claims shall receive ballots and be entitled to vote on the Plan. To the extent the Purchase Option or the ABL Refinancing is implemented prior to the Confirmation Date to repay the remaining obligations due under the Prepetition ABL/Term Loan Agreement, Allowed Class 4 Domestic Term Loan Claims shall be paid in full and Unimpaired under the Plan and any votes cast by Holders of such Claims shall not be counted and Class 4 shall instead be deemed to accept the Plan pursuant to section 1126(f) of the Bankruptcy Code.

C. ELIMINATION OF VACANT CLASSES

Any Class that, as of the commencement of the Confirmation Hearing, does not have at least one Holder of a Claim or Equity Interest that is Allowed in an amount greater than zero for voting purposes shall be considered vacant, deemed eliminated from the Plan for purposes of voting to accept or reject the Plan, and disregarded for purposes of determining whether the Plan satisfies section 1129(a)(8) of the Bankruptcy Code with respect to such Class.

D. VOTING; PRESUMPTIONS; SOLICITATION IN GOOD FAITH

Only Holders of Allowed Claims in Classes 4, 5, 6, 7 and 8 are entitled to vote to accept or reject the Plan. An Impaired Class of Claims shall have accepted the Plan if (i) the Holders of at least two-thirds (2/3) in amount of the Allowed Claims actually voting in such Class have voted to accept the Plan and (ii) the Holders of more than one-half (1/2) in number of the Allowed Claims actually voting in such Class have voted to accept the Plan. Holders of Claims in Classes 4, 5, 6, 7, and 8 will receive ballots containing detailed voting instructions.

Holders of Allowed Claims or Equity Interests in Classes 1, 2, 3, and 11 are Unimpaired under the Plan and accordingly are deemed to accept the Plan pursuant to section 1126(f) of the Bankruptcy Code. Holders of Allowed Claims in Class 9 are either Impaired by reason of neither receiving nor retaining any property under the Plan, or Unimpaired under the Plan, and accordingly are either deemed to reject the Plan or accept the Plan, respectively. Therefore, each Holder of a Class 9 Claim is not entitled to vote to accept or reject the Plan.

Holders of Allowed Equity Interests in Classes 10 and 12 shall neither receive nor retain any property under the Plan and accordingly are deemed to reject the Plan pursuant to section 1126(g) of the Bankruptcy Code.

The Debtors have, and upon the Effective Date the Reorganized Debtors shall be deemed to have, solicited votes on the Plan from the Voting Classes in good faith and in compliance with the applicable provisions of the Bankruptcy Code. Accordingly, the Debtors and the Reorganized Debtors and each of their respective Related Persons shall be entitled to, and upon the Confirmation Date are hereby granted, the protections of section 1125(e) of the Bankruptcy Code.

E. CRAMDOWN

If any Class of Claims or Equity Interests is deemed to reject the Plan or is entitled to vote on the Plan and does not vote to accept the Plan, the Debtors may, subject to the terms of the Restructuring Support Agreement, (i) seek confirmation of the Plan under section 1129(b) of the Bankruptcy Code, or (ii) amend or modify the Plan in accordance with the terms hereof and the Bankruptcy Code. If a controversy arises as to whether any Claims or Equity Interests, or any Class of Claims or Equity Interests, are Impaired, the Bankruptcy Court shall, after notice and a hearing, determine such controversy on or before the Confirmation Date.

F. SPECIAL PROVISION GOVERNING UNIMPAIRED CLAIMS

Except as otherwise provided in the Plan, nothing under the Plan will affect the Debtors' rights in respect of any Unimpaired Claims, including all rights in respect of legal and equitable defenses to or setoffs or recoupments against any such Unimpaired Claims, including the right to cure any arrears or defaults that may exist with respect to contracts to be assumed under the Plan.

G. SUBORDINATED CLAIMS

The allowance, classification, and treatment of all Claims under the Plan shall take into account and conform to, and the Plan hereby implements in all respects, the 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 and other applicable law, the Reorganized Debtors, with the consent of the Required Supporting Noteholders, reserve the right to re-classify, or to seek to subordinate, any Claim in accordance with any contractual, legal, or equitable subordination relating thereto, and the treatment afforded any Claim under the Plan that becomes a subordinated Claim at any time shall be modified to reflect such subordination.

H. ACCEPTANCE OR REJECTION OF THE PLAN

1. Presumed Acceptance of Plan

Classes 1, 2, 3, 4, 9 (in certain instances) and 11 are Unimpaired under the Plan, and are, therefore, presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code.

2. Presumed Rejection of Plan

Classes 9 (in certain instances), 10 and 12 are Impaired and Holders of Equity Interests in such Classes shall receive no distribution under the Plan on account of such Equity Interests and are, therefore, deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code.

3. Voting Classes

Each Holder of an Allowed Claim as of the applicable voting record date in the Voting Classes (Classes 4, 5, 6, 7 and 8) will be entitled to vote to accept or reject the Plan.

4. Acceptance by Impaired Classes of Claims

Pursuant to section 1126(c) of the Bankruptcy Code and except as otherwise provided in section 1126(e) of the Bankruptcy Code, an Impaired Class of Claims has accepted the Plan if the Holders of at least two-thirds in dollar amount and more than one-half in number of the Allowed Claims in such Class actually voting have voted to accept the Plan.

5. Confirmation Pursuant to Section 1129(b) of the Bankruptcy Code

The Debtors request confirmation of the Plan under section 1129(b) of the Bankruptcy Code with respect to any Impaired Class that does not accept the Plan pursuant to section 1126 of the Bankruptcy Code. The Debtors (subject to the terms of the Restructuring Support Agreement) reserve the right to modify the Plan or any Exhibit thereto or Plan Schedule in order to satisfy the requirements of section 1129(b) of the Bankruptcy Code, if necessary. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the compromise and settlement of all such Claims, Equity Interests, and controversies, as well as a finding by the Bankruptcy Court that such compromise and settlement is in the best interests of the Debtors, their Estates, and Holders of Claims and Equity Interests and is fair, equitable, and within the range of reasonableness. All distributions made to Holders of Allowed Claims and Allowed Equity Interests in any Class are intended to be and shall be final.

ARTICLE VI.
MEANS FOR IMPLEMENTING THE PLAN

The Plan contemplates that Gibson and certain of its Subsidiaries will continue to operate as Reorganized Debtors while the Excluded Debtor Subsidiaries and Excluded Non-Debtor Subsidiaries,[25] whose businesses are dormant or have been sold, will be wound down and Gibson's equity interests in such Subsidiaries will be cancelled. The Reorganized Debtors will be governed by a New Board, and management will have in place Management Employment and Consulting Agreements and the Management Incentive Plan.

The balance sheet of the Reorganized Debtors will be significantly deleveraged through the Plan, and new lending facilities will be put in place to provide the Reorganized Debtors with working capital.

The Debtors' ongoing contracts and leases that have not been rejected as part of these Chapter 11 Cases will be assumed by the Reorganized Debtors under the Plan.

As the Plan will operate to satisfy and discharge all Claims against the Reorganized Debtors, the Plan includes release, exculpation and injunction provisions to provide the Reorganized Debtors with a "fresh start."

The Plan provisions detailing the mechanics for implementing the Plan are set forth in Article V of the Plan. Below is a general summary of some of the more significant components.

A. DIRECTORS AND OFFICERS OF REORGANIZED GIBSON

The New Board shall consist of such number of directors, and such initial directors, as determined by the Required Supporting Noteholders in their sole and absolute discretion, which determination will be disclosed in a Plan Document Filed on or before five (5) days prior to the commencement of the Confirmation Hearing.

As of the Effective Date, the initial officers of the Reorganized Debtors will be the officers identified in the Plan Supplement. Except as set forth in the Plan and the Plan Supplement, any other directors or officers of the Debtors shall be deemed removed as of the Effective Date.

Pursuant to section 1129(a)(5) of the Bankruptcy Code, the Debtors will disclose, prior to the Confirmation Hearing the identity and affiliations of any Person proposed to serve on the initial board of directors or as an officer of the Reorganized Debtors and the Non-Debtor Subsidiaries and, to the extent such Person is an insider other than by virtue of being a director or officer, the nature of any compensation for such Person. Each such director and each officer will serve from and after the Effective Date pursuant to applicable law and the terms of the Amended Organizational Documents and the other constituent and organizational documents of the Reorganized Debtors and the Non-Debtor Subsidiaries. The existing board of directors of the Debtors will be deemed to have resigned and been removed from the board of directors of the Debtors and the board of directors of any applicable Non-Debtor Subsidiaries on and as of the Effective Date, in each case without further notice to or order of the Bankruptcy Court, act or action under applicable law, regulation, order, or rule or the vote, consent, authorization or approval of any Entity.

[25] The Excluded Debtor Subsidiaries are (i) Gibson Innovations USA, Inc., (ii) Cakewalk, Inc., (iii) Baldwin Piano, Inc., and (iv) Wurlitzer Corp. The Excluded Non-Debtor Subsidiaries are (i) Gibson GI Holdings B.V. and its direct and indirect subsidiaries, (ii) EQ, and (iii) Baldwin Dongbei.

B. LITIGATION TRUST

The Plan contemplates the establishment and funding of a Litigation Trust for the benefit of Holders of Allowed Claims in Classes 6 and 7. On the Effective Date, subject to the releases and exculpation set forth in the Plan, the following causes of action of indeterminate value shall be preserved and contributed to the Litigation Trust: (i) all Avoidance Actions, and (ii) all Causes of Action arising out of, or related to, the Prepetition ABL Term Loan Agreement and/or the ITLA against the Prepetition ABL/Term Loan Agent, the Prepetition ABL/Term Loan Lenders, the ITLA Lenders and each of their Related Persons.

1. Formation of Litigation Trust

On the Effective Date, the Litigation Trust shall be established pursuant to the Litigation Trust Agreement for the purpose of prosecuting the Litigation Trust Claims and making distributions (if any) to Holders of Allowed Class 6 General Unsecured Claims, in accordance with the terms of the Plan. The Litigation Trust shall have a separate existence from the Reorganized Debtors. The Litigation Trust's prosecution of any of the Litigation Trust Claims will be on behalf of and for the benefit of the Litigation Trust Beneficiaries.

On the Effective Date, the Debtors and the Litigation Trustee shall execute the Litigation Trust Agreement and shall take all steps necessary to establish the Litigation Trust in accordance with the Plan. Also on the Effective Date, the Debtors and the Committee (as applicable) shall be deemed to have irrevocably transferred to the Litigation Trust all rights, title, and interest in and to all of the Litigation Trust Claims, and in accordance with Bankruptcy Code section 1141, the Litigation Trust Assets shall automatically vest in the Litigation Trust free and clear of all Claims, Liens, encumbrances, or interests (other than the Litigation Trust Beneficial Interests), as provided for in the Litigation Trust Agreement, and such transfer shall be exempt from any stamp, real estate transfer, or other transfer, mortgage reporting, sales, use, or other similar tax. For the avoidance of doubt, on the Effective Date, standing to commence, prosecute and compromise all Litigation Trust Claims shall transfer to the Litigation Trustee and/or the Litigation Trust; provided however, that no Claims released under the Plan shall be transferred or issued to the Litigation Trust.

Subject to, and to the extent set forth in, the Plan, the Confirmation Order, and the Litigation Trust Agreement (or any other order of the Bankruptcy Court entered pursuant to, or in furtherance of the Plan), the Litigation Trust and the Litigation Trustee, together with its agents, representatives and professionals, will be empowered to take the following actions, and any other actions, as the Litigation Trustee determines to be necessary or appropriate to implement the Litigation Trust, all without further order of the Bankruptcy Court:

(i) Adopt, execute, deliver or file all plans, agreements, certificates and other documents and instruments necessary or appropriate to implement the Litigation Trust;

(ii) Accept, preserve, receive, collect, manage, invest, supervise, prosecute, settle and protect the Litigation Trust Claims (acting at the direction of the Litigation Trustee); *provided that* (i) any settlement of any Litigation Trust Claim having a value of at least [$•] shall require the consent of the Required Supporting Litigation Trust Beneficiaries and (ii) the Required Supporting Litigation Trust Beneficiaries shall have the right to direct the Litigation Trustee, on behalf of the Litigation Trust, to accept any offered settlement of a Litigation Trust Claim having a value of at least [$•];

(iii) Object to, and prosecute objections to, Disputed Class 6 General Unsecured Claims;

(iv) Calculate and make distributions to Litigation Trust Beneficiaries;

(v) Establish reserves consistent with the Plan and Litigation Trust Agreement and invest Cash;

(vi) Retain and pay distribution agents and professionals and other Entities;

(vii) Establish reserves and invest Cash out of the Litigation Trust Funds, the proceeds of the Litigation Trust Claims, (including but not limited to establishing a reasonable reserve the purpose of paying all expenses of the Litigation Trust), including but not limited to, professionals to (a) prosecute, settle and collect the Litigation Trust Claims *provided that* (i) any settlement of any Litigation Trust Claim having a value of at least [$•] shall require the consent of the Required Supporting Litigation Trust Beneficiaries and (ii) the Required Supporting Litigation Trust Beneficiaries shall have the right to direct the Litigation Trustee, on behalf of the Litigation Trust, to accept any offered settlement of a Litigation Trust Claim having a value of at least [$•]; (b) prepare and file the Litigation Trust's tax returns for two years following the Effective Date, (c) administer distributions of the proceeds of the Litigation Trust Claims to the Litigation Trust Beneficiaries; and (d) obtain ordinary and customary insurance coverage (collectively, the "Litigation Trust Expenses");

(viii) Abandon, in any commercially reasonable manner, any Litigation Trust Claims that in the Litigation Trustee's reasonable judgment cannot be commercially reasonably prosecuted or that the Litigation Trustee reasonably believes to have inconsequential value to the Litigation Trust;

(ix) File appropriate tax returns and other reports on behalf of the Litigation Trust and pay taxes (if any) or other obligations owed by the Litigation Trust; and

(x) Wind-up the affairs of and dissolve the Litigation Trust.

The Litigation Trust has no objective to, and will not, engage in a trade or business and will conduct its activities consistent with the Plan and the Litigation Trust Agreement.

On the Effective Date, the Committee's counsel and professionals, will provide to the Litigation Trustee (or such professionals designated by the Litigation Trustee) documents and other information gathered, and relevant work product developed, if any, during the Chapter 11 Cases in connection with their investigation of the Litigation Trust Claims, provided that the provision of any such documents and information will be without waiver of any evidentiary privileges, including without limitation the attorney-client privilege, work-product privilege or other privilege or immunity attaching to any such documents or information (whether written or oral). The Plan will be considered a motion pursuant to sections 105, 363 and 365 of the Bankruptcy Code for such relief.

The Litigation Trust and the Litigation Trustee will each be a "representative" of the Estates under section 1123(b)(3)(B) of the Bankruptcy Code solely as related to the Litigation Trust Assets, and the Litigation Trustee will be the trustee of the Litigation Trust Assets for purposes of 31 U.S.C. § 3713(b) and 26 U.S.C. § 6012(b)(3), and, as such, the Litigation Trustee succeeds to all of the rights, powers and obligations of a trustee in bankruptcy with respect to collecting, maintaining, administering and liquidating the Litigation Trust Assets. Without limiting such rights, powers, and obligations, on the Effective Date, (i) the Committee will transfer, and will be deemed to have irrevocably transferred, to the Litigation Trust and shall vest in the Litigation Trust and the Litigation Trustee, the Committee's evidentiary privileges including the attorney-client privilege, work product privilege and other privileges and immunities that they possessed, to the extent related to the Litigation Trust Assets; and (ii) the Litigation Trust, Litigation Trustee and Reorganized Debtors all shall be vested with and share the Debtors' evidentiary privileges including the attorney client privilege, work product privilege and other privileges and immunities the Debtors possessed, to the extent related to the Litigation Trust Assets. The Committee and its financial advisors, and the Debtors and their financial advisors upon reasonable request, will provide to the Litigation Trustee (or such professionals designated by the Litigation Trustee) originals or copies of documents, other information, and work product relating to the Litigation Trust Claims, *provided* that the provision of any such documents and information will be without waiver of any evidentiary privileges or immunity. Without limiting the foregoing, the Reorganized Debtors shall be vested with and retain all evidentiary privileges, including the attorney-client privilege, work product privilege and other privileges and immunities the Debtors possessed, relating to all Causes of Action that are not Litigation Trust Claims and other property of the Estates vesting in the Reorganized Debtors. To the extent that any Litigation Trust Assets cannot be transferred to the Litigation Trust because of a restriction on transferability under applicable non-bankruptcy law that is not superseded or preempted by section 1123 of the Bankruptcy Code or any other provision of the Bankruptcy Code, such Litigation Trust Assets shall be deemed to have been retained by the Debtors or the Reorganized Debtors, as the case may be, and the Litigation Trustee shall be deemed, solely with respect to such Litigation Trust Assets, to have been designated as a representative of the Debtors, the Reorganized Debtors, or the Estates, as the case may be, pursuant to section 1123(b)(3)(B) of the Bankruptcy Code to enforce and pursue such Litigation Trust Assets on behalf of the Debtors, the Reorganized Debtors, or the Estates, as the case may be.

2. **Litigation Trustee**

The Litigation Trustee shall be the exclusive trustee of the Litigation Trust Assets for purposes of 31 U.S.C. § 3713(b) and 26 U.S.C. § 6012(b)(3), and solely with respect to the Litigation Trust Assets, the representative of the Estate of each of the Debtors appointed pursuant to section 1123(b)(3)(B) of the Bankruptcy Code. The Litigation Trust shall be governed by the Litigation Trust Agreement and administered by the Litigation Trustee. The powers, rights, and responsibilities of the Litigation Trustee shall be specified more fully in the Litigation Trust Agreement. The Litigation Trust shall hold and distribute the Litigation Trust Assets in accordance with the provisions of the Plan and the Litigation Trust Agreement. Other rights and duties of the Litigation Trustee and the Litigation Trust Beneficiaries shall be as set forth in the Litigation Trust Agreement. After the Effective Date, the Reorganized Debtors shall have no interest in the Litigation Trust Assets other than as set forth in the Plan. The Litigation Trustee shall periodically report on activities of the Litigation Trust to the Litigation Trust Beneficiaries in accordance with the terms of the Litigation Trust Agreement.

3. **Fees and Expenses of the Litigation Trust**

On the Effective Date, the Debtors shall fund the Litigation Trust with the Litigation Trust Funding Amount. All Litigation Trust Expenses shall be paid from the Litigation Trust Funding Amount and the proceeds of the Litigation Trust Claims. For the avoidance of doubt,

none of the Debtors, the Estates, or the Reorganized Debtors shall have any liability for the fees and expenses of the Litigation Trust beyond the Litigation Trust Funding Amount.

4. **Proceeds of the Litigation Trust**

Litigation Proceeds shall be allocated first to pay any adequate protection claims payable pursuant to the terms of the DIP Orders and the Plan in full in Cash to the extent not otherwise paid in full prior to the Effective Date or thereafter in accordance with the DIP Orders, and second, paid to the Litigation Trust Beneficiaries in accordance with the Litigation Trust Agreement and the Plan.

5. **Limitation of Liability**

Neither the Litigation Trustee, nor any of its Related Persons, shall be liable for the act or omission of any other member, designee, agent, advisor, representative or professional, nor shall the Litigation Trustee be liable for any act or omission taken or omitted to be taken in the capacity as Litigation Trustee, other than for specific actions or omissions resulting from the Litigation Trustee's or its Related Persons' respective willful misconduct, gross negligence, or fraud. The Litigation Trustee may, in connection with the performance of its functions, in its sole and absolute discretion, consult with its attorneys, accountants, advisors and agents, and shall not be liable for any act taken, or omitted to be taken, or suggested to be done in accordance with advice or opinions rendered by such persons, regardless of whether or not such advice or opinions are in writing. Notwithstanding such authority, the Litigation Trustee shall not be under any obligation to consult with any such attorneys, accountants, advisors or agents, and its determination not to do so shall not result in the imposition of liability on the Litigation Trustee or any of its members, designees, agents, advisors, representatives or professionals unless such determination is based on willful misconduct, gross negligence or fraud. Persons dealing with the Litigation Trustee shall look only to the Litigation Trust Assets to satisfy any liability incurred by the Litigation Trustee to such person in carrying out the terms of the Plan or the Litigation Trust Agreement, and the Litigation Trustee shall have no personal obligation to satisfy such liability.

6. **Indemnification**

The Litigation Trust shall indemnify the Litigation Trust Indemnified Parties for, and shall hold them harmless against, any loss, liability, damage, judgment, fine, penalty, claim, demand, settlement, cost or expense (including the reasonable fees and expense of their respective professionals), incurred without gross negligence, willful misconduct, or fraud on the part of the Litigation Trust Indemnified Parties (which gross negligence, willful misconduct, or fraud, if any, must be determined by a Final Order or a court of competent jurisdiction), for any action taken, suffered, or omitted to be taken by the Litigation Trust Indemnified Parties in connection with the acceptance, administration, exercise and performance of their duties under the Plan or the Litigation Trust Agreement, as applicable. An act or omission taken with the approval of the Bankruptcy Court, and not inconsistent therewith, will be conclusively deemed not to constitute gross negligence or willful misconduct.

7. **Tax Treatment**

The Litigation Trust generally is intended to be treated, for federal income Tax purposes, as a grantor trust that is a liquidating trust within the meaning of Treasury Regulations section 301.7701- 4(d), with no objective to continue or engage in the conduct of a trade or business. This section assumes that all claims held by the Liquidation Trust Beneficiaries are held as "capital assets" within the meaning of Tax Code Section 1221 (generally, property held for investment). For U.S. federal income tax purposes, the transfer of the Litigation Trust Assets to

the Litigation Trust will be treated as a transfer of the Litigation Trust Assets from the Debtors to the Litigation Trust Beneficiaries, followed by the Litigation Trust Beneficiaries' transfer of the Litigation Trust Assets to the Litigation Trust in exchange for their beneficial interests in the Litigation Trust. Such exchange should be treated as a taxable exchange under Section 1001 of the Tax Code for each Litigation Trust Beneficiary. Each Litigation Trust Beneficiary should recognize capital gain or loss equal to the difference between (i) the fair market value of the Litigation Trust Beneficiary's allocable share of the Litigation Trust Assets received (other than the value received for "Accrued Interest", as defined and discussed in Article XI below) and (ii) the Litigation Trust Beneficiary's adjusted tax basis in its claim. The fair market value of the Litigation Trust Beneficiary's allocable share of the Litigation Trust Assets may be uncertain at the time received, and each Litigation Trust Beneficiary should consult its own tax advisor regarding the determination of gain or loss in connection with the receipt of an interest in the Litigation Trust Assets and any future payments in respect of such interest in the Litigation Trust Assets.

The Litigation Trust Beneficiaries will thereafter be treated for U.S. federal income tax purposes as the grantors and deemed owners of their respective shares of the Litigation Trust Assets. The Litigation Trust Beneficiaries shall include in their annual taxable incomes, and pay tax to the extent due on, their allocable shares of each item of income, gain, deduction, loss and credit, and all other such items shall be allocated by the Litigation Trustee to the Litigation Trust Beneficiaries using any reasonable allocation method. The Litigation Trustee will be required by the Litigation Trust Agreement to file income Tax returns for the Litigation Trust as a grantor trust of the Litigation Trust Beneficiaries. In addition, the Litigation Trust Agreement will require consistent valuation by all parties, including the Debtors, the Reorganized Debtor, the Litigation Trustee and the Litigation Trust Beneficiaries, for all federal income Tax and reporting purposes, of any property held by the Litigation Trust. The Litigation Trust Agreement will provide that termination of the trust will occur no later than five years after the Effective Date, unless the Bankruptcy Court approves an extension based upon a finding that such an extension is necessary for the Litigation Trust to complete its liquidating purpose. The Litigation Trust Agreement also will limit the investment powers of the Litigation Trustee in accordance with IRS Rev. Proc. 94-45 and will require the Litigation Trust to distribute at least annually to the Litigation Trust Beneficiaries (as such may have been determined at such time) its net income (net of any payment of or provision for Taxes), except for Creditor Recoveries retained as reasonably necessary to maintain the value of the Litigation Trust Assets.

C. REVESTING OF ASSETS

Except as otherwise provided in the Plan or the Confirmation Order, on or after the Effective Date, all property and Assets of the Estates (including Causes of Action, but excluding: (i) the Equity Interests in the Excluded Debtor Subsidiaries; (ii) the Equity Interests in, or assets of, the Excluded Non-Debtor Subsidiaries; and (iii) the Litigation Trust Claims) and any property and Assets acquired by the Debtors pursuant to the Plan will vest in the Reorganized Debtors, free and clear of all Liens, Claims, charges or other encumbrances. Except as may be otherwise provided in the Plan, on and after the Effective Date, the Reorganized Debtors may operate their businesses and may use, acquire or dispose of property and compromise or settle any Claims without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules, other than those restrictions expressly imposed by the Plan and the Confirmation Order. Without limiting the foregoing, the Reorganized Debtors will pay the charges that they incur after the Effective Date for Professionals' fees, disbursements, expenses or related support services (including reasonable fees relating to the preparation of Professional fee applications) in the ordinary course of business and without application or notice to, or order of, the Bankruptcy Court.

On the Effective Date, (A) the Equity Interests in the Excluded Debtor Subsidiaries and the Equity Interests in the Excluded Non-Debtor Subsidiaries: (i) shall be cancelled, eliminated, extinguished and of no further force or effect; (ii) shall be finally and forever relinquished and waived by the Holder thereof; and (iii) shall not revest in the Reorganized Debtors; and (B) any assets owned by such (i) Excluded Debtor Subsidiaries shall vest in the Reorganized Debtors as determined by the Reorganized Debtors and (ii) Excluded Non-Debtor Subsidiaries shall be abandoned in accordance with section 554 of the Bankruptcy Code to the creditors of such Excluded Non-Debtor Subsidiaries and shall be deemed assigned to and for the benefit of the creditors of such Excluded Non-Debtor Subsidiaries or otherwise liquidated for the benefit of such creditors.

For the avoidance of doubt, no Litigation Trust Asset will revest in the Reorganized Debtors on or after the date such Litigation Trust Asset is transferred to the Litigation Trust, but irrevocably and automatically will vest in the Litigation Trust on the Effective Date, to be administered by the Litigation Trustee in accordance with the Plan and the Litigation Trust Agreement.

D. TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

1. Assumption and Rejection of Executory Contracts and Unexpired Leases

As of and subject to the occurrence of the Effective Date and the payment of any applicable Cure amounts, all Executory Contracts and Unexpired Leases of the Debtors that are Reorganized Debtors will be deemed assumed in accordance with, and subject to, the provisions and requirements of sections 365 and 1123 of the Bankruptcy Code, except for those Executory Contracts (including employment agreements) and Unexpired Leases that:

- have previously expired or terminated pursuant to their own terms or by agreement of the parties thereto;
- have been previously assumed or rejected by order of the Bankruptcy Court;
- are the subject of a separate motion Filed by the Debtors under section 365 of the Bankruptcy Code before the Confirmation Date for assumption or rejection; or
- are identified in the Rejected Executory Contract/Unexpired Lease List.

Without amending or altering any prior order of the Bankruptcy Court approving the assumption or rejection of any Executory Contract or Unexpired Lease, entry of the Confirmation Order by the Bankruptcy Court will constitute approval of such assumptions and rejections pursuant to sections 365(a) and 1123 of the Bankruptcy Code. To the extent any provision in any Executory Contract or Unexpired Lease assumed pursuant to the Plan restricts or prevents, or purports to restrict or prevent, or is breached or deemed breached by, the Reorganized Debtors' assumption of such Executory Contract or Unexpired Lease, then such provision will be deemed modified such that the transactions contemplated by the Plan will not entitle the non-debtor party thereto to terminate such Executory Contract or Unexpired Lease or to exercise any other default-related rights with respect thereto. Each Executory Contract and Unexpired Lease assumed pursuant to the Plan will revest in and be fully enforceable by the Reorganized Debtors in accordance with its terms, except as modified by the provisions of the Plan, any order of the Bankruptcy Court authorizing and providing for its assumption, or applicable law.

Except with respect to Executory Contracts or Unexpired Leases that are the subject of Cure Objections, any applicable Cure amounts will be satisfied, pursuant to section 365(b)(1) of the Bankruptcy Code, by payment of the Cure amount in Cash on the Effective Date or on such other terms as the parties to such Executory Contracts or Unexpired Leases may otherwise agree.

2. **Notice of Cure Amounts**

The Debtors will serve upon counterparties to Executory Contracts and Unexpired Leases a notice (the "Assumption Notice") stating that the Debtors may potentially assume the Executory Contracts and Unexpired Leases identified therein in connection with the Plan. The Assumption Notice will: (a) include a schedule of all Executory Contracts and Unexpired Leases, and the applicable Cure amount, if any, for each Executory Contract and Unexpired Lease; (b) describe the procedures for filing objections to the assumption of, or the proposed Cure amount for, an Executory Contract or Unexpired Lease; and (c) describe the process by which related disputes will be resolved by the Bankruptcy Court.

Any counterparty to an Executory Contract and Unexpired Lease that fails to object timely to the proposed assumption of such Executory Contract or Unexpired Lease or to the Cure amount set forth in the Assumption Notice will be deemed to have consented and forever released and waived any objection to the assumption of the Executory Contract or Unexpired Lease and the Cure amount set forth on the Assumption Notice.

The Bankruptcy Court will hear and determine any objections to the assumption of Executory Contracts and Unexpired Leases at the Confirmation Hearing, except for objections solely as to Cure amounts ("Cure Objections"). The Confirmation Order will constitute an order of the Bankruptcy Court approving the assumption of Executory Contracts and Unexpired Leases (including Executory Contracts or Unexpired Leases that are the subject of Cure Objections) pursuant to sections 365 and 1123 of the Bankruptcy Code as of the Effective Date. To the extent a Cure Objection is not resolved consensually prior to the Confirmation Hearing, the Debtors or the Reorganized Debtors, as the case may be, shall schedule a hearing to determine such Cure amount within 60 days following the Confirmation Hearing, or such later date as may be agreed to with the counterparty. Within ten (10) days following the Bankruptcy Court's entry of an Order determining any Cure amounts for such Executory Contract or Unexpired Leases, the Debtors or the Reorganized Debtors, as the case may be, may elect to reject such Executory Contract or Unexpired Lease by filing with the Bankruptcy Court a notice of such rejection (a "Rejection Notice"). For the avoidance of doubt, if a Rejection Notice is not Filed within such ten (10) day period, such Executory Contract or Unexpired Lease will be deemed to have been assumed. Any applicable Cure payments with respect to Executory Contracts or Unexpired Leases that are the subject of Cure Objections shall be made within ten (10) days following the assumption of such Executory Contract or Unexpired Lease.

3. **Rejection of Executory Contracts or Unexpired Leases**

Executory Contracts and Unexpired Leases identified in the Rejected Executory Contract/Unexpired Lease List shall be deemed rejected as of the Effective Date. Executory Contracts and Unexpired Leases that are the subject of a Rejection Notice shall be deemed rejected as of the date on which the Rejection Notice is filed. The Confirmation Order will constitute an order of the Bankruptcy Court pursuant to sections 365 and 1123 of the Bankruptcy Code approving the rejection of the Executory Contracts and Unexpired Leases (a) identified in the Rejected Executory Contract/Unexpired Lease List, as of the Effective Date; (b) that are the subject of a Rejection Notice, as of the date on which such Rejection Notice is Filed.

4. **Claims on Account of the Rejection of Executory Contracts or Unexpired Leases**

All Proofs of Claim with respect to Claims arising from the rejection of Executory Contracts or Unexpired Leases, pursuant to the Plan or the Confirmation Order, if any, must be Filed in the manner set forth in the Claims Bar Date Order within thirty (30) days after (a) the date of entry of an order of the Bankruptcy Court (including the Confirmation Order) approving such rejection; or (b) with respect to Executory Contracts and Unexpired Leases that are the subject of a Rejection Notice, the date on which such Rejection Notice was served on the counterparty.

Any Entity that is required to File a Proof of Claim arising from the rejection of an Executory Contract or an Unexpired Lease that fails to timely do so will be forever barred, estopped and enjoined from asserting such Claim, and such Claim will not be enforceable, against the Debtors, the Reorganized Debtors or the Estates, and the Debtors, the Reorganized Debtors and their Estates and property will be forever discharged from any and all indebtedness and liability with respect to such Claim unless otherwise ordered by the Bankruptcy Court or as otherwise provided in the Plan. All such Claims will, as of the Effective Date, be subject to the permanent injunction set forth in Article X.G of the Plan. All Claims arising from the rejection of any Executory Contract or Unexpired Lease shall be treated as General Unsecured Claims, subject to any applicable limitation or defense under the Bankruptcy Code and applicable law.

E. SUMMARY OF NEW EXIT ABL FACILITY, NEW EXIT TERM LOAN FACILITY, AND NEW TAKE-OUT FACILITY

As described above, under the Plan, at the election of the Required Lenders, the DIP Facility Claims will either be converted to New Common Stock in Reorganized Gibson or will be satisfied through New Exit Term Loan Facility or "take-back" paper in the form of a New Take-Out Facility (or a combination of any of the foregoing).

F. SUMMARY OF MANAGEMENT INCENTIVE PLAN

On the Effective Date, Reorganized Gibson will adopt and implement the Management Incentive Plan, which will provide for grants of options and/or restricted units/New Common Stock reserved for management, directors, and employees in an amount of up to [•]% of the New Common Stock outstanding as of the Effective Date. The primary participants of the Management Incentive Plan, and its terms, including the amount, form, exercise price, allocation and vesting of such equity-based awards with respect to such primary participants, shall be determined by the New Board. The form and substance of any documentation with respect to the Management Incentive Plan shall be in form and substance (i) consistent with the terms of the Restructuring Support Agreement and (ii) acceptable to the Required Supporting Noteholders.

G. SUMMARY OF MANAGEMENT EMPLOYMENT AND CONSULTING AGREEMENTS

As of the Effective Date, Reorganized Gibson will enter into separate Management Employment and Consulting Agreements with each of the Supporting Principals. Consistent with Annex C to the Restructuring Term Sheet, under those Management Employment and Consulting Agreement, the Supporting Principals will receive (i) in the case of Mr. Berryman, a salary and bonus totaling $3.35 million and New Warrants exercisable for up to 2.25% of the Equity Interests in Reorganized Gibson plus ongoing health benefits, and (ii) in the case of Mr. Juszciewicz, (a) $2.1 million in consulting fees payable in quarterly installments and New Warrants exercisable for up to 2.25% of the Equity Interests in Reorganized Gibson plus ongoing health benefits and (b) in consideration for future assistance in monetizing the Reorganized

Debtors' interest in TEAC, a Profits Interest in the TEAC shares owned by the Reorganized Debtors. On the Effective Date, Reorganized Gibson shall provide a guaranty with respect to the Profits Interest. The definitive documents with respect to the Management Employment and Consulting Agreements are to be in form and substance acceptable to the Ad Hoc Committee of Secured Notes and the Supporting Principals and will be attached to the Plan Supplement.

H. SUMMARY OF THE NEW COMMON STOCK IN REORGANIZED GIBSON

The New Common Stock in Reorganized Gibson shall constitute a single class of Equity Interest in Reorganized Gibson and shall be issued (i) to Holders of Allowed Prepetition Secured Notes Claims under the Plan, (ii) upon exercise of the New Warrants contemplated by the Plan and Management Employment and Consulting Agreements, (iii) in accordance with the terms of the Management Incentive Plan, (iv) to the extent elected by the Required Lenders, in satisfaction of any DIP Facility Claims, and (v) to those DIP Lenders that elect to receive certain fees to which they are entitled under the DIP Facility in the form of New Common Stock. Other than these categories, there shall exist no other Equity Interests, warrants, options, or other agreements to acquire any equity interest in Reorganized Gibson. All Holders of New Common Stock shall be parties to the New Common Stock Agreement, which shall provide for reasonable and customary protections of minority shareholders as negotiated in accordance with the Restructuring Support Agreement and substantially in the form that will be filed as an amendment to the Plan Supplement (as amended, modified, waived, or supplemented from time to time in accordance with its terms).

I. ITLA GUARANTY CLAIMS AGAINST CERTAIN NON-DEBTOR SUBSIDIARIES

In connection with confirmation of the Plan, the Debtors (with the consent of the Required Supporting Noteholders) shall provide Holders of ITLA Unsecured Guaranty Claims with an instrument providing for deferred cash payments that have a present value as of the Effective Date equal to the value established by the Bankruptcy Court at the Confirmation Hearing of such Holders' guaranty claims arising under the ITLA against the following Non-Debtor Subsidiaries of Gibson that have guaranteed the ITLA Debt: (i) China Guitar, (ii) EQ and (iii) Gibson Japan (such instrument, the "ITLA Non-Debtor Guaranty Release Funding"). **In exchange for the ITLA Non-Debtor Guaranty Release Funding, Holders of ITLA Unsecured Guaranty Claims shall be permanently enjoined and barred from enforcing, in any respect, any ITLA Unsecured Guaranty Claim against China Guitar, EQ, Gibson Japan, the Debtors, the Reorganized Debtors, or any of their respective Affiliates (the "ITLA Injunction").** In the event that (x) the Bankruptcy Court does not grant the ITLA Injunction or (y) the Debtors and the Required Supporting Noteholders determine not to fund the ITLA Non-Debtor Guaranty Release Funding, the Debtors shall have the option to elect (with the consent of the Required Supporting Noteholders) any of the following actions: (i) causing China Guitar and/or Gibson Japan to become Excluded Non-Debtor Subsidiaries under the Plan, resulting in the cancellation of Gibson's equity interests in such Entities and the liquidation of such Entities under applicable local laws, or (ii) taking no action with respect to China Guitar or Gibson Japan under the Plan, which would preserve all parties' respective rights, including the rights (A) of the Holders of the ITLA Unsecured Guaranty Claims against China Guitar and Gibson Japan to seek to exercise such rights under applicable law and (B) the rights of China Guitar and Gibson Japan to cease operations and liquidate under applicable non-bankruptcy law, and/or to commence bankruptcy proceedings with respect to such entities under the Bankruptcy Code or applicable foreign law.

ARTICLE VII.
RELEASE, EXCULPATION, INJUNCTION AND RELATED PROVISIONS

A. GENERAL

Except as otherwise provided for in the Plan to the contrary, the allowance, classification and treatment of all Allowed Claims and Equity Interests and their respective distributions and treatments under the Plan shall take into account the relative priority and rights of the Claims and the Equity 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.

In accordance with the provisions of the 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 the Reorganized Debtors may (1) compromise and settle Claims against them and (2) compromise and settle Causes of Action against other Entities (other than any Causes of Action that have been transferred to the Litigation Trust), subject to the consent of the Required Supporting Noteholders.

For purposes of the following release and exculpation provisions certain defined terms from the Plan are copied below:

"Exculpated Parties" means, collectively, each in its capacity as such: (a) the Debtors, (b) the Reorganized Debtors, (c) the DIP Agent, (d) the DIP Lenders, (e) the DIP Backstop Parties, (f) the Prepetition Indenture Trustee (and any of its predecessor trustees under the Prepetition Indenture), (g) the Committee and each of its members (but solely in their capacity as members of the Committee and not in any other capacity), (h) the Ad Hoc Committee of Secured Notes and each of its members, (i) each of the Supporting Noteholders, (j) the Supporting Principals, (k) the New Exit ABL Facility Lenders, (l) the New Exit Term Facility Lenders (if any), (m) the New Take-Out Facility Lenders (if any), (n) the New Exit ABL Facility Agent, (o) the New Exit Term Loan Facility Agent (if any), (p) the New Take-Out Facility Agent (if any), and (q) the Related Persons of each of the foregoing (a) through (p).

"Related Persons" means, with respect to any Person, such Person's Affiliates and each of such Person's and its Affiliates' predecessors, successors, assigns, Affiliates, subsidiaries, managed accounts or funds, and all of their respective current and former officers, directors, principals, employees, shareholders, members, partners, agents, managers, managing members, investment advisors, advisory board members, financial advisors, attorneys, accountants, investment bankers, consultants, representatives, management companies, fund advisors, and other professionals, in each case, acting in such capacity, and any Person claiming by or through any of them, and each of such Person's respective heirs, executors, estates, servants and nominees.

"Released Parties" means, collectively, each in its capacity as such: (a) the Debtors, (b) the Reorganized Debtors, (c) the DIP Agent, (d) the DIP Lenders, (e) the DIP Backstop Parties, (f) the Prepetition Indenture Trustee (and any of its predecessor trustees under the Prepetition Indenture), (g) the Ad Hoc Committee of Secured Notes and each of its members, (h) each of the Supporting Noteholders, (i) the Supporting Principals, (j) the New Exit ABL Facility Lenders, (k) the New Exit Term Facility Lenders (if any), (l) the New Take-Out Facility Lenders (if any), (m) the New Exit ABL Facility Agent, (n) the New Exit Term Loan Facility Agent (if any), (o) the New Take-Out Facility Agent (if any), (p) the Litigation Trust Trustee, and (q) the Related Persons of each of the foregoing (a) through (p).

"Releasing Parties" means, collectively, each in its capacity as such: (a) the Debtors, (b) the Reorganized Debtors, (c) Holders of Claims that vote to accept the Plan, (d) Holders of Claims that are Unimpaired under the Plan, (e) Holders of Claims or Equity Interests that are deemed to reject the Plan and do not opt out of granting the releases set forth in Article X, (f) Holders of Claims whose vote to accept or reject the Plan is solicited but that do not vote either to accept or to reject the Plan and that, if entitled to do so, do not indicate that they opt out of granting the releases set forth in Article X, (g) Holders of Claims that vote to reject the Plan but do not indicate that they opt out of granting the releases set forth in Article X, (h) the DIP Agent, (i) the DIP Lenders, (j) the DIP Backstop Parties, (k) the Prepetition Indenture Trustee (and any of its predecessor trustees under the Prepetition Indenture), (l) the Ad Hoc Committee of Secured Notes and each of its members, (m) the Committee and each of its members (but solely in their capacity as members of the Committee and not in any other capacity), (n) the Supporting Principals, (o) the New Exit ABL Facility Lenders, (p) the New Exit Term Facility Lenders (if any), (q) the New Take-Out Facility Lenders (if any); (r) the New Exit ABL Facility Agent; (s) the New Exit Term Loan Facility Agent (if any), (t) the New Take-Out Facility Agent (if any), (u) the Litigation Trust Trustee, and (v) the Related Persons of each of the foregoing (a) through (u).

1. **Release by Debtors**

As of the Effective Date, except for the rights that remain in effect from and after the Effective Date to enforce the Plan and the Definitive Documents, including the preserved Causes of Action, except as otherwise provided in this Plan or in the Confirmation Order, the Released Parties will be deemed forever released and discharged by the Debtors, the Reorganized Debtors, and their Estates and their Related Parties from any and all Claims, Equity Interests or Causes of Action whatsoever, including any derivative Claims asserted or that could have been 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, relating to, or arising from, in whole or in part, directly or indirectly, in any manner whatsoever, the Debtors, the assets, liabilities, operations or business of the Debtors, the 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 Equity Interest that is treated in the Plan, the business or contractual arrangements between any Debtor and any Released Party, the restructuring of Claims and Equity Interests before or during the Chapter 11 Cases, the negotiation, formulation, preparation, or consummation of the DIP Orders, this Plan, the Restructuring Support Agreement and the term sheet attached thereto, the Definitive Documents, or any related agreements, instruments, or other documents, or the solicitation of votes with respect to the Plan, in all cases based upon any act or omission, transaction, agreement, event or other occurrence taking place on or before the Effective Date; provided that nothing in the Plan shall be construed to release the Released Parties from willful misconduct or intentional fraud as determined by a Final Order; provided, further, that Article X.B of the Plan shall not be deemed to release any Cause of Action of the Debtors, the Debtors' Estates or the Litigation Trust arising from, related to, or connected with: (i) the ITLA, any ITLA Unsecured Guaranty Claims, or against any Holder of ITLA Unsecured Guaranty Claims, the administrative agent for the ITLA, and any other party that is not a Released Party; or (ii) the Prepetition ABL/Term Loan Agreement, any Prepetition ABL/Term Loan Secured Claims, or against any Prepetition ABL/Term Loan Lender, the Prepetition ABL/Term Loan Agent, and any other Person that is not a Released Party.

2. **Release by Holders of Claims and Equity Interests**

As of the Effective Date, for good and valuable consideration, the Releasing Parties conclusively, absolutely, unconditionally, irrevocably, and forever discharge and release (and each entity so discharged and released shall be deemed discharged and released by the Releasing Parties) the Released Parties and their respective property from any and all Claims, Equity Interests, obligations, rights, suits, damages, Causes of Action, remedies, and liabilities whatsoever, including any derivative claims asserted or assertable on behalf of the Debtors, the Reorganized Debtors, or their Estates, any Claims or Causes of Action asserted on behalf of any Holder of any Claim or Equity Interest or that any Holder of a Claim or an Equity Interest would have been legally entitled to assert, whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, in law, equity, or otherwise, that such Releasing Party would have been legally entitled to assert in their own right (whether individually or collectively), based on or relating to, or in any manner arising prior to the Effective Date from, in whole or in part, directly or indirectly, in any manner whatsoever, the Debtors, the assets, liabilities, operations or business of the Debtors, the Restructuring, the Chapter 11 Cases, or the Restructuring Support Agreement, the purchase, sale, transfer or rescission of any debt, security, asset, right, or interest of the Debtors or the Reorganized Debtors, the subject matter of, or the transactions or events giving rise to, any Claim against or Equity Interest in the Debtors that is treated in the Plan, the business or contractual arrangements between any Debtor and any Released Party, the negotiation, formulation, or preparation of the Restructuring documents or related agreements, instruments or other documents, including the DIP Orders, the Plan, the Restructuring Support Agreement and the term sheet attached thereto, the Definitive Documents, or any related agreements or instruments, or the solicitation of votes with respect to the Plan, or any other act or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date, provided that nothing in the Plan shall be construed to release the Released Parties from any claims based upon willful misconduct or intentional fraud as determined by a Final Order.

3. **Discharge of Claims**

To the fullest extent provided under section 1141(d)(1)(A) and other applicable provisions of the Bankruptcy Code, except as otherwise expressly provided by the Plan or the Confirmation Order, all consideration distributed under the Plan will be in exchange for, and in complete satisfaction, settlement, discharge, and release of, all Claims and Equity Interests of any kind or nature whatsoever against the Debtors or any of their Assets or properties, and regardless of whether any property will have been distributed or retained pursuant to the Plan on account of such Claims or Equity Interests. Except as otherwise expressly provided by the Plan or the Confirmation Order, upon the Effective Date, the Debtors and their Estates will be deemed discharged and released under and to the fullest extent provided under section 1141(d)(1)(A) and other applicable provisions of the Bankruptcy Code from any and all Claims and Equity Interests of any kind or nature whatsoever, including, but not limited to, demands and liabilities that arose before the Confirmation Date, and all debts of the kind specified in section 502(g), 502(h), or 502(i) of the Bankruptcy Code.

4. **Exculpation**

Except as otherwise provided in the Plan or the Confirmation Order, to the maximum extent permitted by applicable law, no Exculpated Party will have or incur, and each Exculpated Party is hereby released and exculpated from, any Claim, obligation, suit, judgment, damage, demand, debt, right, Cause of Action, remedy, loss, and liability for any Claim in connection with or arising out of the administration of the Chapter 11 Cases; the negotiation and pursuit of

the Disclosure Statement, the Restructuring Support Agreement, the Plan, or the solicitation of votes for, or confirmation of, the Plan; the funding or consummation of the Plan; the occurrence of the Effective Date; the administration of the Plan or the property to be distributed under the Plan; the issuance of securities under or in connection with the Plan; or the transactions in furtherance of any of the foregoing; except for fraud or willful misconduct, as determined by a Final Order. This exculpation will be in addition to, and not in limitation of, all other releases, indemnities, exculpations and any other applicable law or rules protecting such Exculpated Parties from liability.

5. **Preservation of Rights of Action**

(a) Maintenance of Causes of Action

Except as otherwise provided in the Plan or the Confirmation Order, after the Effective Date, the Reorganized Debtors will retain all rights to commence, pursue, litigate or settle, as appropriate, any and all Causes of Action and Litigation Claims, whether existing as of the Petition Date or thereafter arising, in any court or other tribunal including in an adversary proceeding Filed in the Chapter 11 Cases. The Reorganized Debtors, as the successors in interest to the Debtors and the Estates, may, and will have the exclusive right to, enforce, sue on, settle, compromise, transfer or assign (or decline to do any of the foregoing) any or all of the Litigation Claims without notice to or approval from the Bankruptcy Court.

(b) Preservation of All Causes of Action Not Expressly Settled or Released

Unless a Cause of Action or Litigation Claim against a Holder of a Claim or an Equity Interest or other Entity is expressly waived, relinquished, released, compromised or settled in the Plan or any Final Order (including the Confirmation Order), the Debtors expressly reserve such Cause of Action or Litigation Claim for later adjudication by the Debtors or the Reorganized Debtors (including Causes of Action and Litigation Claims not specifically identified or of which the Debtors may presently be unaware or that may arise or exist by reason of additional facts or circumstances unknown to the Debtors at this time or facts or circumstances that may change or be different from those the Debtors now believe to exist) and, therefore, no preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, waiver, estoppel (judicial, equitable or otherwise) or laches will apply to such Causes of Action or Litigation Claims upon or after the confirmation of the Plan or Consummation of the Plan based on the Disclosure Statement, the Plan or the Confirmation Order, except where such Causes of Action or Litigation Claims have been expressly released in the Plan (including and for the avoidance of doubt, the releases contained in Article X of the Plan) or any other Final Order (including the Confirmation Order). In addition, the Debtors and the Reorganized Debtors expressly reserve the right to pursue or adopt any claims alleged in any lawsuit in which any Debtor is a plaintiff, defendant or an interested party, against any Entity, including the plaintiffs or co-defendants in such lawsuits.

6. **Injunction**

Upon entry of the Confirmation Order, all Holders of Claims and Equity Interests and other parties in interest, along with their respective present or former employees, agents, officers, directors, principals, and affiliates, shall be enjoined from taking any actions to interfere with the implementation or consummation of the Plan in relation to any Claim or Equity Interest extinguished, discharged, or released pursuant to the Plan.

Except as expressly provided in the Plan, the Confirmation Order, or a separate order of the Bankruptcy Court or as may be agreed to by the Debtors and a Holder of a Claim against or Equity Interest in a Debtor, all Entities that have held, hold, or may hold

Claims against or Equity Interests in the Debtors whether or not such parties have voted to accept or reject the Plan and other parties in interest, along with their respective present or former employees, agents, officers, directors, principals, and affiliates are permanently enjoined, on and after the Effective Date, solely with respect to any Claims, Equity Interests, and Causes of Action that will be or are extinguished, discharged, or released pursuant to the Plan from (i) commencing, conducting, or continuing in any manner, directly or indirectly, any suit, action, or other proceeding of any kind (including any proceeding in a judicial, arbitral, administrative or other forum) against or affecting the Released Parties or the property of any of the Released Parties, (ii) enforcing, levying, attaching (including any prejudgment attachment), collecting, or otherwise recovering by any manner or means, whether directly or indirectly, any judgment, award, decree, or order against the Released Parties or the property of any of the Released Parties, (iii) creating, perfecting, or otherwise enforcing in any manner, directly or indirectly, any encumbrance of any kind against the Released Parties or the property of any of the Released Parties, (iv) asserting any right of setoff, directly or indirectly, against any obligation due the Released Parties or the property of any of the Released Parties, except as contemplated or Allowed by the Plan; and (v) acting or proceeding in any manner, in any place whatsoever, that does not conform to or comply with the provisions of the Plan.

The injunctions in Article X.G of the Plan shall extend to any successors of the Debtors and the Reorganized Debtors and their respective property and interests in property.

B. BINDING NATURE OF PLAN

ON THE EFFECTIVE DATE, AND EFFECTIVE AS OF THE EFFECTIVE DATE, THE PLAN WILL BIND, AND WILL BE DEEMED BINDING UPON, ALL HOLDERS OF CLAIMS AGAINST AND EQUITY INTERESTS IN THE DEBTORS AND SUCH HOLDER'S RESPECTIVE SUCCESSORS AND ASSIGNS, TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, NOTWITHSTANDING WHETHER OR NOT SUCH HOLDER (I) WILL RECEIVE OR RETAIN ANY PROPERTY OR INTEREST IN PROPERTY UNDER THE PLAN, (II) HAS FILED A PROOF OF CLAIM IN THE CHAPTER 11 CASES OR (III) FAILED TO VOTE TO ACCEPT OR REJECT THE PLAN OR AFFIRMATIVELY VOTED TO REJECT THE PLAN.

ARTICLE VIII.
STATUTORY REQUIREMENTS FOR CONFIRMATION OF THE PLAN

At the Confirmation Hearing, the Bankruptcy Court will determine whether the Plan satisfies the requirements of section 1129 of the Bankruptcy Code. The Debtors believe that: (i) the Plan satisfies or will satisfy all of the statutory requirements of chapter 11 of the Bankruptcy Code; (ii) the Debtors have complied or will have complied with all of the requirements of chapter 11 of the Bankruptcy Code; and (iii) the Plan has been proposed in good faith. Specifically, the Debtors believe that the Plan satisfies or will satisfy the applicable confirmation requirements of section 1129 of the Bankruptcy Code set forth below.

- The Plan complies with the applicable provisions of the Bankruptcy Code;
- The Debtors have complied and will comply with the applicable provisions of the Bankruptcy Code;
- The Plan has been proposed in good faith and not by any means forbidden by law;

- Any payment made or promised under the Plan for services or for costs and expenses in, or in connection with, the Chapter 11 Cases, or in connection with the Plan and incident to the case, has been or will be disclosed to the Bankruptcy Court, and any such payment: (a) made before the confirmation of the Plan is reasonable; or (b) is subject to the approval of the Bankruptcy Court as reasonable if it is to be fixed after confirmation of the Plan;

- The Debtors will have disclosed the identity and affiliations of any individual proposed to serve, after confirmation of the Plan, as a director or officer of the Debtors, an affiliate of the Debtors participating in the plan with the Debtors, or a successor to the Debtors under the Plan. The appointment to, or continuance in, such office by such individual, will be consistent with the interests of creditors and equity security holders and with public policy and the Debtors will have disclosed the identity of any insider that the Reorganized Debtors will employ or retain, and the nature of any compensation for such insider;

- Either each Holder of an Impaired Claim against the Debtors or Equity Interest in the Parent will (A) have accepted the Plan or will receive or retain under the Plan on account of such Claim or Equity Interest property of a value, as of the Effective Date of the Plan, that is not less than the amount that such Holder would receive or retain if the Debtors were liquidated on that date under chapter 7 of the Bankruptcy Code, or (B) if section 1111(b)(2) applies to such Claim, receive or retain under the Plan on account of such Claim property of a value, as of the Effective Date of the Plan, that is not less than the value of such Holder's interest in the estate's interest in the property that secures such Claim;

- Each Class of Claims or Equity Interests that is entitled to vote on the Plan will either have accepted the Plan or will not be Impaired under the Plan, or the Plan can be confirmed without the approval of such voting Class pursuant to section 1129(b) of the Bankruptcy Code;

- Except to the extent that the Holder of a particular Claim will agree to a different treatment of its Claim, the Plan provides that Administrative Expense Claims and Priority Claims will be paid in full in Cash on the Effective Date, or as soon thereafter as is reasonably practicable;

- At least one Class of Impaired Claims will accept the Plan, determined without including any acceptance of the Plan by any insider holding a Claim in that Class;

- Confirmation of the Plan will not likely be followed by the liquidation or the need for further financial reorganization of the Debtors or any successor thereto under the Plan;

- The Debtors have paid or will pay all fees payable under section 1930 of title 28, and the Plan provides for the payment of all such fees on the Effective Date; and

- The Plan provides for the continuation after the Effective Date of payment of all retiree benefits.

A. BEST INTERESTS OF CREDITORS TEST/LIQUIDATION ANALYSIS

Often called the "best interests" test, section 1129(a)(7) of the Bankruptcy Code requires that the bankruptcy court find, as a condition to confirmation of a chapter 11 plan, that each holder of a claim or equity interest in each Impaired class: (i) has accepted the plan; or

(ii) among other things, will receive or retain under the plan property of a value, as of the effective date of the plan, that is not less than the amount that such Person would receive if each of the debtors were liquidated under chapter 7 of the Bankruptcy Code. To make these findings, the Bankruptcy Court must: (1) estimate the Cash proceeds (the "Liquidation Proceeds") that a chapter 7 trustee would generate if each Debtor's Chapter 11 Case were converted to a chapter 7 case on the Effective Date and the assets of such Debtor's Estate were liquidated; (2) determine the distribution (the "Liquidation Distribution") that each non-accepting Holder of a Claim or Equity Interest would receive from the Liquidation Proceeds under the priority scheme dictated in chapter 7; and (3) compare each Holder's Liquidation Distribution to the distribution under the Plan ("Plan Distribution") that such Holder would receive if the Plan were confirmed and consummated.

To assist the Bankruptcy Court in making the findings required under section 1129(a)(7) of the Bankruptcy Code, the Debtors prepared a Liquidation Analysis, a copy of which is attached hereto as **Exhibit D**.

The Liquidation Analysis presents "High" and "Low" estimates of Liquidation Proceeds, thus representing a range of the Debtors' assumptions relating to the costs incurred during a liquidation and the proceeds realized as a result thereof. The "High" and "Low" estimates of Liquidation Proceeds are $[•] million and $[•] million, respectively, which are substantially less than the value to be realized by stakeholders under the Plan. For additional detail with respect to such estimates, refer to the Liquidation Analysis attached hereto as **Exhibit D**. It is assumed that the liquidation would occur over a period of [__] to [__] months. The projected date of conversion to a hypothetical chapter 7 liquidation (the "Assumed Effective Date") is [_____], 2018. In each case, it is assumed that the chapter 7 trustee would enter into an agreement with the Debtors' secured creditors to wind-down operations and sell the remainder of the Debtors' assets on a piecemeal basis.

THE STATEMENTS IN THE LIQUIDATION ANALYSIS, INCLUDING ESTIMATES OF ALLOWED CLAIMS, WERE PREPARED SOLELY TO ASSIST THE BANKRUPTCY COURT IN MAKING THE FINDINGS REQUIRED UNDER SECTION 1129(a)(7) AND MAY NOT BE USED OR RELIED UPON FOR ANY OTHER PURPOSE.

THE DEBTORS BELIEVE THAT ANY ANALYSIS OF A HYPOTHETICAL LIQUIDATION IS NECESSARILY SPECULATIVE. THERE ARE A NUMBER OF ESTIMATES AND ASSUMPTIONS UNDERLYING THE LIQUIDATION ANALYSIS THAT ARE INHERENTLY SUBJECT TO SIGNIFICANT ECONOMIC, COMPETITIVE AND OPERATIONAL UNCERTAINTIES AND CONTINGENCIES BEYOND THE CONTROL OF THE DEBTORS OR A CHAPTER 7 TRUSTEE. NEITHER THE LIQUIDATION ANALYSIS, NOR THE FINANCIAL INFORMATION ON WHICH IT IS BASED, HAS BEEN EXAMINED OR REVIEWED BY INDEPENDENT ACCOUNTANTS IN ACCORDANCE WITH STANDARDS PROMULGATED BY THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS. THERE CAN BE NO ASSURANCE THAT ACTUAL RESULTS WOULD NOT VARY MATERIALLY FROM THE HYPOTHETICAL RESULTS PRESENTED IN THE LIQUIDATION ANALYSIS.

B. FEASIBILITY

Section 1129(a)(11) of the Bankruptcy Code requires that the bankruptcy court find that confirmation is not likely to be followed by the liquidation of the Reorganized Debtors or the need for further financial reorganization, unless the plan contemplates such liquidation. For purposes of demonstrating that the Plan meets this "feasibility" standard, the Debtors have analyzed the ability of the Reorganized Debtors to meet their obligations under the Plan and to retain sufficient liquidity and capital resources to conduct their business.

The Debtors believe that the Plan meets the feasibility requirement set forth in section 1129(a)(11) of the Bankruptcy Code. In connection with the development of the Plan and for the purposes of determining whether the Plan satisfies this feasibility standard, the Debtors analyzed their ability to satisfy their financial obligations while maintaining sufficient liquidity and capital resources. The Debtors developed a business plan and prepared financial projections for fiscal years 2019 through 2023 (the "Financial Projections"). The Financial Projections, together with the assumptions on which they are based, are attached hereto as **Exhibit E**.

The Debtors believe that with the deleveraged capital structure provided for under the Plan and the added funding availability under the New Exit ABL Facility, New Exit Term Loan Facility and New Take-Out Facility (if any) to be issued, the Reorganized Debtors should have sufficient Cash flow and Cash on hand to make all payments required pursuant to the Plan while conducting ongoing business operations. The Debtors believe that confirmation and Consummation is, therefore, not likely to be followed by the liquidation or further reorganization of the Reorganized Debtors. Accordingly, the Debtors believe that the Plan satisfies the feasibility requirement of section 1129(a)(11) of the Bankruptcy Code.

THE FINANCIAL PROJECTIONS, INCLUDING THE UNDERLYING ASSUMPTIONS, SHOULD BE CAREFULLY REVIEWED IN EVALUATING THE PLAN. WHILE THE DEBTORS BELIEVE THAT THE ASSUMPTIONS UNDERLYING THE FINANCIAL PROJECTIONS, WHEN CONSIDERED ON AN OVERALL BASIS, ARE REASONABLE IN LIGHT OF CURRENT CIRCUMSTANCES AND EXPECTATIONS, NO ASSURANCE CAN BE GIVEN THAT THE FINANCIAL PROJECTIONS WILL BE REALIZED. THE DEBTORS MAKE NO REPRESENTATION OR WARRANTY AS TO THE ACCURACY OF THE FINANCIAL PROJECTIONS.

The Financial Projections have not been examined or compiled by independent accountants. The Debtors make no representation as to the accuracy of the Financial Projections or their ability to achieve the projected results. Many of the assumptions on which the projections are based are inherently subject to significant economic and competitive uncertainties and contingencies beyond the control of the Debtors and their management. Inevitably, some assumptions will not materialize and unanticipated events and circumstances may affect the actual financial results. Therefore, the actual results achieved throughout the five-year period of the Financial Projections may vary from the projected results and the variations may be material. All Holders of Claims and Equity Interests that are entitled to vote to accept or reject the Plan are urged to examine carefully all of the assumptions on which the financial projections are based in connection with their evaluation of the Plan.

C. VALUATION

In conjunction with formulating the Plan and satisfying their obligations under section 1129 of the Bankruptcy Code, the Debtors determined that it was necessary to estimate the post-Confirmation going concern value of the Debtors and to address certain related matters. Accordingly, the Debtors, with the assistance of Jefferies, produced the Valuation Analysis that is set forth in **Exhibit F** attached hereto and incorporated herein by reference. As set forth in the Valuation Analysis, the Debtors' going-concern value is substantially less than the aggregate amount of their prepetition funded obligations. Accordingly, the Valuation Analysis further supports the Debtors' conclusion that the treatment of Classes under the Plan is fair and equitable and otherwise satisfies the Bankruptcy Code's requirements for confirmation.

D. ACCEPTANCE BY IMPAIRED CLASSES

The Bankruptcy Code requires, as a condition to confirmation, that, except as described in the following section, each class of claims or equity interests that is Impaired under a plan,

accept the plan. A class that is not "Impaired" under a plan is deemed to have accepted the plan and, therefore, solicitation of acceptances with respect to such class is not required. A class is "Impaired" unless the plan: (1) leaves unaltered the legal, equitable, and contractual rights to which such claim or interest entitles the holder of such claim or interest; or (2) notwithstanding any contractual provision or applicable law that entitles the holder of such claim or interest to demand or receive accelerated payment of such claim or interest after the occurrence of a default— (A) cures any such default that occurred before or after the commencement of the Chapter 11 Cases, 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; (B) reinstates the maturity of such claim or interest as such maturity existed before such default; (C) compensates 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; (D) if such claim or such interest arises from any 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), compensates the holder of such claim or such interest (other than the debtor or an insider) for any actual pecuniary loss incurred by such holder as a result of such failure; and (E) does not otherwise alter the legal, equitable, or contractual rights to which such claim or interest entitles the holder of such claim or interest.

Section 1126(c) of the Bankruptcy Code defines acceptance of a plan by a class of Impaired claims as acceptance by holders of at least two-thirds in dollar amount and more than one-half in number of allowed claims in that class, but for that purpose counts only those who actually vote to accept or to reject the plan and are not insiders. Thus, a class of claims will have voted to accept the plan only if two-thirds in amount and a majority in number of allowed claims actually voting cast their ballots in favor of acceptance. Section 1126(d) of the Bankruptcy Code, except as otherwise provided in section 1126(e) of the Bankruptcy Code, defines acceptance of a plan by a class of Impaired equity interests as acceptance by holders of at least two-thirds in amount of allowed equity interests in that class actually voting to accept or to reject the plan.

Claims in Classes 1, 2, 3, 9 (in certain instances) and 11 are Unimpaired under the Plan, and, as a result, the Holders of such Claims and Equity Interests are deemed to have accepted the Plan.

Claims in Classes 4 (to the extent not previously refinanced in accordance with the DIP Orders), 5, 6, 7, and 8 are Impaired under the Plan, and as a result, the Holders of Claims in such Class are entitled to vote on the Plan. Classes 9 (in certain instances), 10 and 12 are Impaired, but deemed to reject.

Pursuant to section 1129 of the Bankruptcy Code, each Voting Class must accept the Plan for the Plan to be confirmed without application of the "fair and equitable test" to such Class, and without considering whether the Plan "discriminates unfairly" with respect to such Class, as both standards are described herein. As stated above, Classes 4, 5, 6, 7 and 8 will have accepted the Plan if the Plan is accepted by at least two-thirds in amount and a majority in number of the Allowed Claims of such Class (other than any Claims of creditors designated under section 1126(e) of the Bankruptcy Code) that have voted to accept or reject the Plan.

E. CONFIRMATION WITHOUT ACCEPTANCE BY IMPAIRED CLASSES

Section 1129(b) of the Bankruptcy Code allows a bankruptcy court to confirm a plan even if less than all Impaired classes entitled to vote on the plan have accepted it, *provided* that the plan has been accepted by at least one Impaired class of claims. Pursuant to section 1129(b) of the Bankruptcy Code, notwithstanding an Impaired Class's rejection or deemed rejection of the Plan, the Plan will be confirmed, at the Debtors' request, in a procedure commonly known as

"cram down," so long as the Plan does not "discriminate unfairly" and is "fair and equitable" with respect to each Class of Claims or Equity Interests that is Impaired under, and has not accepted, the Plan.

F. NO UNFAIR DISCRIMINATION

This test applies to classes of claims or equity interests that are of equal priority and are receiving different treatment under the Plan. The test does not require that the treatment be the same or equivalent, but that such treatment be "fair." In general, bankruptcy courts consider whether a plan discriminates unfairly in its treatment of classes of claims of equal rank (*e.g.*, classes of the same legal character). Bankruptcy courts will take into account a number of factors in determining whether a plan discriminates unfairly and, accordingly, for example, a plan could treat two classes of unsecured creditors differently without unfairly discriminating against either class.

G. FAIR AND EQUITABLE TEST

This test applies to classes of different priority and status (*e.g.*, secured versus unsecured) and includes the general requirement that no class of claims receive more than 100% of the amount of the allowed claims in such class. As to the dissenting class, the test sets different standards depending on the type of claims or equity interests in such class:

The condition that a plan be "fair and equitable" to a non-accepting Class of Secured Claims includes the requirements that: (a) the Holders of such Secured Claims retain the liens securing such Claims to the extent of the Allowed amount of the Claims, whether the property subject to the liens is retained by the debtors or transferred to another entity under the Plan; and (b) each Holder of a Secured Claim in the Class receives deferred Cash payments totaling at least the Allowed amount of such Claim with a present value, as of the Effective Date of the Plan, at least equivalent to the value of the secured claimant's interest in the debtor's property subject to the liens.

The condition that a plan be "fair and equitable" with respect to a non-accepting Class of unsecured Claims includes the requirement that either: (a) the plan provides that each Holder of a Claim of such Class receive or retain on account of such Claim property of a value, as of the Effective Date of the plan, equal to the allowed amount of such Claim; or (b) the Holder of any Claim or Equity Interest that is junior to the Claims of such Class will not receive or retain under the plan on account of such junior Claim or Equity Interest any property.

The condition that a plan be "fair and equitable" to a non-accepting Class of Equity Interests includes the requirements that either: (a) the plan provides that each Holder of an Equity Interest in that Class receives or retains under the plan, on account of that Equity Interest, property of a value, as of the Effective Date of the plan, equal to the greater of (i) the allowed amount of any fixed liquidation preference to which such Holder is entitled, (ii) any fixed redemption price to which such Holder is entitled, or (iii) the value of such interest; or (b) if the Class does not receive such an amount as required under (a), no Class of Equity Interests junior to the non-accepting Class may receive a distribution under the plan.

To the extent that any class of Claims or Class of Equity Interests either reject the Plan or are deemed to have rejected the Plan, the Debtors reserve the right to seek (a) confirmation of the Plan under section 1129(b) of the Bankruptcy Code and/or (b) modify the Plan in accordance with Article XIII.C of the Plan.

Notwithstanding the rejection of any Class that votes to reject the Plan, the Debtors do not believe that the Plan discriminates unfairly against any Impaired Class of Claims or Equity

Interests. The Debtors believe that the Plan and the treatment of all Classes of Claims and Equity Interests under the Plan satisfy the foregoing requirements for non-consensual confirmation of the Plan.

H. CONSUMMATION OF THE PLAN

The Plan will be consummated on the Effective Date. For a more detailed discussion of the conditions precedent to the consummation of the Plan and the impact of failure to meet such conditions, see Article IX of the Plan.

ARTICLE IX.
ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN

A. LIQUIDATION UNDER CHAPTER 7 OF THE BANKRUPTCY CODE

If no chapter 11 plan can be confirmed, some or all of the Chapter 11 Cases may be converted to cases under chapter 7 of the Bankruptcy Code in which case, a trustee would be elected or appointed to liquidate the Debtors' assets. In performing the liquidation analysis, the Debtors have assumed that all Holders of Claims and Equity Interests will be determined to have "claims" that are entitled to share in the proceeds from any such liquidation. The Debtors believe that liquidation under chapter 7 would result in (i) smaller distributions being made to creditors than those provided for in the Plan because of the additional administrative expenses involved in the appointment of a trustee and attorneys and other professionals to assist such trustee, (ii) additional expenses and claims, some of which would be entitled to priority, which would be generated during the liquidation and from the rejection of unexpired leases and executory contracts in connection with the cessation of the Debtors' operations, and (iii) the failure to realize the greater, going-concern value of all of the Debtors' assets.

B. FILING OF AN ALTERNATIVE PLAN OF REORGANIZATION

If the Plan is not confirmed, the Debtors or any other party in interest could attempt to formulate a different plan of reorganization. Such a plan might involve either a reorganization and continuation of the Debtors' business or an orderly liquidation of the Debtors' assets. During the negotiations prior to the filing of the Plan, the Debtors explored various alternatives to the Plan.

The Debtors believe that the Plan will enable the Debtors to emerge from chapter 11 successfully and expeditiously, preserves the Debtors' business and allows creditors to realize the highest recoveries under the circumstances. In a liquidation under chapter 11 of the Bankruptcy Code, the assets of the Debtors would be sold in an orderly fashion over a more extended period of time than in a liquidation under chapter 7, and a trustee need not be appointed. Accordingly, creditors would receive greater recoveries than in a chapter 7 liquidation. Although a chapter 11 liquidation is preferable to a chapter 7 liquidation, the Debtors believe that a liquidation under chapter 11 is a much less attractive alternative to creditors and Equity Interest Holders than the Plan because the Plan provides for a greater return to creditors and Equity Interest Holders.

Moreover, the prolonged continuation of the Chapter 11 Cases is likely to adversely affect the Debtors' business and operations. So long as the Chapter 11 Cases continue, senior management of the Debtors will be required to spend a significant amount of time and effort dealing with the Debtors' reorganization instead of focusing exclusively on business operations. Prolonged continuation of the Chapter 11 Cases also will make it more difficult to attract and

retain management and other key personnel necessary to the success and growth of the Debtors' business. In addition, the longer the Chapter 11 Cases continue, the more likely it is that the Debtors' customers and suppliers will lose confidence in the Debtors' ability to reorganize their business successfully and will seek to establish alternative commercial relationships. Further, so long as the Chapter 11 Cases continue, the Debtors will be required to incur substantial costs for professional fees and other expenses associated with the proceedings. The prolonged continuation of the Chapter 11 Cases may also require the Debtors to seek additional financing in order to service their debt and other obligations. It may not be possible for the Debtors to obtain additional financing during the pendency of the Chapter 11 Cases on commercially favorable terms or at all. If the Debtors were to require additional financing during the Chapter 11 Cases and were unable to obtain the financing on favorable terms or at all, it is unlikely the Debtors could successfully reorganize.

ARTICLE X.
SEURITIES LAW ISSUES WITH RESPECT TO ISSUANCE AND RESALE OF NEW COMMON STOCK

A. EXEMPTION FROM REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND BLUE SKY LAWS

1. Section 1145 of the Bankruptcy Code (Offer and Issuance of New Common Stock to Holders of Allowed Prepetition Secured Notes Claims and DIP Facility Claims)

The Debtors are relying on the exemption provided by section 1145(a)(1) of the Bankruptcy Code from the registration requirements of the Securities Act to exempt the offer and issuance of New Common Stock in Reorganized Gibson to Holders of Allowed Prepetition Secured Notes Claims, DIP Facility Claims. Section 1145(a)(1) of the Bankruptcy Code provides that the registration requirements of Section 5 of the Securities Act and any applicable Blue Sky Laws will not apply to the offer or sale of stock, warrants or other securities by a debtor under a plan of reorganization if (i) the offer or sale occurs under a plan of reorganization, (ii) the recipients of securities hold a claim against, an interest in or claim for administrative expense against the debtor and (iii) the securities are issued in exchange for a claim against or interest in a debtor or are reissued principally in such exchange and partly for Cash and property.

2. Section 4(a)(2) of the Securities Act and Regulation D Promulgated Thereunder (Offer and Issuance of New Common Stock)

The Debtors may also rely on exemptions from the registration requirements of the Securities Act including section 4(a)(2) of the Securities Act and Regulation D promulgated thereunder, to exempt the offer and issuance of the New Common Stock.

Section 4(a)(2) of the Securities Act exempts transactions by an issuer not involving any public offering, and Regulation D provides a safe harbor under section 4(a)(2) for transactions that meet certain requirements, including that investors participating therein qualify as "accredited investors" within the meaning of U.S. securities laws. The Debtors believe that all Holders of the Allowed Prepetition Secured Notes Claims that are entitled to receive New Common Stock under the Plan are qualified institutional buyers or accredited investors.

3. Section 4(a)(2) of the Securities Act, Rule 506 of Regulation D, and Rule 701 Under the Securities Act (Offer and Issuance of Securities Under Management Incentive Plan and Pursuant to Management Employment and Consulting Agreements)

The Debtors are relying on the exemptions provided by section 4(a)(2) of the Securities Act and Rule 506 of Regulation D promulgated under the Securities Act and/or Rule 701 promulgated under the Securities Act from the registration requirements of the Securities Act to exempt the offer and issuance of shares of New Common Stock to officers of the Debtors pursuant to the Management Incentive Plan and the New Warrants to the Supporting Noteholders pursuant to the Management Employment and Consulting Agreements (the "Management Securities"). As stated in Article X.A.1. above, section 4(a)(2) of the Securities Act exempts transactions by an issuer not involving any public offering, and Regulation D provides a safe harbor under section 4(a)(2) for transactions that meet certain requirements, including that officers and other key employees of the Debtors qualify as "accredited investors" within the meaning of U.S. securities laws. The Debtors believe that each of the officers of the Debtors receiving the Management Securities will be an accredited investor.

Rule 701 under the Securities Act provides a safe harbor exemption from registration under the Securities Act for equity securities issued as employee compensation. Accordingly, the Debtors believe that Management Securities issued to directors, officers, and other key employees of the Debtors will be exempt from registration under the Securities Act and Blue Sky Laws.

In reliance upon the exemptions provided by section 4(a)(2) of the Securities Act, Rule 506 of Regulation D, Rule 701 under the Securities Act, as discussed in the preceding paragraphs, the Debtors believe that the offer and issuance of the New Common Stock under the Plan, including the issuance of New Common Stock upon exercise of the New Warrants, will be exempt from registration under the Securities Act and Blue Sky Laws.

B. RESALES OF SHARES OF NEW COMMON STOCK

1. Resales of the 1145 Securities

As discussed in Article X.A.2, the New Common Stock issued on the Effective Date to under the Plan (collectively, the "Section 1145 Securities"), is anticipated to be exempt under Section 1145 of the Bankruptcy Code from registration under the Securities Act and applicable Blue Sky Laws. To the extent that the issuance of the Section 1145 Securities pursuant to the Plan is covered by section 1145 of the Bankruptcy Code, the Section 1145 Securities generally may be resold without registration under applicable Blue Sky Laws pursuant to various exemptions provided by the respective Blue Sky Laws of the various states; however, the availability of such exemptions cannot be known unless individual states' Blue Sky Laws are examined. In addition, the Section 1145 Securities governed by section 1145 of the Bankruptcy Code may be resold without registration under the Securities Act pursuant to an exemption provided by section 4(a)(1) of the Securities Act, unless the holder is an "underwriter" (as such term is defined in Section 1145(b) of the Bankruptcy Code) with respect to the Section 1145 Securities.

Section 1145(b)(1) of the Bankruptcy Code defines an "underwriter" as any person who, except with respect to ordinary trading transactions of an entity that is not an issuer, (i) purchases a claim against, an interest in, or a claim for an administrative expense against the debtor, if such purchase is with a view to distributing any security received or to be received in exchange for such a claim or interest; (ii) offers to sell securities offered or sold under a plan of reorganization for the holders of those securities; (iii) offers to buy securities offered or sold under a plan of

reorganization from the holders of such securities, if such offer to buy is (a) with a view to distribution of such securities and (b) under an agreement made in connection with such plan of reorganization, with the consummation of such plan of reorganization, or with the offer or sale of securities under the plan of reorganization; or (iv) is an "issuer" (as the term is defined in section 2(a)(11) of the Securities Act) with respect to such securities.

The definition of an "issuer" for purposes of whether a person is an "underwriter" under section 1145(b)(1)(D) of the Bankruptcy Code, by reference to section 2(a)(11) of the Securities Act, includes as so-called "statutory underwriters" all persons who, directly or indirectly, through one or more intermediaries, control, are controlled by or are under common control with, an issuer of securities. The reference to "issuer," as used in the definition of "underwriter" contained in section 2(a)(11) of the Securities Act, is intended to cover the entity issuing the securities and "control persons" of such issuer of the securities. "Control" (as defined in Rule 405 under the Securities Act) means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract or otherwise. Accordingly, an officer or director of a reorganized debtor or its successor under a plan of reorganization may be deemed to be a "control person" of such debtor or successor, particularly if the management position or directorship is coupled with ownership of a significant percentage of the reorganized debtor's or its successor's voting securities. Moreover, the legislative history of section 1145 of the Bankruptcy Code suggests that a creditor who owns ten percent (10%) or more of the securities of a reorganized debtor may be presumed to be a "control person" and, therefore, an underwriter.

Resales of the Section 1145 Securities by persons deemed to be "underwriters" (including "control persons") (collectively, the "Restricted Holders") would not be exempted by section 1145 of the Bankruptcy Code from registration under the Securities Act or other applicable law. However, Restricted Holders may be eligible to sell their Section 1145 Securities without registration under the Securities Act if they are able to comply with the provisions of Rule 144 promulgated under the Securities Act (as discussed below). The Debtors express no view as to whether any Person or Entity would be deemed an "underwriter" with respect to the Section 1145 Securities and, in turn, whether any recipient of Section 1145 Securities may resell such securities without compliance with registration or other requirements or limitations under federal securities laws and Blue Sky Laws.

The Debtors recommend that potential recipients of the Section 1145 Securities consult their own counsel concerning their ability to freely trade their Section 1145 Securities without registration under applicable federal securities laws and Blue Sky Laws.

2. **Resales of the Management Securities**

The offer and issuance of the Management Securities is covered by section 4(a)(2) of the Securities Act and Rule 506 of Regulation D and/or Rule 701 promulgated thereunder and will not be exempt under section 1145 of the Bankruptcy Code. Therefore, such shares of New Common Stock will be considered "restricted securities" as defined by Rule 144 promulgated under the Securities Act and may not be sold except pursuant to an effective registration statement or pursuant to an applicable exemption from the registration requirements of the Securities Act, such as the resale provisions of Rule 144. Rule 144 of the Securities Act provides a safe harbor exemption from registration under the Securities Act for the resale of "restricted securities" and "control securities." "Restricted securities" are securities acquired in unregistered, private offerings from an issuer or an "Affiliate" of the issuer. An Affiliate of an issuer is any Person or Entity that "directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such issuer." "Control securities" are securities held by an Affiliate of the issuer regardless of how such securities were acquired (including in the open market).

The Rule 144 exemption, provides for special limitations with respect to the resale of securities held by an Affiliate, including (i) availability of current information concerning the issuer; (ii) a minimum holding period; (iii) volume limitations; (iv) manner of sale restrictions; and (v) filing requirements. A non-Affiliate of the issuer is eligible to resell "restricted securities" under the Rule 144 if the non-Affiliate meets (i) the applicable holding period requirement and (ii) if the issuer is subject to ongoing filing requirements under the federal securities laws, it has made available current public information. The Debtors express no view as to whether any Person or Entity would be deemed an Affiliate.

The Debtors recommend that potential recipients of the Management Securities consult their own counsel concerning their ability to freely trade the Management Securities without registration under applicable federal securities laws and Blue Sky Laws and the availability of Rule 144 for exempt resales.

The Debtors recommend that potential recipients of securities under the Plan consult their own counsel concerning their ability to freely trade such securities without registration under applicable federal securities laws and Blue Sky Laws.

WHETHER OR NOT ANY PARTICULAR PERSON WOULD BE DEEMED TO BE AN "UNDERWRITER" OF SHARES OF NEW COMMON STOCK TO BE ISSUED PURSUANT TO THE PLAN OR AN "AFFILIATE" OF THE REORGANIZED DEBTOR WOULD DEPEND UPON A VARIETY OF FACTS AND CIRCUMSTANCES APPLICABLE TO THAT PERSON. ACCORDINGLY, THE DEBTOR EXPRESSES NO VIEW AS TO WHETHER ANY SUCH PERSON WOULD BE SUCH AN "UNDERWRITER" OR AN "AFFILIATE." IN VIEW OF THE COMPLEX, SUBJECTIVE NATURE OF THE QUESTION OF WHETHER A PARTICULAR PERSON MAY BE AN UNDERWRITER OR AN AFFILIATE OF THE REORGANIZED DEBTORS, THE DEBTORS MAKE NO REPRESENTATIONS CONCERNING THE RIGHT OF ANY PERSON TO TRADE IN SECURITIES OF THE REORGANIZED DEBTORS. ACCORDINGLY, THE DEBTORS RECOMMEND THAT POTENTIAL RECIPIENTS OF ANY SHARES OF NEW COMMON STOCK TO BE ISSUED PURSUANT TO THE PLAN CONSULT THEIR OWN COUNSEL CONCERNING WHETHER THEY MAY FREELY TRADE SUCH SHARES OF NEW COMMON STOCK.

ARTICLE XI.
SUMMARY OF CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

The following disclosure (the "Tax Disclosure") summarizes certain United States ("U.S.") federal income tax consequences of the implementation of the Plan to the Debtors, Reorganized Gibson and a Holder of an Allowed Claim pursuant to the transactions contemplated by the Plan. The Debtors have not requested, and will not request, a ruling from the Internal Revenue Service (the "IRS") or an opinion of counsel with respect to any of the tax aspects of the Plan, and the discussion below is not binding upon the IRS or the courts. Thus, no assurance can be given that the IRS would not assert, or that a court would not sustain, a different position than any position discussed herein.

The Tax Disclosure summarizes only certain of the U.S. federal income tax consequences associated with the Plan's implementation and does not address state, local or non-U.S. tax consequences of the Plan, nor does it purport to address all aspects of U.S. federal income taxation that may be relevant to a Holder in light of its individual circumstances or to a Holder that may be subject to special tax rules (such as persons who are related to the Debtors, broker-dealers, banks, mutual funds, insurance companies, financial institutions, small business

investment companies, regulated investment companies, tax-exempt organizations, expatriates, and investors in partnerships and other pass-through entities, subchapter S corporations, real estate investment trusts, retirement accounts and/or pension plans, persons who hold Claims or who will hold the New Common Stock as part of a straddle, hedge, conversion transaction, or other integrated investments, persons using mark-to-market method of accounting, those who hold a Claim as an ordinary asset, Holders who are themselves in bankruptcy and Holders subject to Tax Code Section 1061). In addition, the Tax Disclosure does not attempt to consider whether the particular circumstances of any Holder of an Equity Interest or a Claim may modify or alter the consequences described below, and assumes, solely for purposes of this Tax Disclosure (such that no inference is intended as to the character of any Equity Interests or Claims for U.S. federal income tax purposes), that all Claims are held as "capital assets" within the meaning of Tax Code Section 1221 (generally, property held for investment). This Tax Disclosure also assumes that the various debt and other arrangements to which any of the Debtors are a party will be respected for U.S. federal income tax purposes in accordance with their form. This Tax Disclosure does not address the specific U.S. federal income tax consequences that might be relevant to particular Holders in light of their personal circumstances. Furthermore, except as expressly addressed herein, this Tax Disclosure assumes that the transaction will be structured as an exchange of interests in the indebtedness of Gibson for equity or debt instruments of Reorganized Gibson and not as a fully taxable transfer of the assets of Reorganized Gibson, as contemplated in the definition of "Restructuring Transactions." If that is not the case, U.S. federal income tax consequences of the transaction would be materially different to Reorganized Gibson and Holders. The remainder of the Claims and Equity Interests addressed by the Plan are unimpaired or deemed to reject and hence not specifically addressed herein.

The following summary is based on the Internal Revenue Code of 1986, as amended (the "Tax Code"), the regulations promulgated thereunder by the U.S. Department of the Treasury ("Treasury Regulations"), judicial decisions, and published administrative rules and pronouncements of the IRS in effect on the date hereof. Changes in, or new interpretations of, such rules may have retroactive effect and could significantly affect the U.S. federal income tax consequences described below.

ACCORDINGLY, THE FOLLOWING SUMMARY OF CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING AND ADVICE BASED UPON THE INDIVIDUAL CIRCUMSTANCES OF A HOLDER OF AN EQUITY INTEREST OR A CLAIM. EACH HOLDER OF AN EQUITY INTEREST OR A CLAIM IS URGED TO CONSULT ITS OWN TAX ADVISOR FOR THE U.S. FEDERAL, STATE, LOCAL, AND NON-U.S. INCOME, ESTATE AND OTHER TAX CONSEQUENCES APPLICABLE UNDER THE PLAN.

A. DEFINITION OF U.S. PERSON AND NON-U.S. PERSON

In this Tax Disclosure, a "U.S. Person" is any Person that is

- an individual that is a citizen or resident of the United States for U.S. federal income tax purposes;
- a corporation (or entity treated as a corporation for U.S. federal income tax purposes) created or organized in the United States or under the laws of the United States, or of any state thereof, or the District of Columbia;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or

- a trust if (1) one or more U.S. Persons have the authority to control all substantial decisions of the trust, and a United States court is able to exercise primary supervision over the administration of the trust; or (2) the trust is of a certain type, was in existence on August 20, 1996, was treated as a United States person on August 19, 1996 under the then-applicable Tax Code, and has made a valid election to be treated as a U.S. Person under the Tax Code.

A "Non-U.S. Person" is any Person that is not a U.S. Person and is not a partnership (or other entity treated as a partnership or other pass-through entity for U.S. federal income tax purposes).

If a Holder of an Allowed Prepetition Secured Note Claim or DIP Facility Claim is a partnership (including any entity treated as a partnership for U.S. federal income tax purposes), the treatment of a partner in the partnership will depend on the status of the partner and activities of the partnership.

B. TREATMENT OF A DEBT INSTRUMENT AS A "SECURITY"

The U.S. federal income tax consequences of the Plan to a Holder of an Allowed Prepetition Secured Note Claim, DIP Facility Claim,[26] or Allowed Gibson Holdings Claim depend, in part, on whether the Holder's notes or instruments, which are the basis of such Claim, constitute a "security" for U.S. federal income tax purposes. If such interest, note or instrument constitutes a security, then the receipt of an interest in the New Take-Out Facility (if any) or New Common Stock, in accordance with the Plan, could be treated as part of a tax "reorganization" for U.S. federal income tax purposes. If, on the other hand, such interest, note or instrument does not constitute a security for U.S. federal income tax purposes, then the receipt of an interest in the New Take-Out Facility (if any) or New Common Stock in exchange therefor would be treated as a fully taxable transaction.

The term "security" is not defined in the Tax Code or in the Treasury Regulations issued thereunder and has not been clearly defined by judicial decisions. The determination of whether a particular debt obligation constitutes a "security" for U.S. federal income tax purposes depends on an overall evaluation of the nature of the debt, including whether the holder of such debt obligation is subject to a material level of entrepreneurial risk and whether a continuing proprietary interest is intended or not. One of the most significant factors considered in determining whether a particular debt obligation is a security is its original term. In general, debt obligations issued with a weighted average maturity at issuance of less than five (5) years do not constitute securities, whereas debt obligations with a weighted average maturity at issuance of ten (10) years or more constitute securities.

Because of the inherently factual nature of this determination, Holders of Claims are urged to consult their tax advisors regarding the proper characterization as a security of their notes or instruments, which are the basis of Claims, and the characterization as a security of the New Take-Out Facility (if any) or New Common Stock, as the case may be, received in exchange for their Claims and the resulting U.S. federal income tax consequences to them in light of their particular circumstances. References to "Claims" in this Article XI shall, where appropriate, refer to the notes or instruments that are the basis of a Holder's Claims.

[26] In this Article XI, the term DIP Facility Claim shall not refer to the Backstop Premium, which is addressed separately.

C. TAX CONSEQUENCES FOR U.S. PERSONS HOLDING ALLOWED CLAIMS

The Plan provides, in relevant part, for: (i) the Debtors to refinance the $135 million principal amount of DIP Facility Claims with the proceeds of a New Exit Term Loan Facility or, at the election of the Required DIP Lenders, the Debtors may refinance a portion of or all of the DIP Facility Claims either with (a) a New Take-Out Facility secured by liens junior to the New Exit ABL Facility and the New Exit Term Loan Facility, (b) conversion of all of the remaining DIP Facility Claims to New Common Stock in Reorganized Gibson at a price per share equal to 80% of Plan Value (subject to dilution as described above), or (c) through a combination of the foregoing, (ii) Reorganized Gibson to issue New Common Stock to Holders of Allowed Prepetition Secured Notes Claims in cancellation of such Claims, and (iii) DIP Backstop Parties to receive the Backstop Premium.

1. Satisfaction of DIP Facility Claims for Cash or for Interests in the New Take-Out Facility

Pursuant to the Plan, at the option of the Required DIP Lenders, a U.S. Person that is a Holder of DIP Facility Claims (including claims of the DIP Backstop Parties for DIP Backstop Fees) may receive in exchange for the full and final satisfaction settlement, release and discharge of such DIP Facility Claims, a combination of any of the following: (i) payment in Cash from proceeds of the New Exit Term Loan Facility, (ii) interest in a New Take-Out Facility secured by liens junior to the New Exit ABL Facility and the New Exit Term Loan Facility, or (iii) New Common Stock in Reorganized Gibson at a price per share equal to 80% of Plan Value (subject to dilution as described above).

If a U.S. Person that is a Holder of such a Claim receives payment in full in Cash, the U.S. Person should recognize taxable gain or loss equal to the difference between (1) the amount of Cash received (other than the value received for Accrued Interest, as discussed below) and (2) the U.S. Person's adjusted tax basis in its DIP Facility Claim (other than basis attributable to accrued but unpaid interest previously included in such U.S. Person's taxable income). Generally, the adjusted tax basis in a Claim, including in a DIP Facility Claim, will be equal to the amount paid or deemed paid to acquire the note or instruments to which such Claim relates by such Holder that is a U.S. Person, increased by any original issue discount previously included in income. If applicable, the tax basis in a Claim also will be (i) increased by any market discount previously included in income by such Holder that is a U.S. Person pursuant to an election to include market discount in gross income currently as it accrues, and (ii) reduced by any Cash payments received on the Claim other than payments of qualified stated interest, and by any amortizable bond premium that the U.S. Person has previously deducted. The character of such gain or loss as capital gain or loss or as ordinary income or loss will be determined by a number of factors, including the tax status of the U.S. Person, the nature of the Claim in such U.S. Person's hands, whether the Claim was purchased at a discount, and whether and to what extent the U.S. Person previously has claimed a bad debt deduction with respect to its Claim. If recognized gain is capital gain, it generally would be long-term capital gain if the U.S. Person held its DIP Facility Claim for more than one year at the time of the exchange. The deductibility of capital losses is subject to certain limitations, as discussed below. To the extent that Cash received in exchange for its DIP Facility Claim is allocable to market discount or Accrued Interest, the U.S. Person may recognize ordinary income, as discussed below.

Whether and the extent to which a Holder of such a Claim recognizes gain or loss as a result of the exchange of its claim for Cash and its pro rata interest in the New Take-Out Facility or New Common Stock (if applicable) depends on whether the debt underlying the Claim surrendered is treated as a "security" (as discussed above) for purposes of the reorganization provisions of the Tax Code.

(a) Fully Taxable Exchange

If a DIP Facility Claim is not a security for U.S. federal income tax purposes, the Holder of such Claim should be treated as exchanging such Claim for its pro rata interest in the New Take-Out Facility, New Common Stock and Cash, in a taxable exchange under Section 1001 of the Tax Code. In that case, each U.S. Person holding DIP Facility Claims should generally recognize gain or loss equal to the difference between (1) the issue price of the New Take-Out Facility interests received (determined as described below, "Issue Price of the New Take-Out Facility Interests"), the value of the New Common Stock received and the amount of Cash received (other than the value received for Accrued Interest, as discussed below) and (2) the U.S. Person's adjusted tax basis in its Claim, as described above. The character of such gain or loss as capital gain or loss or as ordinary income or loss will be determined by a number of factors, including the tax status of the U.S. Person, the nature of the Claim in such U.S. Person's hands, whether the Claim was purchased at a discount (as discussed below), and whether and to what extent the U.S. Person previously has claimed a bad debt deduction with respect to its Claim. The deductibility of capital losses is subject to certain limitations as discussed below. A U.S. Person's initial tax basis in its pro rata interest in the New Take-Out Facility interests and/or New Common Stock acquired in exchange for its DIP Facility Claims should equal the issue price of such New Take-Out Facility interests (determined as described below, "Issue Price of the New Take-Out Facility Interests") or the fair market value of such stock received on the Effective Date, and its holding period in such New Take-Out Facility interests and New Common Stock should begin the day following the Effective Date.

Under the "market discount" provisions of sections 1276 through 1278 of the Tax Code, some or all of any gain recognized by a U.S. Person holding a DIP Facility Claim may be treated as ordinary income (instead of capital gain), to the extent of the amount of accrued market discount on such Claim, unless such U.S. Person previously elected to include market discount in income as it accrued for U.S. federal income tax purposes. In general, a debt instrument is considered to have been acquired with "market discount" if it is acquired other than on original issue and if its U.S. Person's adjusted tax basis in the debt instrument is less than (a) the sum of all remaining payments to be made on the debt instrument, excluding "qualified stated interest" or (b) in the case of a debt instrument issued with original issue discount, its adjusted issue price, by at least a *de minimis* amount (generally equal to 0.25 percent of the sum of all remaining payments to be made on the debt instrument, excluding qualified stated interest, multiplied by the number of remaining whole years to maturity).

Any gain recognized by a U.S. Person on a taxable disposition of an Allowed Prepetition Secured Notes Claim that was acquired with a market discount should be treated as ordinary income to the extent of the market discount that accrued thereon while such Claims were considered to be held by the U.S. Person, unless the U.S. Person elected to include the market discount in income as it accrued. If a U.S. Person did not elect to include market discount in income as accrued and, thus, under the market discount rules, was required to defer all or a portion of any deductions for interest on debt incurred or maintained to purchase or carry its Claims, such deferred amounts would become deductible at the time of the exchange.

(b) Reorganization Treatment

If the DIP Facility Claims, on the one hand, and the New Take-Out Facility interests and New Common Stock, on the other hand, are each treated as a "security" for U.S. federal income tax purposes, the exchange of each such Claim for a pro rata share of the New Take-Out Facility interests and New Common Stock should be treated as a reorganization for U.S. federal income tax purposes under the applicable provisions of the Tax Code and Treasury Regulations (a "Reorganization"), and a U.S. Person holding DIP Facility Claims should not recognize loss with respect to the exchange and generally should not recognize gain (subject to "Accrued Interest,"

as discussed below). Such Holder would, however, be required to recognize any gain (but not loss) to the extent of the lesser of (a) the amount of gain realized from the exchange (calculated as discussed above) or (b) the Cash and the fair market value of "other property" received in the distribution that is not permitted to be received under sections 354 and 356 of the Tax Code without the recognition of gain (other than the value received for Accrued Interest, as discussed below).

In a Reorganization, a U.S. Person's aggregate initial tax basis in the pro rata interest in the New Take-Out Facility interests and New Common Stock acquired in exchange for DIP Facility Claims should be equal to such U.S. Person's aggregate adjusted basis in such Claims, increased by any gain or interest income, if any, recognized from the exchange. A U.S. Person's holding period in such pro rata interest in the New Take-Out Facility interests and New Common Stock should include the holding period of the exchanged DIP Facility Claims, except to the extent of any exchange consideration received in respect of Accrued Interest. To the extent that DIP Facility Claims acquired with market discount are exchanged in a tax-free reorganization for other property, any market discount that accrued on such Claims (*i.e.*, up to the time of the exchange) but was not recognized by the U.S. Person is carried over to the property received therefor and any gain recognized on the subsequent sale, exchange, or other disposition of the property is treated as ordinary income to the extent of the accrued, but not recognized, market discount.

2. **Receipt of Backstop Premium**

The parties to the DIP Facility have agreed to treat the Backstop Premium for U.S. federal income tax purposes as received in exchange for the DIP Backstop Parties' issuance of a put option to Gibson granting Gibson the right to put a portion of the DIP Facility to the DIP Backstop Parties. If such put option is exercised, the Backstop Premium should reduce the DIP Backstop Parties' basis in the DIP Facility. If the Backstop Premium is allowed to lapse unexercised, the DIP Backstop Parties should recognize capital gain in an amount equal to the Backstop Premium.

3. **Exchange of Allowed Prepetition Secured Notes for New Common Stock**

Whether and the extent to which a Holder of an Allowed Prepetition Secured Notes Claim recognizes gain or loss as a result of the exchange of its Claim for New Common Stock depends on whether the New Common Stock and the debt underlying the Claim surrendered are treated as "securities" (as discussed above) for purposes of the reorganization provisions of the Tax Code.

(a) Fully Taxable Exchange

If an Allowed Prepetition Secured Notes Claim is not a security for U.S. federal income tax purposes, the Holder of such Claim should be treated as exchanging such Claim for New Common Stock, in a taxable exchange under Section 1001 of the Tax Code. In that case, each U.S. Person holding an Allowed Prepetition Secured Notes Claim should generally recognize gain or loss equal to the difference between (1) the fair market value of the New Common Stock (other than the value received for Accrued Interest, as discussed below), and (2) the U.S. Person's adjusted tax basis in its Claim, as described above. For a Holder of an Allowed Prepetition Secured Notes Claim that is also a Holder of an Allowed Gibson Holdings Claim, such gain or loss should be computed by also taking into account the fair market value of the Profits Interest received in exchange for Such Gibson Holdings Claim. The character of such gain or loss as capital gain or loss or as ordinary income or loss will be determined by a number of factors, including the tax status of the U.S. Person, the nature of the Claim in such U.S. Person's hands, whether the Claim was purchased at a discount (as discussed below), and

whether and to what extent the U.S. Person previously has claimed a bad debt deduction with respect to its Claim. The deductibility of capital losses is subject to certain limitations as discussed below. A U.S. Person's initial tax basis in the New Common Stock acquired in exchange for a Claim should equal the fair market value of such New Common Stock on the Effective Date, and its holding period in such New Common Stock should begin the day following the Effective Date.

Under the "market discount" provisions of sections 1276 through 1278 of the Tax Code, some or all of any gain recognized by a U.S. Person holding an Allowed Prepetition Secured Notes Claim or Gibson Holdings Claim (as applicable) may be treated as ordinary income (instead of capital gain), to the extent of the amount of accrued market discount on such Claim. In general, a debt instrument is considered to have been acquired with "market discount" if it is acquired other than on original issue and if its U.S. Person's adjusted tax basis in the debt instrument is less than (a) the sum of all remaining payments to be made on the debt instrument, excluding "qualified stated interest" or (b) in the case of a debt instrument issued with original issue discount, its adjusted issue price, by at least a *de minimis* amount (generally equal to 0.25 percent of the sum of all remaining payments to be made on the debt instrument, excluding qualified stated interest, multiplied by the number of remaining whole years to maturity).

Any gain recognized by a U.S. Person on a taxable disposition of an Allowed Prepetition Secured Notes Claim that was acquired with a market discount should be treated as ordinary income to the extent of the market discount that accrued thereon while such Claims were considered to be held by the U.S. Person, unless the U.S. Person elected to include the market discount in income as it accrued. If a U.S. Person did not elect to include market discount in income as accrued and, thus, under the market discount rules, was required to defer all or a portion of any deductions for interest on debt incurred or maintained to purchase or carry its Claims, such deferred amounts would become deductible at the time of the exchange.

(b) Reorganization Treatment

If the Allowed Prepetition Secured Notes Claim, on the one hand, and the New Common Stock, on the other hand, are treated as securities for U.S. federal income tax purposes, the exchange of such Claim for New Common Stock should be treated as a Reorganization for U.S. federal income tax purposes, and a U.S. Person holding an Allowed Prepetition Secured Notes Claim should not recognize loss with respect to the exchange and generally should not recognize gain (subject to "Accrued Interest," as discussed below). Such Holder would, however, be required to recognize any gain (but not loss) to the extent of the lesser of (a) the amount of gain realized from the exchange (calculated as discussed above) or (b) the Cash and the fair market value of "other property" received in the distribution that is not permitted to be received under sections 354 and 356 of the Tax Code without the recognition of gain (other than the value received for Accrued Interest, as discussed below). For a Holder of an Allowed Prepetition Secured Notes Claim that is also a Holder of a Gibson Holdings Claim relating to the same underlying note or instrument giving rise to the Allowed Prepetition Secured Notes Claim, such "other property" is expected to include the Profits Interest received in exchange for the Holder's Gibson Holdings Claim.

In a Reorganization, a U.S. Person's aggregate initial tax basis in New Common Stock acquired in exchange for Allowed Prepetition Secured Notes Claim should be equal to such U.S. Person's aggregate adjusted basis in such Claims, increased by any gain or interest income, if any, realized from the exchange. A U.S. Person's holding period in such notes and shares should include the holding period of the exchanged Allowed Prepetition Secured Notes Claim, except to the extent of any exchange consideration received in respect of Accrued Interest. To the extent that Prepetition Secured Notes acquired with a market discount are exchanged in a tax-free reorganization for other property, any market discount that accrued on such Claims (i.e., up to

the time of the exchange) but was not recognized by the U.S. Person is carried over to the property received therefor and any gain recognized on the subsequent sale, exchange, or other disposition of the property is treated as ordinary income to the extent of the accrued, but not recognized, market discount.

(c) Issue Price of New Take-Out Facility Interests

Although not free from doubt, we intend to take the position that the "issue price" of the New Take-Out Facility interests will depend on whether the New Take-Out Facility interests or the Claims are deemed to be "publicly traded" for U.S. federal income tax purposes. If the New Take-Out Facility interests are considered to be publicly traded, the issue price of the New Take-Out Facility interests would be equal to their fair market value on the date of the Exchange. If the New Take-Out Facility interests are not considered "publicly traded" but the Claims are considered "publicly traded," the issue price of the New Take-Out Facility interests would be equal to the fair market value of the Claims for which the New Take-Out Facility interests are exchanged. If neither the Claims nor the New Take-Out Facility interests are publicly traded, the issue price of New Take-Out Facility interests should equal their stated principal amount. In the event the New Take-Out Facility interests or Claims are publicly traded, we will provide investors with information regarding our determination of the issue price of the New Take-Out Facility interests in a manner consistent with applicable Treasury Regulations. However, we can provide no assurance as to whether the New Take-Out Facility interests will be treated as publicly traded, the issue price of the New Take-Out Facility interests, the tax treatment of the New Take-Out Facility interests as a new issue, or whether the New Take-Out Facility interests will be treated as issued with original issue discount, as discussed below under "Original Issue Discount on the New Take-Out Facility." The rules regarding the "issue price" determination are complex and highly detailed, and U.S. Persons are urged to consult their tax advisors regarding the determination of the issue price of the New Take-Out Facility interests and, if the New Take-Out Facility interests are not treated as a new issue for U.S. federal income tax purposes, how the issue price of the New Take-Out Facility interests would be determined and the tax consequences of holding such New Take-Out Facility interests in such circumstance.

4. **Original Issue Discount on the New Take-Out Facility**

It is possible that the New Take-Out Facility could be treated as issued with original issue discount, or OID, for U.S. federal income tax purposes. A debt instrument will be treated as issued with OID if the stated redemption price at maturity of such debt instrument exceeds its issue price by more than the *de minimis* amount (generally, ¼ of 1 percent of the stated redemption price at maturity multiplied by the number of complete years from the issue date of the debt instrument to its maturity). The "issue price" of a New Take-Out Facility Interest is determined as described above under "Issue Price of the New Take-Out Facility Interests". The "stated redemption price at maturity" of a debt instrument is the total of all payments provided by the debt instrument that are not payments of "qualified stated interest." Generally, an interest payment on a debt instrument is "qualified stated interest" if it is one of a series of stated interest payments on such debt instrument that are unconditionally payable at least annually at a single fixed rate. The New Take-Out Facility could be treated as issued with OID if issue price of the interests thereunder is expected to be less than the stated redemption price at maturity by more than a *de minimis* amount. In such case, a U.S. Person that is a Holder of an interest in the New Take-Out Facility would generally be required to include OID in gross income (as ordinary income) as it accrues (on a constant yield to maturity basis) over the term of the New Take-Out Facility in advance of the receipt of cash payments attributable to that income.

Under the OID rules, the amount of OID required to be included in income would generally equal the sum of the "daily portions" of OID with respect to the New Take-Out Facility for each day during the taxable year or portion of the taxable year in which the Holder held such

interest in the New Take-Out Facility ("accrued OID"). The daily portion is determined by allocating to each day in each "accrual period" a pro rata portion of the OID allocable to that accrual period. The "accrual period" for the interest in such New Take-Out Facility may be of any length and may vary in length over the term of such interest in the New Take-Out Facility, provided that each accrual period is no longer than one year and each scheduled payment of principal or interest occurs on the first day or the final day of an accrual period. The amount of OID allocable to any accrual period other than the final accrual period would be an amount equal to the excess, if any, of (i) the product of the New Take-Out Facility's adjusted issue price, as the case may be, at the beginning of such accrual period and its yield to maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) over (ii) the aggregate of all qualified stated interest allocable to the accrual period. OID allocable to a final accrual period is the difference between the amount payable at maturity (other than a payment of qualified stated interest) and the adjusted issue price of the New Take-Out Facility, at the beginning of the final accrual period. The adjusted issue price of the New Take-Out Facility at the beginning of any accrual period is equal to its issue price, increased by the accrued OID for each prior accrual period, and reduced by any payments previously made on the New Take-Out Facility (other than a payment of qualified stated interest). Under these rules, Holders of the New Take-Out Facility generally would include in income increasingly greater amounts of OID in successive accrual periods. A Holder's tax basis in the New Take-Out Facility, as the case may be, will be increased by the amount of OID included in the Holder's gross income and will be decreased by the amount of any payments (other than payments of qualified stated interest) received by the Holder with respect to such interest in the New Take-Out Facility.

5. **Distributions in Discharge of Accrued Interest**

A U.S. Person holding an Allowed Claim who, under its accounting method, did not previously include in its income accrued but unpaid interest ("Accrued Interest") attributable to that Allowed Claim, and who exchanges such an Allowed Claim for Cash or other property (including an interest in the New Take-Out Facility, or New Common Stock, as the case may be) pursuant to the Plan, should be treated as receiving ordinary interest income to the extent of any consideration so received allocable to such Accrued Interest, regardless of whether that U.S. Person realizes an overall gain or loss as a result of the exchange of its Allowed Claim, and regardless of whether the Person's Allowed Claim is a capital asset in its hands.

A U.S. Person holding an Allowed Claim generally should be able to recognize a deductible loss to the extent any Accrued Interest claimed was previously included in its gross income and is not paid in full by the applicable Debtors. Such loss may be ordinary, but the tax law is unclear on this point.

The extent to which the consideration received by a U.S. Holder of a surrendered Allowed Claim will be attributed to accrued interest on the debts constituting the surrendered Claim is unclear. Certain Treasury Regulations generally treat a payment under a debt instrument first as a payment of accrued and untaxed interest and then as a payment of principal. Application of this rule to a final payment on a debt instrument being discharged at a discount in bankruptcy is unclear.

Pursuant to the Plan, 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. However, the provisions of the Plan are not binding on the IRS or a court with respect to the appropriate tax treatment for creditors.

U.S. PERSONS SHOULD CONSULT THEIR OWN TAX ADVISORS CONCERNING THE ALLOCATION OF CONSIDERATION RECEIVED IN SATISFACTION OF THEIR CLAIMS AND THE U.S. FEDERAL INCOME TAX TREATMENT OF ACCRUED BUT UNPAID INTEREST.

6. **Litigation Trust**

For a discussion of certain tax consequences with respect to the Litigation Trust, see Section VI.B.7.

7. **Holders of Allowed Claims Consisting of Convenience Class Claims**

Pursuant to the Plan, each Holder of an Allowed Claim consisting of a Convenience Class Claim shall have the right to receive Cash. Such exchange should be treated as a taxable exchange under Section 1001 of the Tax Code. The Holder should recognize capital gain or loss equal to the difference between (i) the Cash received and (ii) the Holder's adjusted tax basis in its claim. Such gain or loss should be capital in nature (subject to any "market discount") and should be long-term capital gain or loss if the debts constituting the surrendered Convenience Class Claim were held for more than one year. To the extent that a portion of the Convenience Class Claim is allocable to accrued but untaxed interest, the Holder may recognize ordinary interest income. *See* "Distributions in Discharge of Accrued Interest" above.

8. **Holders of Allowed Claims Consisting of General Unsecured Claims Against Gibson Holdings, Inc.**

Pursuant to the Plan, each Holder of a Gibson Holdings Claim shall have the right to receive a Profits Interest in the TEAC Shares owned by Gibson Holdings, Inc. of a value as of the date of Distribution equal to such Holder's Pro Rata share of the value of Gibson Holdings, Inc. as of the Effective Date.

A Holder of a Gibson Holdings Claim that is also a Holder of an Allowed Prepetition Secured Notes Claim should see the discussion in "Exchange of Prepetition Secured Notes for New Common Stock" above regarding certain consequences in connection with the receipt of the Profits Interest.

For a Holder of a Gibson Holdings Claim that is not also a Holder of an Allowed Prepetition Secured Notes Claim, the exchange of a Gibson Holdings Claim for the Profits Interest is expected be treated as a taxable exchange under Section 1001 of the Tax Code. The Holder should recognize capital gain or loss equal to the difference between (i) the fair market value of the Profits Interest plus any other amounts received in respect of the applicable underlying note or instrument relating to such Claim and (ii) the Holder's adjusted tax basis in such underlying note or instrument. Such gain or loss should be capital in nature (subject to any "market discount") and should be long-term capital gain or loss if the debts constituting the surrendered Gibson Holdings Claim were held for more than one year. To the extent that a portion of the Gibson Holdings Claim is allocable to accrued but untaxed interest, the Holder may recognize ordinary interest income. *See* "Distributions in Discharge of Accrued Interest" above. Each Holder of a Gibson Holdings Claim should consult their own tax advisor regarding the tax treatment of the exchange of the Gibson Holdings Claim for a Profits Interest.

9. **Limitations on the Use of Capital Losses**

A U.S. Person who recognizes capital losses as a result of the distribution under the Plan will be subject to limits on the use of such capital losses. For a non-corporate U.S. Person, capital losses may be used to offset any capital gains (without regard to holding periods), and also ordinary income to the extent of the lesser of (a) $3,000 ($1,500 for married individuals filing separate returns) or (b) the excess of all the U.S. Person's capital losses over all the U.S. Person's capital gains. A non-corporate U.S. Person may carry over unused capital losses and apply them against future capital gains and a portion of their ordinary income for an unlimited number of years. For corporate U.S. Persons, capital losses may only be used to offset capital gains. A corporate U.S. Person that has more capital losses than may be used in a tax year may generally carry back unused capital losses to the three years preceding the capital loss year or may carry over unused capital losses for the five years following the capital loss year.

10. **Installment Method**

Because certain Holders of Allowed Claims, including Disputed Claims that ultimately become Allowed Claims, may receive Cash distributions subsequent to the Effective Date of the Plan, the imputed interest provisions of the Tax Code may apply to treat a portion of the subsequent distributions as imputed interest. Additionally, because a Holder may receive distributions with respect to an Allowed Claim in a taxable year or years following the year of the initial distribution, any loss and a portion of any gain realized by the Holder may be deferred. All Holders of Allowed Claims are urged to consult their tax advisors regarding the possible application of (or ability to elect out of) the "installment method" of reporting with respect to their claims.

11. **Tax Consequences for U.S. Person Holding Stock of Reorganized Gibson**

(a) Dividends Distributed to U.S. Persons

Distributions with respect to New Common Stock that is issued or received pursuant to the Plan generally will be dividends to the extent of Reorganized Gibson's current and accumulated earnings and profits allocable to such shares as determined under the Tax Code as of the end of the taxable year in which the distribution is made. Any portion of a distribution that exceeds Reorganized Gibson's current and accumulated earnings and profits would first be treated as a non-taxable return of capital reducing the Holder's tax basis (but not below zero) in its shares, and any excess would then be treated as gain from the disposition of the shares, the tax treatment of which is discussed below under "U.S. Person's Sale, Exchange or Other Disposition of New Common Stock".

Dividends paid to Holders who are U.S. Persons that are corporations generally will be eligible for the dividends-received deduction so long as Reorganized Gibson has sufficient earnings and profits. However, the dividends-received deduction is only available if certain holding period and ownership requirements are satisfied. The length of time that a shareholder has held its stock is reduced for any period during which the shareholder's risk of loss with respect to the stock is diminished by reason of the existence of certain options, contracts to sell, short sales, or similar transactions. In addition, to the extent that a corporation incurs indebtedness that is directly attributable to an investment in the stock on which the dividend is paid, all or a portion of the dividends-received deduction may be disallowed.

(b) U.S. Person's Sale, Exchange or Other Disposition of New Common Stock

Upon a U.S. Person's subsequent sale, exchange or other taxable disposition of the New Common Stock, such U.S. Person should recognize capital gain or loss in an amount equal to the

difference between the amount realized and its adjusted tax basis in the transferred shares. Such capital gain will be long-term capital gain if at the time of the sale, exchange or other disposition, the U.S. Person held the New Common Stock for more than one year. Long-term capital gains of a non-corporate taxpayer generally are taxed at preferential rates. The deductibility of capital losses is subject to significant limitations as described above. If the U.S. Person took a bad debt deduction with respect to its Claim or recognized an ordinary loss on the exchange of its Claim for New Common Stock, a U.S. Person may be required to treat gain recognized on the taxable disposition of the New Common Stock as ordinary income under the recapture rules of Section 108(e)(7) of the Tax Code.

12. **Medicare Tax**

Certain U.S. Persons who are Holders that are individuals, estates, or trusts are required to pay an additional 3.8% tax on, among other things, dividends and gains from the sale or other disposition of capital assets. Such Holders that are individuals, estates, or trusts should consult their tax advisors regarding the effect, if any, of this tax provision on their ownership and disposition of New Common Stock.

D. TAX CONSEQUENCES FOR NON-U.S. PERSONS HOLDING ALLOWED CLAIMS

The following discussion includes only certain U.S. federal income tax consequences of the Plan to Non-U.S. Persons that hold Allowed Claims. The discussion does not include any non-U.S. tax considerations. The rules governing the U.S. federal income tax consequences to non-U.S. Persons are complex. Each non-U.S. Person should consult its own tax advisor regarding the U.S. federal, state, and local and the non-U.S. tax consequences of the consummation of the Plan to such non-U.S. Persons and the ownership and disposition of an interest in the New Take-Out Facility (if any) or New Common Stock, as the case may be.

Whether a Non-U.S. Person realizes gain or loss on the exchange and the amount of such gain or loss is determined in the same manner as set forth above in connection with U.S. Persons.

1. **Gain Recognition**

Any gain realized by a Non-U.S. Person on the exchange of its Claim for an interest in the New Take-Out Facility (if any) or New Common Stock, as the case may be, generally should not be subject to U.S. federal income tax unless (1) such gain is effectively connected with the conduct by such Non-U.S. Person of a trade or business in the United States (and, if an income tax treaty applies, such gain is attributable to a permanent establishment maintained by such Non-U.S. Person in the United States) or (2) in the case of U.S. source gains or losses derived by an individual Non-U.S. Person, such individual is present in the United States for 183 days or more in the taxable year of the disposition and certain other conditions are met.

If the first exception applies, the Non-U.S. Person generally will be subject to U.S. federal income tax with respect to any gain realized on the exchange if such gain is effectively connected with the Non-U.S. Person's conduct of a trade or business within the United States in the same manner as a U.S. Person. In addition, if such a Non-U.S. Person is a corporation, it may be subject to a branch profits tax equal to 30% (or such lower rate provided by an applicable treaty) of its effectively connected earnings and profits for the taxable year, subject to certain adjustments. If the second exception applies, to the extent that any gain is taxable and does not qualify for deferral pursuant to a Reorganization as described above, the Non-U.S. Person generally will be subject to U.S. federal income tax at a rate of 30% (or at a reduced rate or exemption from tax under an applicable income tax treaty) on the amount by which such Non-

U.S. Person's capital gains allocable to U.S. sources exceed capital losses allocable to U.S. sources during the taxable year of the exchange.

2. **Distributions in Discharge of Accrued Interest**

A Non-U.S. Person holding an Allowed Claim, including a DIP Facility Claim or Allowed Prepetition Secured Notes Claim exchanged for an interest in the New Take-Out Facility (if any) or New Common Stock pursuant to the Plan, should be treated as receiving interest income to the extent of any consideration so received allocable to Accrued Interest that was not previously taken into account for U.S. federal income tax purposes, regardless of whether such Non-U.S. Person realizes an overall gain or loss as a result of the exchange of its Allowed Claim, and regardless of whether the Non-U.S. Person's Allowed Claim is a capital asset in its hands.

Under the Plan, except as otherwise specified, distributions in respect of Allowed Claims will be allocated first to the stated principal amount of such Claims, with any excess allocated to Accrued Interest. Certain Treasury Regulations generally treat a payment under a debt instrument first as a payment of accrued and untaxed interest and then as a payment of principal. Application of this rule to a final payment on a debt instrument being discharged at a discount in bankruptcy is unclear.

Subject to the discussion in "Backup Withholding" below, the payment to a Non-U.S. Person of interest, including Accrued Interest attributable to the Allowed Claims, should not be subject to U.S. federal withholding tax pursuant to the "portfolio interest exception," provided that the Non-U.S. Person (1) provides Reorganized Gibson with the appropriate (and validly executed) IRS Form W-8, (2) does not actually or constructively own 10% or more of stock of Reorganized Gibson, as measured by voting power, (3) is not a "controlled foreign corporation" that is related to Reorganized Gibson within the meaning of the Tax Code, and (4) is not a bank receiving interest described in Section 881(c)(3)(A) of the Tax Code.

If a Non-U.S. Person cannot satisfy the requirements of the portfolio interest exception described above, payments of interest, including Accrued Interest, made to such Non-U.S. Person, should be subject to a withholding tax at a rate of 30%, provided, however, that a Non-U.S. Person may be eligible to claim an exemption from or reduction in the rate of withholding under an applicable income tax treaty.

If payments of accrued untaxed interest are effectively connected with a Non-U.S. Person's trade or business in the United States (and, if required by an applicable income tax treaty, is attributable to a U.S. permanent establishment or fixed base) and such Non-U.S. Person provides Reorganized Gibson with an IRS Form W-8ECI (or successor form), such Non-U.S. Person should generally not be subject to withholding tax but will be subject to U.S. federal income tax in the same manner as a U.S. Person (unless an applicable income tax treaty provides otherwise). A Non-U.S. Person that is a corporation for U.S. federal income tax purposes may also be subject to a branch profits tax with respect to such Non-U.S. Person's effectively connected earnings and profits that are attributable to the accrued but untaxed interest at a rate of 30% (or a reduced rate or exemption from tax under an applicable income tax treaty).

3. **Non-U.S. Person Holding Interests in the New Take-Out Facility or New Common Stock**

(a) Dividends Received by a Non-U.S. Person

Distributions with respect to shares of New Common Stock that are received pursuant to the Plan generally will be dividends for U.S. federal income tax purposes to the extent of

Reorganized Gibson's current and accumulated earnings and profits allocable to such shares as determined under U.S. federal income tax principles as of the end of the taxable year in which the distribution is made. Any portion of a distribution that exceeds Reorganized Gibson's current and accumulated earnings and profits would first be treated as a non-taxable return of capital reducing the Non-U.S. Person's tax basis (but not below zero) in its shares, and any excess would then be treated as gain from the disposition of the shares, the tax treatment of which is discussed below under "Non-U.S. Person's Sale, Exchange or Other Disposition of Interests in the New Take-Out Facility or New Common Stock".

Dividend Withholding. Dividends paid to a Non-U.S. Person holding New Common Stock should generally be subject to withholding of U.S. federal income tax at the rate of 30% (unless an applicable income tax treaty reduces or eliminates such withholding). A Non-U.S. Person generally will be required to satisfy certain IRS certification requirements in order to claim a reduction of or exemption from withholding under a tax treaty by delivering IRS Form W-8BEN or W-8BEN-E (or a successor form) upon which the Non-U.S. Person certifies, under penalties of perjury, its status as a Non-U.S. Person and its entitlement to the lower treaty rate or exemption from tax with respect to such payments. Dividends that are effectively connected with the conduct of a trade or business by a Non-U.S. Person within the United States are not subject to the withholding tax, provided certain certification and disclosure requirements are satisfied, including completing IRS Form W-8ECI (or other applicable form). Instead, such dividends are subject to U.S. federal income tax on a net income basis in the same manner as if the Non-U.S. Person were a U. S. Person, unless (in the case of a Non-U.S. Person which does not have a permanent establishment in the United States) an applicable income tax treaty provides otherwise. A Non-U.S. Person that is a corporation for U.S. federal income tax purposes may also be subject to a branch profits tax with respect to such Non-U.S. Person's effectively connected earnings and profits that are attributable to dividends at a rate of 30% (or at a reduced rate or exemption from tax under an applicable income tax treaty). Special withholding rules apply to distributions from a "United States real property holding corporation" (a "USRPHC") for U.S. federal income tax purposes. As discussed below, Gibson does not believe that it is, and does not currently anticipate that Reorganized Gibson will be, a USRPHC for U.S. federal income tax purposes.

(b) Payment of Interest on the New Take-Out Facility

Generally, payments of interest (including for this purpose original issue discount) to a Non-U.S. Person are subject to U.S. federal withholding tax at a 30% rate (or such lower rate as is specified by an applicable income tax treaty) unless (i) the interest is effectively connected with a U.S. trade or business (and, if an income tax treaty with the United States so requires, is attributable to a U.S. permanent establishment of the Non-U.S. Person), in which case it is subject to U.S. net income tax or (ii) the "portfolio interest" exemption applies, as described above. Payments of interest that qualify for the "portfolio interest" exemption will not be subject to U.S. federal withholding tax.

A Non-U.S. Person that is not exempt from tax under the portfolio interest rules will be subject to U.S. federal income tax withholding at a rate of 30% on payments of interest, unless the Non-U.S. Person delivers to us or an applicable withholding agent a properly executed (1) IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable, claiming an exemption from or reduction in withholding under an applicable U.S. income tax treaty or (2) IRS Form W-8ECI stating that interest paid on the New Take-Out Facility is not subject to withholding tax because it is effectively connected with the conduct of a U.S. trade or business. If the interest is effectively connected with the conduct of a U.S. trade or business by a Non-U.S. Person (and, if required by an income tax treaty, is attributable to a U.S. permanent establishment of the Non-U.S. Person), the Non-U.S. Person generally will be taxed in the same manner as a U.S. Holder on such interest. If the Non-U.S. Person is a foreign corporation, it may also be subject to U.S.

branch profits tax on the "dividend equivalent amount" of its effectively connected earnings and profits at a 30% rate (or such lower rate as may be specified by an applicable income tax treaty). Non-U.S. Persons should consult their tax advisors regarding the applicability of an income tax treaty.

(c) Non-U.S. Person's Sale, Exchange or Other Disposition of Interests in the New Take-Out Facility or New Common Stock

Subject to the discussion below regarding backup withholding, if a Non-U.S. Person owns an interest in the New Take-Out Facility (if any) or New Common Stock, the Non-U.S. Person generally will not be subject to U.S. federal income tax with respect to any gain or loss realized on the sale, exchange or other taxable disposition, for U.S. federal income tax purposes, of such New Take-Out Facility or New Common Stock unless: (1) such gain or loss is effectively connected with the conduct by such Non-U.S. Person of a trade or business in the United States; (2) in the case of U.S. source gains or losses derived by an individual Non-U.S. Person, such individual is present in the United States for 183 days or more in the taxable year of the disposition and certain other conditions are met; or (3) in the case of New Common Stock, Reorganized Gibson is a USRPHC for U.S. federal income tax purposes during the shorter of the Non-U.S Person's holding period of the five year period ending on the date of disposition of the New Common Stock, unless certain exceptions apply. Gibson does not believe that it is, and does not currently anticipate that Reorganized Gibson will be, a USRPHC for U.S. federal income tax purposes.

Gain on a disposition of Interests in the New Take-Out Facility generally will not include amounts received in respect of accrued but unpaid interest not previously included in income. Such amounts are subject to the rules regarding interest described above in "Payment of Interest on the New Take-Out Facility."

(d) FATCA

Under the Foreign Account Tax Compliance Act ("FATCA"), foreign financial institutions and certain other foreign entities must report certain information with respect to their U.S. account holders and investors or be subject to withholding at a rate of 30% on the receipt of "withholdable payments." Such foreign entities may avoid withholding if (1) the foreign financial institution enters into an agreement with the U.S. Treasury Department to collect and disclose information regarding U.S. account holders of that foreign financial institution (including certain account holders that are foreign entities that have U.S. owners) and satisfies other requirements; or (2) with respect to certain specified other foreign entities, if such entity certifies that it does not have any substantial U.S. owner and such entity satisfies other specified requirements. For purposes of this paragraph, "withholdable payments" are generally U.S. source payments of fixed or determinable, annual or periodical income (including dividends, if any, on shares of New Common Stock, and interest on the New Take-Out Facility, as applicable), and also include gross proceeds from the sale or disposition of any property of a type which can produce U.S. source interest or dividends (which would include New Common Stock and the New Take-Out Facility, as applicable) if such sale or other disposition occurs after December 31, 2018. FATCA withholding will apply even if the applicable payment would not otherwise be subject to U.S. federal nonresident withholding.

E. INFORMATION REPORTING AND BACKUP WITHHOLDING

1. Information Reporting

Reporting by Reorganized Gibson. Reorganized Gibson must report annually to the IRS and to each Non-U.S. Person holding its stock the amount of dividends paid to such Non-U.S.

Person and the tax withheld with respect to such dividends, regardless of whether withholding was required. Copies of the information returns reporting such dividends and withholding may also be made available to the tax authorities in the country in which the Non-U.S. Person resides under the provisions of an applicable treaty.

Loss Reporting. The Treasury Regulations generally require disclosure by a taxpayer on its U.S. federal income tax return of certain types of transactions in which the taxpayer participated, including, among other types of transactions, certain transactions that result in the taxpayer's claiming a loss in excess of specified thresholds.

Holders of Claims are urged to consult their tax advisors regarding these regulations and whether the transactions contemplated by the Plan would be subject to these regulations and require disclosure on the Holder's tax returns.

2. **Backup Withholding**

Backup withholding of taxes will generally apply to payments in respect of an Allowed Claim under the Plan unless, in the case of a U.S. Person, such U.S. Person provides a properly executed IRS Form W-9 and, in the case of a Non-U.S. Person, such Non-U.S. Person provides a properly executed applicable IRS Form W-8 (or otherwise establishes such Non-U.S. Person's eligibility for an exemption).

U.S. backup withholding tax is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against a Non-U.S. Person's U.S. federal income tax liability provided the required information is timely furnished to the IRS.

Depending on the circumstances, information reporting and backup withholding may apply to the proceeds received from a sale or other disposition of New Take-Out Facility interests and New Common Stock, as applicable, unless the beneficial owner certifies under penalty of perjury that it is a Non-U.S. Person (and the payor does not have actual knowledge or reason to know that the beneficial owner is a United States person as defined under the Tax Code), or such owner otherwise establishes an exemption.

F. TAX CONSEQUENCES FOR THE DEBTORS AND REORGANIZED GIBSON

1. **Cancellation of Debt**

In general, absent an exception, a debtor recognizes cancellation of debt income ("COD Income"), for U.S. federal income tax purposes, upon the satisfaction of its outstanding indebtedness for total consideration less than the amount of such indebtedness. The amount of COD Income, in general, is the excess of (a) the adjusted issue price of the indebtedness satisfied, over (b) the sum of (i) the amount of cash paid, (ii) the issue price of any new indebtedness issued by the debtor, and (ii) the fair market value of any other new consideration (including stock of the debtor or a party related to the debtor) given in satisfaction of such indebtedness at the time of the exchange. Moreover, no COD Income would be realized to the extent that the payment of the debt being discharged would have given rise to a deduction. For example, no COD Income should arise from the cancellation of interest that has accrued but has not yet been taken into account for tax purposes by the applicable Debtor under its method of accounting.

The Plan provides, in relevant part, for: (i) the Debtors to refinance the $135 million principal amount of DIP Facility Claims with the proceeds of a New Exit Term Loan Facility or, at the election of the Required DIP Lenders, the Debtors may refinance a portion of or all of the DIP Facility Claims either with (a) a New Take-Out Facility secured by liens junior to the New

Exit ABL Facility and the New Exit Term Loan Facility, (b) conversion of all of the remaining DIP Facility Claims to New Common Stock in Reorganized Gibson at a price per share equal to 80% of Plan Value (subject to dilution as described above), or (c) through a combination of the foregoing and (ii) Reorganized Gibson to issue New Common Stock to Holders of Allowed Prepetition Secured Notes Claims in cancellation of such Claims. Because it is anticipated the interests in the New Take-Out Facility (to the extent the Company incurs such facility) and New Common Stock distributed to the Holders of DIP Facility Claims and Allowed Prepetition Secured Notes Claims, respectively, should be treated as having an aggregate value that is less than the adjusted issue price of such refinanced or cancelled debt, Reorganized Gibson should generally realize COD Income from the cancellation. The Debtors expect that the consummation of the Plan will produce a significant amount of COD income, however the amount of such income cannot be known with certainty at this time.

Although Section 61 of the Tax Code generally requires COD Income to be included in gross income in the taxable year of discharge, under the "Bankruptcy Exception" provided in Section 108 of the Tax Code, COD Income is specifically excluded from gross income when the debtor is in a case under the Bankruptcy Code and its indebtedness is cancelled pursuant to a confirmed plan. Accordingly, the Debtors believe that they should not be required to include in income any COD Income that results from the Plan in their gross income.

Section 108(b) of the Tax Code, however, requires that certain tax attributes of the Debtors be reduced by the amount of COD Income they exclude from income under the Bankruptcy Exception. Tax attributes are reduced in the following order of priority: (a) net operating losses and net operating loss carryovers; (b) general business credits; (c) minimum tax credits; (d) capital loss carryovers; (e) basis of property of the taxpayer; (f) passive activity loss or credit carryovers; and (g) foreign tax credit carryovers. Tax attributes are generally reduced by one dollar for each dollar excluded from gross income, except that general tax credits, minimum tax credits, and foreign tax credits are reduced by 33.3 cents for each dollar excluded from gross income. In general, any excess COD Income over the amount of available tax attributes is not subject to U.S. federal income tax and generally has no other U.S. federal income tax impact.

Under Section 108(b)(5) of the Tax Code, a debtor may elect to first reduce its basis in depreciable property held by the taxpayer in an amount not to exceed the aggregate adjusted basis of such property. When debtors are members of a consolidated group, different elections under Section 108(b)(5) of the Tax Code can be made with respect to different members with COD Income excluded under the Bankruptcy Exception. The Debtors have not yet made a determination regarding whether to make this election for any member of their consolidated group. If this decision were to change, the deadline for making such election is the due date (including extensions) of their consolidated U.S. federal income tax return for the taxable year in which the COD Income arises under the Plan and is excludable under the Bankruptcy Exception.

The Treasury Regulations address the method and order for applying tax attribute reduction to an affiliated group of corporations filing a consolidated return for U.S. federal income tax purposes. Under these Treasury Regulations, the tax attributes of each member of an affiliated group that is excluding COD Income is first subject to reduction. To the extent that the debtor member's tax basis in stock of a lower-tier member of an affiliated group is reduced, a "look through rule" requires that a corresponding reduction be made to the tax attributes of the lower-tier member. If a debtor member's excluded COD Income exceeds its tax attributes, the excess COD Income is applied to reduce certain remaining consolidated tax attributes of the affiliated group.

2. Exchange of Gibson Holdings Claims for Profits Interests

The consequences to Gibson and Gibson Holdings, Inc. in connection with the exchange of Gibson Holdings Claims for Profits Interests is unclear. It is possible that the exchange could result in the Gibson Brands, Inc. consolidated group recognizing capital gain equal to the excess of the fair market value of the TEAC Shares over the adjusted basis of the TEAC Shares. In such case, net operating losses ("NOLs") or other tax attributes of the Gibson Brands, Inc. consolidated group may be available to offset some or all of the tax cost, but it is possible that the exchange could nonetheless result in adverse tax consequences to Gibson. Gibson Holdings, Inc. may also realize COD Income in connection with the exchange, and certain tax attributes of Gibson Holdings, Inc. may be reduced by the amount of COD Income in the same manner as discussed above in relation to the Debtors generally. The Debtors are continuing to evaluate the U.S. federal income tax consequences of the exchange.

3. Net Operating Losses

As of March 31, 2017, the Debtors' consolidated group had approximately $130 million of U.S. federal NOLs. NOLs generated in the Debtors' taxable years beginning prior to January 1, 2018 if not reduced as a result of the recognition of COD Income or used, may be carried forward for twenty years following the taxable year of the loss, and NOLs generated in the Debtors' taxable years beginning after December 31, 2017, if not reduced as a result of the recognition of COD Income or used, may be carried forward indefinitely, but may only be used to offset eighty percent (80%) of taxable income in a given year, and generally may not be carried back. A significant portion of the Debtors' U.S. federal NOLs is expected to be limited by Section 382 of the Tax Code; however, at this time that amount has not been quantified. In addition to certain U.S. federal NOLs, the Debtors had, as of March 31, 2017, approximately $160 million of state NOLs, which are also likely subject to significant limitation under applicable law. However, as discussed above, this Tax Disclosure summarizes only certain of the U.S. federal income tax consequences associated with the Plan's implementation and does not address state, local or non-U.S. tax consequences of the Plan, such as the amount of, or the Debtors' ability to utilize, any state, local or non-U.S. NOLs.

The NOL amounts reported in tax returns are subject to examination, and possible significant adjustment, upon such examination, by the IRS and other taxing authorities. In addition, estimates of Reorganized Gibson's' NOLs are subject to legal and factual uncertainty. As a result of the consummation of the Plan, the Debtors expect that there will be material reductions in, or eliminations of, their NOL carryforwards and certain other tax attributes.

Various limitations could apply to Reorganized Gibson's use of NOLs to offset taxable income arising in tax years ending after the Effective Date. Such limitations could arise under the alternative minimum tax rules (for taxable years of the Debtors beginning before January 1, 2018) or the current or future suspension of NOL carryforwards for state or federal purposes. Moreover, the Debtors expect that Tax Code Section 382 may limit their use of NOL carryforwards, as discussed in the next section.

4. Section 382 Limitation

Following the Effective Date, the Debtors anticipate that any remaining NOL carryover, capital loss carryover, tax credit carryovers, and certain other tax attributes, including any interest deductions disallowed under Tax Code Section 163(j) and losses and deductions that have accrued economically but are unrecognized as of the date of the ownership change) of Reorganized Gibson allocable to periods before the Effective Date (collectively, the "Pre-Change Losses") may be subject to limitation or elimination under Tax Code sections 382 and 383 as a result of an "ownership change" of Reorganized Gibson by reason of the transactions

consummated pursuant to the Plan. Under Tax Code section 382 (and section 383), if a corporation undergoes an "ownership change," the amount of such corporation's Pre-Change Losses that may be utilized to offset future taxable income generally is subject to an annual limitation (the "Section 382 Limitation"). The rules of the Section 382 Limitation are complicated, but, as a general matter, the Debtors anticipate that the distribution of the New Common Stock pursuant to the Plan will result in an "ownership change" of Reorganized Gibson for these purposes, and that Reorganized Gibson's use of their Pre-Change Losses will be subject to the Section 382 Limitation unless an exception (as described below) to the general rules of section 382 of the Tax Code applies. As discussed above, a significant portion of the Debtors' U.S. federal NOLs is expected to be subject to a Section 382 Limitation; however, at this time that amount has not been quantified.

For this purpose, if a corporation (or consolidated group) has a net unrealized built-in loss at the time of an ownership change (taking into account most assets and items of "built-in" income and deductions), then generally built-in losses (including amortization or depreciation deductions attributable to such built-in losses) recognized during the following five years (up to the amount of the original net unrealized built-in loss) will be treated as Pre-Change Losses and similarly will be subject to the annual limitation. In general, a corporation's (or consolidated group's) net unrealized built-in loss will be deemed to be zero unless it is greater than the lesser of (a) $10,000,000 or (b) 15% of the fair market value of its assets (with certain adjustments) before the ownership change. The Debtors are currently working to estimate whether the Company has a net unrealized built-in gain or loss.

In general, the amount of the annual limitation applicable to a corporation that undergoes an "ownership change" is equal to the product of (i) the fair market value of the stock of the corporation immediately before the "ownership change" (with certain adjustments) multiplied by (ii) the "long-term tax-exempt rate" (which is the highest of the adjusted federal long-term rates in effect for any month in the 3-calendar-month period ending with the calendar month in which the "ownership change" occurs; the adjusted federal long-term rate in effect for June 2018 is 2.31%). The Section 382 Limitation may be increased to the extent that Reorganized Gibson recognizes or is treated as recognizing certain built-in gains in its assets during the five-year period following the ownership change. Tax Code Section 383 applies a similar limitation to capital loss carry-forwards and tax credits. Any unused portion of the limitation may be carried forward, which would increase the annual limitation in the subsequent taxable year. However, as discussed below, special rules may apply since the anticipated ownership change would result from a bankruptcy proceeding.

Tax Code Section 382(l)(5), if applicable and not affirmatively elected out of, allows a corporation in bankruptcy to elect to undergo an ownership change without being subject to the Section 382 Limitation. To be eligible for this exception, former shareholders and "qualified creditors" of a debtor corporation in chapter 11 bankruptcy must receive, in respect of their equity interests or claims (as applicable), at least 50 percent of the vote and value of the stock of the reorganized debtor (or a controlling corporation if also in chapter 11) pursuant to a confirmed chapter 11 plan (the "Section 382(l)(5) Exception"). A "qualified creditor" is a party that has either held the debt for at least eighteen (18) months before filing of the bankruptcy or holds ordinary course of business debt. In the event the Section 382(l)(5) Exception applies, Reorganized Gibson's Pre-Change Losses would not be subject to the Section 382 Limitation, but their NOL carryforwards would be reduced by the amount of any interest deductions claimed during the three taxable years preceding the taxable year that includes the date of the chapter reorganization, and the portion of the taxable year up to and including the date of the chapter 11 reorganization, in respect of all debt converted into stock in the chapter 11 reorganization. If the 382(l)(5) Exception applies and Reorganized Gibson undergoes another "ownership change" within two years after the Effective Date, then Reorganized Gibson's Pre-Change Losses, as of the date of the subsequent "ownership change," would be effectively eliminated. Even if

however, Reorganized Gibson qualifies for the Section 382(l)(5) Exception, the Debtors or Reorganized Gibson may decide to elect out of the Section 382(l)(5) Exception, particularly if it appears likely that another ownership change will occur within two years after emergence.

If the Section 382(l)(5) Exception is not applicable to a corporation in bankruptcy (because it is not eligible or otherwise elects out of its application), a second special rule will generally apply (the "Section 382(l)(6) Exception"). Under the Section 382(l)(6) Exception, the annual limitation will be calculated by reference to the lesser of the value of the debtor corporation's new stock (with certain adjustments) immediately after the ownership change or the value of such debtor corporation's assets (determined without regard to liabilities) immediately before the ownership change. This differs from the ordinary rule that requires the fair market value of a debtor corporation that undergoes an "ownership change" to be determined before the events giving rise to the change. The Section 382(l)(6) Exception also differs from the Section 382(l)(5) Exception because, under the Section 382(l)(6) Exception, the debtor corporation is not required to reduce its NOL carry forwards by the amount of interest deductions claimed within the prior three-year period, and the debtor may undergo a change of ownership within two years without triggering the elimination of its Pre-Change Losses. The resulting limitation would be determined under the regular rules for ownership changes.

Regardless of whether Reorganized Gibson takes advantage of the Section 382(l)(6) Exception or the Section 382(l)(5) Exception, Reorganized Gibson's use of their Pre-Change Losses after the Effective Date may be adversely affected if an "ownership change" within the meaning of section 382 of the Tax Code were to occur after the Effective Date.

G. TAXABLE SALE TRANSACTION

The U.S. federal income tax consequences of the implementation of the Plan to the Debtors will depend on, among other things, whether the Restructuring Transactions are structured in whole or in part as a taxable sale of the Debtors' assets and/or equity (such structure, a "Taxable Sale Transaction"). For example, the Debtors may structure the Restructuring Transactions as a transfer of substantially all or some of the Debtors' assets (including equity in subsidiaries) in a Taxable Sale Transaction to a newly formed entity (or an affiliate or subsidiary of such entity) formed and controlled by certain Holders of Claims against the Debtors, and in such case, some or all of the New Common Stock (and/or other interests) issued to Holders of Claims pursuant to the Plan may be comprised of the stock (and/or other interests) of such new entity (or an affiliate or subsidiary of such entity) and such new entity (or an affiliate or subsidiary of such entity) shall be Reorganized Gibson.

If the transactions undertaken pursuant to the Plan are structured in whole or in part as a Taxable Sale Transaction with respect to the assets of any Debtor, the Debtors would recognize taxable gain or loss upon the transfer in an amount equal to the difference between (a) the sum of any cash and the fair market value of any property received by the Debtors plus the amount of any of the Debtors' liabilities assumed by the acquiror in exchange for the assets treated as sold in the Taxable Sale Transaction (which amount should equal the fair market value of the assets treated as sold in the Taxable Sale Transaction), and (b) the applicable Debtor's adjusted tax basis in such assets. It is possible the Debtors will recognize a substantial amount of taxable income or gain in connection with a Taxable Sale Transaction and may not have sufficient net operating loss carryforwards or other tax attributes to apply to fully offset the amount of gain recognized, in which case the Debtors will be required to pay cash federal income taxes with respect to the net amount of taxable income. In addition, any NOL carryover, capital loss carryover, tax credit carryovers, and certain other tax attributes, including any interest deductions disallowed under Tax Code Section 163(j) and losses and deductions that are not utilized to offset gain from a Taxable Sale Transaction could be eliminated if the applicable Debtor is liquidated following the Taxable Sale Transaction.

If Reorganized Gibson purchases assets or equity of any Debtor pursuant to a Taxable Sale Transaction, it will take a fair market value basis in the transferred assets or equity. However, if a Taxable Sale Transaction involves a purchase of equity of a Debtor treated as a corporation for income tax purposes, the Debtor whose equity is transferred would retain its basis in its assets (unless the seller of such equity and Reorganized Gibson purchasing such equity, in the case of an election under section 338(h)(10) of the Tax Code) is a corporation for U.S. federal income tax purposes and the seller and/or purchaser, as applicable, make an election under section 338(h)(10) or 336(e) of the Tax Code to treat the transaction as a taxable sale of the underlying assets), subject to reduction due to COD Income.

If the Debtors structure the Restructuring Transactions, in whole or in part, as a Taxable Sale Transaction (as discussed below), then U.S. Holders of Claims will be treated as exchanging such claims in a taxable exchange under section 1001 of the Tax Code. The determination of gain or loss and a U.S. Holder's tax basis in any stock (and/or other interests) of such new entity (or an affiliate or subsidiary of such entity) will depend on the particular nature of the Restructuring Transactions. The Debtors have not yet determined if it is desirable to structure the Restructuring Transactions as a Taxable Sale Transaction. U.S. Holders of Claims should consult their own tax advisors regarding the determination of such consequences to them in the event of a Taxable Sale Transaction.

H. GENERAL DISCLAIMER

THE FOREGOING U.S. FEDERAL INCOME TAX SUMMARY HAS BEEN PROVIDED FOR INFORMATIONAL PURPOSES ONLY. THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN ARE COMPLEX. THE FOREGOING SUMMARY DOES NOT DISCUSS ALL ASPECTS OF U.S. FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO A PARTICULAR HOLDER IN LIGHT OF SUCH HOLDER'S CIRCUMSTANCES AND INCOME TAX SITUATION. ALL HOLDERS OF CLAIMS AND EQUITY INTERESTS SHOULD CONSULT WITH THEIR OWN TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF THE TRANSACTIONS CONTEMPLATED BY THE PLAN, INCLUDING THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL, OR NON-U.S. TAX LAWS, AND OF ANY CHANGE IN APPLICABLE TAX LAWS.

ARTICLE XII.
RISK FACTORS

PRIOR TO VOTING TO ACCEPT OR REJECT THE PLAN, ALL HOLDERS OF CLAIMS AND EQUITY INTERESTS THAT ARE IMPAIRED SHOULD READ AND CONSIDER CAREFULLY THE RISK FACTORS SET FORTH HEREIN, AS WELL AS ALL OTHER INFORMATION SET FORTH OR OTHERWISE REFERENCED IN THIS DISCLOSURE STATEMENT. ALTHOUGH THESE RISK FACTORS ARE MANY, THESE FACTORS SHOULD NOT BE REGARDED AS CONSTITUTING THE ONLY RISKS PRESENT IN CONNECTION WITH THE DEBTORS' BUSINESS OR THE PLAN AND ITS IMPLEMENTATION.

A. CERTAIN BANKRUPTCY LAW CONSIDERATIONS

1. Parties in Interest May Object to the Debtors' Classification of Claims and Equity Interests.

Section 1122 of the Bankruptcy Code provides that a plan may place a claim or an equity interest in a particular class only if such claim or equity interest is substantially similar to the other claims or equity interests in such class. The Debtors believe that the classification of Claims and Equity Interests under the Plan complies with the requirements set forth in the Bankruptcy Code because the Debtors created Classes of Claims and Equity Interests, each encompassing Claims or Equity Interests, as applicable, that are substantially similar to the other Claims and Equity Interests in each such Class. Nevertheless, there can be no assurance that the Bankruptcy Court will reach the same conclusion.

2. The Conditions Precedent to Confirmation and the Effective Date of the Plan May Not Occur.

As more fully set forth in Article IX of the Plan, the Confirmation and Effective Date of the Plan are each subject to a number of conditions precedent. If such conditions precedent are not waived or not met, the Confirmation and/or the Effective Date will not take place.

3. The Debtors May Fail to Satisfy the Vote Requirement.

If votes are received in number and amount sufficient to enable the Bankruptcy Court to confirm the Plan, the Debtors intend to seek, as promptly as practicable thereafter, confirmation of the Plan. In the event that sufficient votes are not received, the Debtors may seek to accomplish an alternative chapter 11 plan. There can be no assurance that the terms of any such alternative chapter 11 plan would be similar or as favorable to the Holders of Allowed Claims or Equity Interests as those proposed in the Plan.

4. The Debtors May Not Be Able to Secure Confirmation of the Plan.

Section 1129 of the Bankruptcy Code sets forth the requirements for confirmation of a chapter 11 plan and requires, among other things, findings by the bankruptcy court that: (a) such plan "does not unfairly discriminate" and is "fair and equitable" with respect to any non-accepting classes; (b) confirmation of such plan is not likely to be followed by a liquidation or a need for further financial reorganization unless such liquidation or reorganization is contemplated by the plan; and (c) the value of distributions to non-accepting Holders of Claims within a particular class under such plan will not be less than the value of distributions such Holders would receive if the debtor was liquidated under chapter 7 of the Bankruptcy Code.

There can be no assurance that the requisite acceptances to confirm the Plan will be received. Even if the requisite acceptances are received, there can be no assurance that the Bankruptcy Court will confirm the Plan. A non-accepting Holder of an Allowed Claim or Equity Interest might challenge either the adequacy of this Disclosure Statement or whether the balloting procedures and voting results satisfy the requirements of the Bankruptcy Code or Bankruptcy Rules. Even if the Bankruptcy Court determined that the Disclosure Statement, the balloting procedures and voting results were appropriate, the Bankruptcy Court could still decline to confirm the Plan if it found that any of the statutory requirements for confirmation had not been met, including the requirement that the terms of the Plan do not "unfairly discriminate" and are "fair and equitable" to non-accepting Classes, or the Plan contains other terms disapproved of by the Bankruptcy Court.

Confirmation of the Plan is also subject to certain conditions as described in Article IX of the Plan. If the Plan is not confirmed, it is unclear what distributions, if any, Holders of Allowed Claims or Equity Interests would receive with respect to their Allowed Claims or Equity Interests.

The Debtors, subject to the terms and conditions of the Plan and Restructuring Support Agreement, reserve the right to modify the terms and conditions of the Plan as necessary for confirmation. Any such modifications could result in less favorable treatment of any non-accepting Class, as well as any Classes junior to such non-accepting Class, than the treatment currently provided in the Plan. Such less favorable treatment could include a distribution of property to the Class affected by the modification of a lesser value than currently provided in the Plan or no distribution of property whatsoever under the Plan. Section 1127 of the Bankruptcy permits the Debtors to modify the Plan at any time before confirmation, but not if such modified Plan fails to meet the requirements for confirmation. The Debtors or the Reorganized Debtors may, subject to the Restructuring Support Agreement, modify the Plan at any time after confirmation of the Plan and before substantial consummation of the Plan if circumstances warrant such modification and the Bankruptcy Court, after notice and a hearing, confirms the Plan as modified, but not if such modified Plan fails to meet the requirements for confirmation. The Debtors will comply with the disclosure and solicitation requirements set forth in section 1125 of the Bankruptcy Code with respect to the modified Plan. Any Holder of a Claim or Equity Interest that has accepted or rejected the Plan is deemed to have accepted or rejected, as the case may be, the Plan as modified, unless, within the time fixed by the Bankruptcy Court, such Holder changes its previous acceptance or rejection.

5. **Non-Consensual Confirmation of the Plan May Be Necessary.**

In the event that any Impaired class of claims or equity interests does not accept a chapter 11 plan, a bankruptcy court may nevertheless confirm such a plan at the proponents' request if at least one Impaired class has accepted the plan (with such acceptance being determined without including the vote of any "insider" in such class) and, as to each Impaired class that has not accepted the plan, the bankruptcy court determines that the plan "does not discriminate unfairly" and is "fair and equitable" with respect to the dissenting Impaired classes. The Debtors believe that the Plan satisfies these requirements and the Debtors may request such non-consensual confirmation in accordance with subsection 1129(b) of the Bankruptcy Code. Nevertheless, in the event that a Voting Class does not accept the Plan, there can be no assurance that the Bankruptcy Court will reach this conclusion.

6. **Continued Risk Upon Confirmation.**

Even if the Plan is consummated, the Debtors will continue to face a number of risks, including certain risks that are beyond their control, such as deterioration or other changes in economic conditions, changes in the Debtors' industry, potential revaluing of their assets due to chapter 11 proceedings, changes in demand for the Debtors' products, foreign exchange rate fluctuations, and increasing expenses. Some of these concerns and effects typically become more acute when a case under the Bankruptcy Code continues for a protracted period without indication of how or when the case may be completed. As a result of these risks and others, there is no guarantee that the Plan will achieve the Debtors' stated goals.

In addition, at the outset of the Chapter 11 Cases, the Bankruptcy Code provides the Debtors with the exclusive right to propose the Plan and prohibits creditors and others from proposing a plan. As of the date hereof, the Debtors have retained the exclusive right to propose the Plan. If the Bankruptcy Court terminates that right, however, or the exclusivity period expires, there could be a material adverse effect on the Debtors' ability to achieve confirmation of the Plan in order to achieve the Debtors' stated goals.

Further, even if the Debtors' debts are reduced and/or discharged through the Plan, the Debtors may need to raise additional funds through public or private debt or equity financing or other various means to fund the Debtors' business after the completion of the proceedings related to the Chapter 11 Cases. Adequate funds may not be available when needed or may not be available on favorable terms

7. **The Debtors May Object to the Amount or Classification of a Claim or Equity Interest.**

Except as otherwise provided in the Plan, the Debtors and Reorganized Debtors reserve the right to object to the amount or classification of any Claim or Equity Interest under the Plan. The estimates set forth in this Disclosure Statement cannot be relied on by any Holder of a Claim or Equity Interest where such Claim or Equity Interest is or may become subject to an objection, counterclaim or other suit by the Debtors. Any Holder of a Claim or Equity Interest that is or may become subject to an objection thus may not receive its expected share of the estimated distributions described in this Disclosure Statement.

8. **The Effective Date May Not Occur.**

Although the Debtors believe that the Effective Date may occur quickly after the Confirmation Date, there can be no assurance as to such timing or as to whether the Effective Date will, in fact, occur.

9. **The Method of Refinancing the DIP Facility Will Impact the Capital Structure of Reorganized Gibson**

Under the Restructuring Support Agreement and the Plan, the DIP Lenders have the option to refinance their claims through a combination of some or all of: (x) the proceeds of the New Exit Term Loan Facility, (y) the proceeds of the New Take-Out Facility; and/or (z) the Take-Out Equity Option. The method (or combination of methods) used to refinance the DIP Facility will impact the capital structure of Reorganized Gibson. As of the date hereof, there is no certainty about which option the DIP Lenders will choose.

10. **The Restructuring Support Agreement May Terminate.**

As set forth herein, the Restructuring Support Agreement may terminate if, among other things, the deadlines set forth in such agreement are not met or if the conditions precedent to the respective party's obligations to support the Plan or to confirm the Plan are not satisfied in accordance with the terms of such agreement. If the Restructuring Support Agreement terminates, the Debtors may not be able to obtain the support of the Holders of Claims required to adopt the Plan or any other chapter 11 plan of reorganization.

11. **The Chapter 11 Cases May Be Converted to Cases Under Chapter 7 of the Bankruptcy Code**

If the Bankruptcy Court finds that it would be in the best interest of creditors and/or the debtor in a chapter 11 case, the Bankruptcy Court may convert a chapter 11 bankruptcy case to a case under chapter 7 of the Bankruptcy Code. In such event, a chapter 7 trustee would be appointed or elected to liquidate the debtor's assets for distribution in accordance with the priorities established by the Bankruptcy Code. The Debtors believe that liquidation under chapter 7 would result in significantly smaller distributions being made to creditors than those provided for in the Plan because of (a) the likelihood that the assets would have to be sold or otherwise disposed of in a disorderly fashion over a short period of time, rather than reorganizing or selling the business as a going concern at a later time in a controlled manner, (b) additional

administrative expenses involved in the appointment of a chapter 7 trustee, and (c) additional expenses and Claims, some of which would be entitled to priority, that would be generated during the liquidation, including Claims resulting from the rejection of Unexpired Leases and other Executory Contracts in connection with cessation of operations.

12. Risks Relating to the Litigation Trust

Pursuant to the Plan, the Litigation Trust shall be formed on the Effective Date. The Litigation Trust Assets shall consist of: (i) to the extent not resolved as of the Effective Date, the Litigation Trust Claims, (ii) to the extent the Litigation Trust Claims are not resolved as of the Effective Date, the Litigation Funding Amount, and (iv) the Litigation Trust Funds. There is no assurance that the Litigation Trust will have any proceeds for distribution to the Litigation Trust Beneficiaries from the Litigation Trust Claims. In particular, there is no assurance that the Litigation Trust Claims will be successfully prosecuted and result in any proceeds distributable to the Litigation Trust. To the extent the Litigation Trust realizes or obtains any Cash proceeds from the Litigation Trust Claims distributable to the Litigation Trust Beneficiaries, the timing of any such Distribution is uncertain. Moreover, there is no assurance that the Litigation Trust assets will be sufficient to fund the Litigation Trust Expenses to enable the Litigation Trust to operate as envisioned under the Plan and the Litigation Trust Agreement and to make distributions. Accordingly, there is no assurance of the amount that the Litigation Trust will distribute to Litigation Trust Beneficiaries under the Plan, the timing on which any Distributions will be made, or that the Litigation Trust will make any Distributions to the Litigation Trust Beneficiaries.

13. Releases, Injunctions, and Exculpations Provisions May Not Be Approved

Article X of the Plan provides for certain releases, injunctions, and exculpations, including a release of liens and third-party releases that may otherwise be asserted against the Debtors, Reorganized Debtors, or Released Parties, as applicable. The releases, injunctions, and exculpations provided in the Plan may not be approved. If the releases are not approved, certain Released Parties may withdraw their support for the Plan. The releases provided to the Released Parties and the exculpation provided to the Exculpated Parties are necessary to the success of the Debtors' reorganization because the Released Parties and Exculpated Parties have made significant contributions to the Debtors' reorganization efforts and have agreed to make further contributions, but only if they receive the full benefit of the Plan's release and exculpation provisions. The Plan's release and exculpation provisions are an inextricable component of the Restructuring Support Agreement and the significant deleveraging and financial benefits embodied in the Plan.

B. RISK FACTORS THAT MAY AFFECT THE VALUE OF SECURITIES TO BE ISSUED UNDER THE PLAN AND/OR RECOVERIES UNDER THE PLAN

1. There May Be a Lack of a Trading Market for the New Common Stock and There is No Assurance the New Common Stock Will be Listed on a Nationally Recognized Exchange.

The New Common Stock to be issued under the Plan may be subject to certain restrictions on transferability, and as of the Effective Date will not, and may not ever, be listed on a nationally recognized exchange.

There can be no assurance that any market will develop or as to the liquidity of any market that may develop for any such securities.

2. **The Value of the TEAC Shares is Uncertain.**

Recoveries in Class 7 depend on the value of the TEAC Shares. There can be no assurance that the TEAC Shares will not decline in value after the date of this Disclosure Statement. Further, although the TEAC Shares currently trade on a public securities exchange, there can be no assurance that such TEAC Shares will not be delisted in the future or become subject to legal or practical trading impediments.

3. **To Service the Reorganized Debtors' Indebtedness and Meet Their Operational Needs, the Reorganized Debtors Will Require a Significant Amount of Cash. Their Ability to Generate Cash Depends on Many Factors Beyond Their Control.**

The Reorganized Debtors' ability to make payments on and to refinance their indebtedness and to fund planned capital expenditures will depend on their ability to generate Cash in the future. This, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory, and other factors that are beyond their control.

The Reorganized Debtors' business may not generate sufficient Cash flow from operations. Although the Financial Projections represent the Debtors' view based on current known facts and assumptions about the future operations of the Reorganized Debtors, there is no guarantee that the Financial Projections will be realized. The Reorganized Debtors may not be able to meet their projected financial results or achieve projected revenues and Cash flows assumed in projecting future business prospects. To the extent the Reorganized Debtors do not meet their projected financial results or achieve projected revenues and Cash flows, the Reorganized Debtors may lack sufficient liquidity to continue operating as planned after the Effective Date, may be unable to service their debt obligations as they come due or may not be able to meet their operational needs. A failure of the Reorganized Debtors to meet their projected financial results or achieve projected revenues and Cash flows could lead to Cash flow and working capital constraints, which constraints may require the Reorganized Debtors to seek additional working capital. The Reorganized Debtors may not be able to obtain such working capital when it is required.

In addition, if the Reorganized Debtors' Cash flows and capital resources are insufficient to fund their debt service obligations, the Reorganized Debtors may be forced to reduce or delay capital expenditures, sell material assets or operations, obtain additional equity capital or refinance all or a portion of their indebtedness. In the absence of such operating results and resources, the Reorganized Debtors could face substantial Cash flow problems and might be required to sell material assets or operations to meet their debt service and other obligations. The Reorganized Debtors will be unable to predict the timing of such asset sales or the proceeds that they could realize from such sales and that they will be able to refinance any of their indebtedness, including the New Exit ABL Facility, the New Exit Term Loan Facility, and any New Take-Out Facility on commercially reasonable terms or at all.

4. **The Estimated Valuation of the Reorganized Debtors and the New Equity Interests and the Estimated Recoveries to Holders of Allowed Claims Are Not Necessarily Representative of the Private or Public Sale Values of the New Equity Interests.**

The Debtors' estimated recoveries to Holders of Allowed Claims are not intended to represent the private or public sale values of Reorganized Gibson's securities. The estimated recoveries are based on numerous assumptions (the realization of many of which are beyond the control of the Reorganized Debtors), including: (a) the successful reorganization of the Debtors; (b) an assumed date for the occurrence of the Effective Date; (c) the Debtors' ability to achieve the operating and financial results included in the Financial Projections; and (d) the Debtors' ability to maintain adequate liquidity to fund operations.

5. **Large Holders of the Prepetition Secured Notes May Control Reorganized Gibson.**

Implementation of the Plan will result in a small number of Holders or their assignees owning a significant percentage of the shares of outstanding New Common Stock in Reorganized Gibson. A small number of Holders of the Prepetition Secured Noteholders or their assignees could hold a controlling percentage of the New Common Stock. These Holders or their assignees could, among other things, exercise a controlling influence over the business and affairs of Reorganized Gibson and the other Reorganized Debtors.

6. **The Issuance of New Common Stock to Reorganized Gibson's Management and the Supporting Principals May Dilute the Equity Ownership Interest of Other Holders of the New Common Stock.**

The Management Employment and Consulting Agreements and Management Incentive Plan will be implemented on the Effective Date. Pursuant to the Management Employment and Consulting Agreements and Management Incentive Plan, there may be issuances from time to time of shares of the New Common Stock in Reorganized Gibson. If Reorganized Gibson issues equity interests, or options to acquire such equity interests, to directors or officers, it is contemplated that such distributions will dilute the New Common Stock issued on account of Claims under the Plan and the ownership percentage represented by the New Common Stock distributed under the Plan. Moreover, if the Supporting Principals exercise the New Warrants issued to them under the Management and Consulting Agreements, the issuances of New Common Stock upon exercise of those New Warrants will dilute the New Common Stock issued on account of Claims under the Plan and the ownership percentage represented by the New Common Stock distributed under the Plan

7. **It is Unlikely That Reorganized Gibson Will Pay Dividends in the Foreseeable Future.**

All of the Reorganized Debtors' projected Cash flow will be required to be used in the foreseeable future (a) to make payments under the New Exit ABL Facility (if any or similar debt facilities entered into after the Effective Date), New Exit Term Loan Facility (if any or similar debt facilities entered into after the Effective Date) or New Take-Out Facility (if any or similar debt facilities entered into after the Effective Date), (b) to fund Reorganized Gibson's other obligations under the Plan, and (c) for working capital and capital expenditure purposes. In addition, the New Exit ABL Facility (if any or similar debt facilities entered into after the Effective Date), New Exit Term Loan Facility (if any or similar debt facilities entered into after the Effective Date) or New Take-Out Facility (if any or similar debt facilities entered into after the Effective Date) are expected to contain certain restrictions on Reorganized Gibson's ability

to pay dividends. Accordingly, the Debtors do not anticipate that Reorganized Gibson will pay Cash dividends on the New Common Stock in the foreseeable future.

8. **Tax Implications of the Plan.**

The U.S. federal income tax consequences of the Plan are complex and are subject to significant uncertainties. The Debtors have not requested and do not intend to seek any ruling from the IRS on the tax consequences of the Plan. Even if the Debtors decide to request a ruling, there would be no assurance that the IRS would rule favorably or that any ruling would be issued before the Effective Date. In addition, in such case, there still would be significant tax uncertainties, which would not be the subject of any ruling request. Thus, there can be no assurance that the IRS will not challenge the various positions the Debtors have taken, or intend to take, with respect to the U.S. federal income tax treatment in the Plan, or that a court would not sustain such a challenge. *See* "Summary of Certain U.S. Federal Income Tax Consequences of the Plan," at Article XI herein. Each Holder of an Equity Interest or a Claim is urged to consult its own tax advisor for the U.S. federal, state, local, and non-U.S. income, estate and other tax consequences applicable under the Plan.

C. MARKET AND OPERATIONAL RISKS

Many important factors could cause actual results or achievements to differ materially from any future results or achievements expressed in or implied by the Debtors' forward-looking statements, including the factors listed below. Many of the factors that will determine future events or achievements are beyond the Debtors' ability to control or predict. Certain of these are important factors that could cause actual results or achievements to differ materially from the results or achievements reflected in the Debtors' forward-looking statements, including, but not limited to risks related to:

- the potential for the subjective assumptions and estimates underlying the Financial Projections to be incorrect, many of which assumptions and estimates could change if any of the other risks described in this section were to materialize;

- general economic, business and financial conditions and anticipated trends and challenges in the industry and the markets in which the Company operates;

- the Company's ability to develop and expand its presence in the musical instruments and professional audio markets;

- in the MI Business (other than Pro Audio), the Company's ability to:

    - produce products to better address demand in multiple pricing baskets;

    - continue to focus on innovation;

    - increase focus on gaining market share in developing markets;

    - increase e-commerce sales; and

    - continue to implement other strategies designed to enhance the MI Business.

- in the Pro Audio business, the Company's ability to:

  - right-size operating costs;
  - continue to add new product lines;
  - realize on cross-sell opportunities to record guitar, bass, vocal and drum instrumentation; and
  - continue to implement other strategies designed to enhance our professional audio business.

- financial uncertainty in Europe, where the Company derives a substantial portion of its net sales;
- the Company's ability to maintain a competitive technological advantage through innovation and leading product designs and our understanding of our competition;
- the Company's expectations regarding consumer preferences and our ability to respond to changes in consumer preferences and to accurately forecast consumer demand;
- fluctuations in the price and supply of raw materials including wood, copper, steel, aluminum, titanium, synthetic resins, rare metals and rare-earth materials, or shortages of materials, parts and components;
- impacts on the Company's business relating to CITES;
- the ability of the Company's suppliers to deliver raw materials, parts, components or other products at the scheduled rate or time and disruptions or delays in the delivery of products to the Company's consumers arising in connection therewith;
- the Company's ability to maintain manufacturing relationships with original equipment manufacturers ("OEMs") with which it does business and to ensure OEMs manufacture products that are consistent with the Company standards;
- disruptions at the Company's manufacturing facilities, at the facilities of the OEMs who make some of the Company's existing products, or to the Company's distribution systems;
- availability of and ability to attract and retain qualified personnel;
- retention of a highly qualified senior management team;
- changes in the Company's business strategy;
- the Company's ability to identify and manage strategic acquisitions and distribution relationships successfully and to achieve expected benefits from such acquisitions and distribution relationships;
- the Company's ability to cost-effectively expand our businesses internationally;

- the Company's ability to maintain or enhance operational efficiencies;
- the loss of one or more significant customers or dealers;
- the Company's ability to expand *Gibson* and its other brand names beyond the traditional musical instruments category or to expand licensing and co-branding activities;
- the Company's ability to maintain and enhance the popularity and value of its brands or to create new, successful brands;
- existing relationships with signature artists, dealers, manufacturers, distributors and others and attract new artists to the Company's brands;
- fluctuations in currency exchange rates;
- the Company's ability to comply with applicable laws, rules and regulations;
- the effects of the Chapter 11 Cases on the Company's business and relationships with customers and suppliers;
- obsolescence of operating equipment and possible impairment of the Company's long-lived assets and manufacturing equipment;
- the Company's dependence on certain key employees;
- the Company's ability to maintain stable pricing;
- substantial capital requirements and availability and terms of capital;
- capital budget and spending constraints by the Company's customers and counterparty credit risks;
- the effectiveness of the Company's risk management activities;
- the effects of asset and property acquisitions or dispositions that the Company makes;
- the Company's ability to collect accounts receivable;
- the outcome of pending and future litigation;
- environmental liabilities;
- uncertainty regarding the Company's future operating results;
- the adequacy of the Company's capital resources and liquidity; and
- the Company's ability to satisfy future Cash obligations.

The risks included above are not exhaustive. Additional risks and uncertainties not presently known to the Debtors or that the Debtors currently deem immaterial may also materially impair the Reorganized Debtors' operations and could cause actual results to differ materially from those described herein.

D. RISKS ASSOCIATED WITH FORWARD-LOOKING STATEMENTS

1. The Financial Information Contained Herein is Based on the Debtors' Books and Records and, Unless Otherwise Stated, No Audit was Performed.

The financial information contained in this Disclosure Statement has not been audited. In preparing this Disclosure Statement, the Debtors relied on financial data derived from their books and records that was available at the time of such preparation. Although the Debtors have used their reasonable business judgment to ensure the accuracy of the financial information provided in this Disclosure Statement and, while the Debtors believe that such financial information fairly reflects the financial condition of the Debtors, the Debtors are unable to warrant or represent that the financial information contained herein and attached hereto is without inaccuracies.

2. Financial Projections and Other Forward-Looking Statements Are Not Assured, Are Subject to Inherent Uncertainty Due to the Numerous Assumptions Upon Which They Are Based and, as a Result, Actual Results May Vary.

This Disclosure Statement contains various projections concerning the financial results of the Reorganized Debtors' operations, including the Financial Projections, that are, by their nature, forward-looking, and which projections are necessarily based on certain assumptions and estimates. Should any or all of these assumptions or estimates ultimately prove to be incorrect, the actual future experiences of the Reorganized Debtors may turn out to be different from the financial projections.

Specifically, the projected financial results contained in this Disclosure Statement reflect numerous assumptions concerning the anticipated future performance of the Reorganized Debtors, some of which may not materialize, including assumptions concerning: (a) the timing of confirmation and Consummation of the Plan in accordance with its terms; (b) the anticipated future performance of the Reorganized Debtors, including the Debtors' ability to maintain or increase revenue and gross margins, control future operating expenses or make necessary capital expenditures; (c) general business and economic conditions; (d) overall industry performance and trends; (e) the Debtors' ability to maintain market strength and receive vendor support; and (f) customer preferences continuing to support the Debtors' business plan.

DUE TO THE INHERENT UNCERTAINTIES ASSOCIATED WITH PROJECTING FINANCIAL RESULTS GENERALLY, THE PROJECTIONS CONTAINED IN THIS DISCLOSURE STATEMENT SHOULD NOT BE CONSIDERED ASSURANCES OR GUARANTEES OF THE AMOUNT OF FUNDS OR THE AMOUNT OF CLAIMS THAT MAY BE ALLOWED IN THE VARIOUS CLASSES. WHILE THE DEBTORS BELIEVE THAT THE FINANCIAL PROJECTIONS CONTAINED IN THIS DISCLOSURE STATEMENT ARE REASONABLE, THERE CAN BE NO ASSURANCE THAT THEY WILL BE REALIZED.

E. DISCLOSURE STATEMENT DISCLAIMER

1. The Information Contained Herein is for Soliciting Votes Only.

The information contained in this Disclosure Statement is for purposes of soliciting votes on the Plan and may not be relied upon for any other purposes.

2. This Disclosure Statement was Not Approved by the Securities and Exchange Commission.

Neither the SEC nor any state regulatory authority has passed upon the accuracy or adequacy of this Disclosure Statement, or the exhibits or the statements contained herein, and any representation to the contrary is unlawful.

3. The Debtors Relied on Certain Exemptions From Registration Under the Securities Act.

This Disclosure Statement has been prepared pursuant to sections 1125 and 1126, as applicable, of the Bankruptcy Code and Rule 3016(b) of the Bankruptcy Rules and is not necessarily in accordance with the requirements of federal or state securities laws or other similar laws. The offer and issuance of New Common Stock under the Plan has not been registered under the Securities Act or Blue Sky Laws. To the maximum extent permitted by section 1145 of the Bankruptcy Code, the Securities Act and other applicable nonbankruptcy law, the Solicitation, the issuance of the New Common Stock under the Plan will be exempt from registration under the Securities Act by virtue of section 1145 of the Bankruptcy Code, section 3(a)(9) of the Securities Act, section 4(a)(2) of the Securities Act and Rule 506 of Regulation D and/or Rule 701 promulgated under the Securities Act.

4. This Disclosure Statement Contains Forward-Looking Statements.

This Disclosure Statement contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements consist of any statement other than a recitation of historical fact and can be identified by the use of forward looking terminology such as "may," "expect," "anticipate," "estimate" or "continue" or the negative thereof or other variations thereon or comparable terminology. The reader is cautioned that all forwardlooking statements are necessarily speculative and there are certain risks and uncertainties that could cause actual events or results to differ materially from those referred to in such forward-looking statements. The liquidation analysis, distribution projections and other information contained herein and attached hereto are estimates only, and the timing and amount of actual distributions to Holders of Allowed Claims may be affected by many factors that cannot be predicted. Therefore, any analyses, estimates or recovery projections may or may not turn out to be accurate.

5. No Legal or Tax Advice is Provided to You by This Disclosure Statement.

This Disclosure Statement is not legal or tax advice to You. The contents of this Disclosure Statement should not be construed as legal, business or tax advice, and are not personal to any person or entity. Each Holder of a Claim or an Equity Interest should consult his or her own legal counsel and accountant with regard to any legal, tax and other matters concerning his or her Claim or Equity Interest. This Disclosure Statement may not be relied upon for any purpose other than as a disclosure of certain information to determine how to vote on the Plan or object to confirmation of the Plan.

6. **No Admissions Are Made by This Disclosure Statement.**

The information and statements contained in this Disclosure Statement will neither (a) constitute an admission of any fact or liability by any Entity (including the Debtors) nor (b) be deemed evidence of the tax or other legal effects of the Plan on the Debtors, the Reorganized Debtors, Holders of Allowed Claims or Equity Interests or any other parties in interest.

Notwithstanding any rights of approval, pursuant to the Restructuring Support Agreement or otherwise, as to the form of substance of this Disclosure Statement, the Plan or any other document relating to the transactions contemplated thereunder, neither the Supporting Noteholders, the Supporting Principals, nor their respective representatives, members, financial or legal advisors or agents, has independently verified the information contained herein or takes any responsibility therefor and none of the foregoing entities or persons makes any representations or warranties whatsoever concerning the information contained herein.

7. **No Reliance Should Be Placed on Any Failure to Identify Litigation Claims or Projected Objections.**

No reliance should be placed on the fact that a particular litigation claim or projected objection to a particular Claim or Equity Interest is, or is not, identified in this Disclosure Statement. The Debtors or the Reorganized Debtors may seek to investigate, file and prosecute litigation rights and claims against any third parties and may object to Claims after the Confirmation Date or Effective Date of the Plan irrespective of whether the Disclosure Statement identifies such litigation claims or objections to Claims or Equity Interests.

8. **Nothing Herein Constitutes a Waiver of Any Right to Object to Claims or Equity Interests or Recover Transfers and Assets.**

The vote by a Holder of an Allowed Claim for or against the Plan does not constitute a waiver or release of any Claims or rights of the Debtors or the Reorganized Debtors (or any party in interest, as the case may be) to object to that Holder's Allowed Claim regardless of whether any Claims or Causes of Action of the Debtors or their Estates are specifically or generally identified herein.

9. **The Information Used Herein was Provided by the Debtors and was Relied Upon by the Debtors' Advisors.**

Counsel to and other advisors retained by the Debtors have relied upon information provided by the Debtors in connection with the preparation of this Disclosure Statement. Although counsel to and other advisors retained by the Debtors have performed certain limited due diligence in connection with the preparation of this Disclosure Statement, they have not verified independently the information contained herein.

10. **The Potential Exists for Inaccuracies and the Debtors Have No Duty to Update.**

The statements contained in this Disclosure Statement are made by the Debtors as of the date hereof, unless otherwise specified herein, and the delivery of this Disclosure Statement after that date does not imply that there has not been a change in the information set forth herein since that date. While the Debtors have used their reasonable business judgment to ensure the accuracy of all of the information provided in this Disclosure Statement and in the Plan, the Debtors nonetheless cannot, and do not, confirm the current accuracy of all statements appearing in this Disclosure Statement. Further, although the Debtors may subsequently update the

information in this Disclosure Statement, the Debtors have no affirmative duty to do so unless ordered to do so by the Bankruptcy Court.

11. **No Representations Made Outside the Disclosure Statement Are Authorized.**

No representations concerning or relating to the Debtors, the Chapter 11 Cases or the Plan are authorized by the Bankruptcy Court or the Bankruptcy Code, other than as set forth in this Disclosure Statement. Any representations or inducements made to secure your acceptance or rejection of the Plan that are other than as contained in or included with this Disclosure Statement should not be relied upon by you in arriving at your decision. You should promptly report unauthorized representations or inducements to the counsel to the Debtors and the United States Trustee.

ARTICLE XIII.
RECOMMENDATION

In the opinion of the Debtors, the Plan is preferable to the alternatives described in this Disclosure Statement because it provides for a larger distribution to the Debtors' creditors than would otherwise result in a liquidation under chapter 7 of the Bankruptcy Code. In addition, any alternative other than confirmation of the Plan could result in extensive delays and increased administrative expenses resulting in smaller distributions to Holders of Allowed Claims than that which is proposed under the Plan. Accordingly, the Debtors recommend that all Holders of Impaired Claims support confirmation of the Plan and vote to accept the Plan.

Holders of approximately 99% in outstanding principal amount of the Allowed Prepetition Secured Notes Claims have already agreed, subject to the terms and conditions of the Restructuring Support Agreement, to vote in favor of the Plan.

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Dated: June 20, 2018
Nashville, Tennessee

Respectfully submitted,

Gibson Brands, Inc.
and each of its Debtor Subsidiaries

By: */s/ Brian J. Fox*
Name: Brian J. Fox
Title: Chief Restructuring Officer

[Signature page to Disclosure Statement for Debtors' Joint Chapter 11 Plan of Reorganization]

EXHIBIT A

PLAN OF REORGANIZATION

THIS IS NOT A SOLICITATION OF AN ACCEPTANCE OR REJECTION OF THE PLAN. ACCEPTANCES OR REJECTIONS MAY NOT BE SOLICITED UNTIL A DISCLOSURE STATEMENT HAS BEEN APPROVED BY THE BANKRUPTCY COURT. THIS DRAFT PLAN HAS NOT BEEN APPROVED BY THE BANKRUPTCY COURT.

IN THE UNITED STATES BANKRUPTCY COURT

FOR THE DISTRICT OF DELAWARE

In re:	Chapter 11
GIBSON BRANDS, INC.,[1] *et al.*,	Case No. 18-11025 (CSS)
Debtors.	Jointly Administered

DEBTORS' JOINT CHAPTER 11 PLAN OF REORGANIZATION

Dated: June 20, 2018

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Counsel for the Debtors and Debtors in Possession

[1] The Debtors and the last four digits of their respective taxpayer identification numbers are as follows: Gibson Brands, Inc. (4520); Cakewalk, Inc. (2455); Consolidated Musical Instruments, LLC (4695); Gibson Café & Gallery, LLC (0434); Gibson International Sales LLC (1754); Gibson Pro Audio Corp. (3042), Neat Audio Acquisition Corp. (3784); Gibson Innovations USA, Inc. (4620); Gibson Holdings, Inc. (8455); Baldwin Piano, Inc. (0371); Wurlitzer Corp. (0031); and Gibson Europe B.V. (Foreign). The Debtors' corporate headquarters is located at 309 Plus Park Blvd., Nashville, TN 37217.

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DEBTORS' JOINT CHAPTER 11 PLAN OF REORGANIZATION

GIBSON BRANDS, INC. and its debtor affiliates, as debtors and debtors in possession in the above-captioned cases (collectively, the "Debtors"), propose the following joint chapter 11 plan of reorganization (the "Plan") for, among other things, the resolution of the outstanding Claims against, and Equity Interests in, the Debtors. This is a single Plan for all of the Debtors with respect to the classification, treatment and voting of Claims against, and Equity Interests in the Debtors. Unless otherwise noted, capitalized terms used in this Plan have the meanings set forth in Article I of the Plan. The Debtors are the proponents of this Plan within the meaning of section 1129 of the Bankruptcy Code. Reference is made to the Disclosure Statement (as such term is defined herein), distributed contemporaneously herewith, for a discussion of the Debtors' history, business, results of operations, historical financial information, events leading up to commencement of these Chapter 11 Cases, projections and properties, and for a summary overview and analysis of this Plan and the treatment of Claims and Equity Interests provided for herein. There also are Exhibits, Plan Schedules, Plan Documents and other agreements and documents that will be Filed with the Bankruptcy Court that are referenced in this Plan, the Plan Supplement, and the Disclosure Statement. All such Exhibits, Plan Documents, Plan Schedules and other agreements and documents are incorporated into and are a part of this Plan as if set forth in full herein. Subject to the Restructuring Support Agreement, and requirements set forth in section 1127 of the Bankruptcy Code and Bankruptcy Rule 3019, the Debtors reserve the right to alter, amend, modify, revoke or withdraw this Plan prior to its Consummation.

The classification and treatment of Claims against, and Equity Interests in, the Debtors and the Plan Distribution under this Plan are on a Debtor by Debtor basis. To the extent Claims against, and Equity Interests in, more than one Debtor are classified in one Class, the Class shall be deemed to include sub-classes for each such Debtor. If the Plan cannot be confirmed as to some or all of the Debtors, then, without prejudice to the respective parties' rights under the Restructuring Support Agreement, and subject to the terms set forth herein and therein, (a) the Plan may be revoked as to all of the Debtors, or (b) the Debtors may revoke the Plan as to any Debtor and confirm the Plan as to the remaining Debtors. The Debtors reserve the right to seek confirmation of the Plan pursuant to the "cram down" provisions contained in section 1129(b) of the Bankruptcy Code with respect to any non-accepting Class of Claims or Equity Interests as set forth in Article III hereof.

Notwithstanding any rights of approval that may exist pursuant to the Restructuring Support Agreement or otherwise as to the form or substance of the Disclosure Statement, the Plan or any other document relating to the transactions contemplated hereunder or thereunder, none of the Supporting Noteholders, the Supporting Principals, or the Ad Hoc Committee of Secured Notes, and none of their respective representatives, members, financial or legal advisors, or agents, has independently verified the information contained herein or takes any responsibility therefor and none of the foregoing entities or persons makes any representations or warranties whatsoever concerning the information contained herein.

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

A. Rules of Interpretation, Computation of Time and Governing Law

For purposes hereof: (a) 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; (b) 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, as previously amended, modified or supplemented, if applicable, shall be substantially in that form or substantially on those terms

and conditions; (c) any reference herein to an existing document or exhibit having been Filed or to be Filed shall mean that document or exhibit, as it may thereafter be amended, modified or supplemented in accordance with its terms; (d) unless otherwise specified, all references herein to "Articles," "Sections," "Exhibits" and "Plan Schedules" are references to Articles, Sections, Exhibits and Plan Schedules hereof or hereto; (e) unless otherwise stated, the words "herein," "hereof," "hereunder" and "hereto" refer to this Plan in its entirety rather than to a particular portion of this Plan; (f) captions and headings to Articles and Sections are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation hereof; (g) any reference to an Entity as a Holder of a Claim or Equity Interest includes such Entity's successors and assigns; (h) the rules of construction set forth in section 102 of the Bankruptcy Code shall apply; (i) 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; and (j) "$" or "dollars" means Dollars in lawful currency of the United States of America. The provisions of Bankruptcy Rule 9006(a) shall apply in computing any period of time prescribed or allowed herein.

B. Defined Terms

Unless the context otherwise requires, the following terms shall have the following meanings when used in capitalized form herein:

1. "*ABL Revolver Claims*" means the claims of the ABL Revolver Lenders under the Prepetition ABL/Term Loan Agreement.

2. "*ABL Revolver Lenders*" means those banks, financial institutions and other parties identified as lenders that provided revolving loans to the Debtors pursuant to the Prepetition ABL/Term Loan Agreement as of and prior to the Petition Date.

3. "*Accrued Professional Compensation*" means all Professional Fee Claims to the extent that any such fees and expenses have not been previously paid (regardless of whether a fee application has been Filed for any such amount). To the extent that any amount of a Professional's fees or expenses are reduced by Final Order, or the Professional otherwise agrees to reduce its fees and expenses, then at such time those reduced amounts shall no longer constitute Accrued Professional Compensation.

4. "*Ad Hoc Committee of Secured Notes*" means those certain beneficial holders of Prepetition Secured Notes represented by the Ad Hoc Committee of Secured Notes Professionals, and identified from time to time in a statement Filed in the Chapter 11 Cases pursuant to Rule 2019 of the Federal Rules of Bankruptcy Procedure.

5. "*Administrative Expense Claim*" means any Claim for costs and expenses of administration of the Chapter 11 Cases that is Allowed pursuant to sections 327, 328, 330, 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; (b) a Professional Fee Claim; (c) the Transaction Expenses; (d) the DIP Facility Claims, including the fees and expenses of the DIP Agent and the DIP Lenders, including their respective professional and advisory fees and expenses; (e) the Prepetition 507(b) Claims; and (f) all fees and charges assessed against the Debtors' Estates pursuant to sections 1911 through 1930 of chapter 123 of title 28 of the United States Code.

6. "*Ad Hoc Committee of Secured Notes Professionals*" means, collectively, (a) Paul, Weiss; (b) PJT Partners; (c) Young Conaway Stargatt & Taylor, LLP, as local counsel to the Ad Hoc Committee of Secured Notes; (d) Anderson Mori & Tomotsune, as Japanese counsel to the Ad Hoc Committee of Secured Notes; and (e) any other professionals that may be retained by the Ad Hoc Committee of Secured Notes.

7. "*Affiliate*" means an "affiliate" as defined in section 101(2) of the Bankruptcy Code.

8. "*Allowed*" means, with respect to any Claim, except as otherwise provided herein: (a) a Claim that has been allowed by a Final Order; (b) a Claim that is allowed: (i) in any stipulation of amount and nature of Claim executed by the Debtors (with such consent as required pursuant to the Restructuring Support Agreement) prior to the Effective Date and approved by the Bankruptcy Court; (ii) in any stipulation of amount and nature of Claim executed by the Reorganized Debtors on or after the Effective Date; or (iii) in accordance with the Schedules, subject to any limitations on allowance imposed by section 502 of the Bankruptcy Code, or applicable law, (including as a result of a timely Filed objection that is not yet the subject of a Final Order); (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, in either case only if a Proof of Claim has been timely Filed by the Claimant before the applicable bar date for such Claim or has otherwise been deemed timely Filed under applicable law; or (d) a Claim that is Allowed pursuant to the terms of this Plan.

9. "*Allowed Claim* or *Allowed Equity Interest*" when used in reference to a particular Class means a Claim or an Equity Interest of such Class that has been Allowed.

10. "*Allowed Class 5 Prepetition Secured Notes Claim*" means an Allowed Class 5 Claim equal to the amount of the Allowed Prepetition Secured Notes Claim that is Secured as determined, without offset, counterclaim or defense of any kind, as of the Effective Date, in accordance with Section 506 of the Bankruptcy Code, and consistent with Plan Value.

11. "*Allowed Prepetition Secured Notes Claim*" means a Claim equal to (a) the sum of: (i) $375,000,000, consisting of the outstanding principal amount of Obligations, under, and as defined in, the Prepetition Indenture as of the Petition Date, (ii) $8,227,865.00, consisting of accrued and unpaid interest on the Prepetition Secured Notes as of the Petition Date, and (iii) all other Obligations under, and as defined in, the Prepetition Indenture, which shall be fixed in a liquidated amount as may be agreed by the Debtors and the Required Supporting Noteholders (or in the absence of an agreement, as set by the Bankruptcy Court) on or prior to the Confirmation Date.

12. "*Allowed Unsecured Prepetition Secured Notes Claim*" means an Allowed Class 6 Claim equal to the difference between (i) the Allowed Prepetition Secured Notes Claim and (ii) the amount of the Allowed Class 5 Prepetition Secured Notes Claim.

13. "*Amended Organizational Documents*" means the amended and restated certificate of incorporation and by-laws or other applicable organizational documents of Reorganized Gibson, which shall be Filed with the Plan Supplement and which shall be consistent with the terms of the Restructuring Support Agreement and this Plan.

14. "*Assets*" means all of the right, title, and interest of a Debtor in and to property of whatever type or nature (including real, personal, mixed, intellectual, tangible, and intangible property).

15. "*Avoidance Actions*" means any and all avoidance, recovery, subordination or other actions or remedies that may be brought by and on behalf of the Debtors or their Estates under the Bankruptcy Code or applicable nonbankruptcy law, including actions or remedies arising under sections 502, 510 or 542-553 of the Bankruptcy Code.

16. "*Bankruptcy Code*" means title 11 of the United States Code, 11 U.S.C. §§ 101-1532, as amended from time to time and as applicable to the Chapter 11 Cases.

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

18. "*Bankruptcy Rules*" means the Federal Rules of Bankruptcy Procedure and the Local Rules of the Bankruptcy Court, in each case as amended from time to time and as applicable to the Chapter 11 Cases.

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

20. "*Cash*" means the legal tender of the United States of America or the equivalent thereof.

21. "*Causes of Action*" means any action, claim, cross-claim, third-party claim, cause of action, controversy, demand, right, Lien, indemnity, contribution, guaranty, suit, obligation, liability, debt, damage, judgment, account, defense, remedy, offset, power, privilege, license and franchise of any kind or character whatsoever, in each case whether known, unknown, contingent or non-contingent, matured or unmatured, suspected or unsuspected, liquidated or unliquidated, disputed or undisputed, foreseen or unforeseen, direct or indirect, choate or inchoate, secured or unsecured, assertable directly or derivatively (including under alter ego or veil piercing theories or theories of similar effect), whether arising before, on, or after the Petition Date, in contract or in tort, in law or in equity or pursuant to any other theory of law. For the avoidance of doubt, Cause of Action includes: (a) any right of setoff, counterclaim or recoupment and any claim for breach of contract or for breach of duties imposed by law or in equity; (b) the right to object to Claims or Equity Interests; (c) any claim pursuant to section 362 or chapter 5 of the Bankruptcy Code (including the Avoidance Actions); (d) any claim or defense including fraud, mistake, duress and usury, and any other defenses set forth in section 558 of the Bankruptcy Code; and (e) any claims under any state or foreign law, including any fraudulent transfer or similar claims.

22. "*Chapter 11 Cases*" means, with respect to a Debtor, such Debtor's case under chapter 11 of the Bankruptcy Code commenced on the Petition Date in the Bankruptcy Court, jointly administered with all other Debtors' cases under chapter 11 of the Bankruptcy Code, and styled *In re Gibson Brands, Inc., et al.*, Case No. 18-11025 (CSS).

23. "*China Guitar*" means Gibson's wholly-owned subsidiary, Qingdao Gibson Musical Instrument Co.

24. "*Claim*" means any "claim," as defined in section 101(5) of the Bankruptcy Code against any Debtor.

25. "*Claims Bar Date*" means, as applicable, (a) 5:00 p.m. prevailing Eastern Time on August 20, 2018, (b) the Governmental Bar Date, or (c) such other period of limitation as may be specifically fixed by an order of the Bankruptcy Court for filing such Claims, pursuant to the Claims Bar Date Order, the Confirmation Order, or such other order entered by the Bankruptcy Court.

26. "*Claims Bar Date Order*" means that certain *Order Establishing Bar Dates for Filing Proofs of Claim and Approving Form and Manner of Notice Thereof* entered by the Bankruptcy Court on June 8, 2018 [Dkt. No. 255], as may be amended from time to time.

27. "*Claims Register*" means the official register of Claims maintained by Prime Clerk LLC.

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

29. "*Class 6 Liquidation Amount*" means an additional distribution, if any, that provides a recovery to the Holders of Allowed Class 6 Claims of the value as of the Effective Date, if any, that satisfies the requirements of section 1129(a)(7) of the Bankruptcy Code, after taking into account the value of the Litigation Trust Funding and any Litigation Trust interests distributed to Holders of Class 6 Claims.

30. "*Collateral*" means any property or interest in property of any Debtor's Estate that is subject to a valid and enforceable Lien to secure a Claim.

31. "*Committee*" means the official committee of unsecured creditors in the Chapter 11 Cases appointed pursuant to section 1102 of the Bankruptcy Code.

32. "*Confirmation Date*" means the date on which the clerk of the Bankruptcy Court enters the Confirmation Order on the docket of the Bankruptcy Court.

33. "*Confirmation Hearing*" means the hearing held by the Bankruptcy Court pursuant to section 1128 of the Bankruptcy Code to consider confirmation of this Plan, as such hearing may be adjourned or continued from time to time.

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

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

36. "*Convenience Claim*" means a General Unsecured Claim that is either (a) an Allowed Claim in an amount that is equal to or less than [$•], or (b) an Allowed Claim in an amount that is greater than [$•], but with respect to which the Holder of such Allowed Claim voluntarily and irrevocably reduces the aggregate amount of such Allowed Claim to [$•] pursuant to a Convenience Claim Election.

37. "*Convenience Class Cap*" means [$•] in the aggregate or such greater amount, if any, that is approved in writing by the Required Supporting Noteholders not later than five (5) days prior to the deadline to vote to accept or reject the Plan.

38. "*Convenience Claim Election*" means a timely election by a Holder of a General Unsecured Claim to reduce its aggregate Allowed Claim to [$•] and agree to the classification and treatment of its Allowed Claim as a Class 8 Allowed Convenience Claim made in connection with, and pursuant to the procedures approved by the Bankruptcy Court governing, voting on the Plan.

39. "*Cure*" means the payment of Cash by the Debtors, or the distribution of other property (as the parties may agree or the Bankruptcy Court may order), as necessary to: (x) (a) cure a monetary default by the Debtors in accordance with the terms of an executory contract or unexpired lease of the Debtors and (b) permit the Debtors to assume such executory contract or unexpired lease pursuant to section 365 of the Bankruptcy Code; and (y) provide such cure and compensation as required pursuant to section 1124(2) of the Code.

40. "*Debtor(s)*" means, individually, Gibson Brands, Inc., Cakewalk, Inc., Consolidated Musical Instruments, LLC, Gibson Café & Gallery, LLC, Gibson International Sales LLC, Gibson Pro Audio Corp., Neat Audio Acquisition Corp., Gibson Innovations USA, Inc., Gibson Holdings, Inc., Baldwin Piano, Inc., Wurlitzer Corp., and Gibson Europe B.V.

41. "*Debtor(s) in Possession*" means, individually, each Debtor, as debtor in possession in its Chapter 11 Case and, collectively, all Debtors, as debtors in possession in the Chapter 11 Cases.

42. "*Definitive Documents*" has the meaning assigned to such term in the Restructuring Support Agreement.

43. "*DIP Agent*" means the administrative agent and collateral agent under the DIP Facility, and any successors thereto.

44. "*DIP Backstop Party*" means KKR Credit Advisors (US) LLC, Melody Capital Partners, L.P., Grantham, Mayo Van Otterloo & Co., LLC, and Silver Point Capital Fund, L.P. and/or certain funds or accounts managed, advised or controlled by, or by any subsidiary or Affiliate of, any of the foregoing.

45. "*DIP Backstop Premium*" means the backstop fee provided for in the DIP Facility and the DIP Orders, earned by, and to be paid to, the DIP Backstop Parties.

46. "*DIP Facility*" means that certain senior secured superpriority post-petition credit facility made available to the Debtors pursuant to the DIP Facility Term Sheet, the DIP Facility Loan Agreement and the DIP Orders.

47. "*DIP Facility Claim*" means any Claim of the DIP Agent, any DIP Lender, and any DIP Backstop Party arising from, under or in connection with, the DIP Facility, including arising from or in connection with the refinancing of the Prepetition ABL/Term Loan Facility pursuant to the DIP Facility and the DIP Orders.

48. "*DIP Facility Loan Agreement*" means that certain Debtor-in-Possession Term Loan Agreement, dated as of May 4, 2018, among the Debtors, the DIP Agent, and the DIP Lenders thereto from time to time, together with all exhibits, supplements, schedules and appendices thereto (as amended, modified, waived, or supplemented from time to time in accordance with its terms) and in form and substance materially consistent with the DIP Facility Term Sheet as modified by the DIP Orders.

49. "*DIP Facility Term Sheet*" means that certain DIP Facility Term Sheet annexed as Annex B to the Restructuring Support Agreement (as amended, supplemented, or otherwise modified from time to time in accordance therewith and in accordance with the terms of the Restructuring Support Agreement, the DIP Facility Loan Agreement and the DIP Orders).

50. "*DIP Lenders*" means the banks, financial institutions and other parties identified as lenders in the DIP Facility Loan Agreement, and their successors and permitted assigns.

51. "*DIP Orders*" means, collectively, the Interim DIP Order and Final DIP Order.

52. "*Disclosure Statement*" means that certain *Disclosure Statement for Debtors' Joint Chapter 11 Plan of Reorganization*, approved by the Bankruptcy Court on July [__], 2018, as amended, supplemented, or modified from time to time that describes this Plan, including all Exhibits and schedules thereto and references therein.

53. "*Disputed*" means a Claim or Equity Interest, or any portion thereof: (a) that is the subject of a Filed objection or request for estimation or that is otherwise disputed by any of the Debtors or any other party in interest in accordance with applicable law and which objection has not been withdrawn, resolved, or overruled by a Final Order; or (b) that is otherwise disputed by any of the Debtors or any other party in interest in accordance with applicable law, which dispute has not been withdrawn, resolved, or overruled by Final Order; *provided, however*, that any Claim that is expressly Allowed by this Plan in Article III shall not be Disputed. For the avoidance of doubt, if no Proof of Claim has been Filed by the applicable Claims Bar Date and the Claim is not listed on the Schedules or has been or hereafter is listed on the Schedules as $0, disputed, contingent, or unliquidated, such Claim shall be

Disallowed and shall be expunged from the Claims Register without further action by the Debtors and without further notice to any party or action, approval, or order of the Bankruptcy Court.

54. "*Distribution Agent*" means Reorganized Gibson or any party designated by Reorganized Gibson to serve as distribution agent under this Plan, except that, for purposes of distributions under this Plan: (i) the DIP Agent will be and shall act as the Distribution Agent for Holders of Allowed DIP Facility Claims; (ii) the Prepetition Indenture Trustee will be and shall act as the Distribution Agent for Holders of Allowed Prepetition Secured Notes Claims; and (iii) the Litigation Trustee will be and shall act as the Distribution Agent for the Litigation Trust with respect to any distributions from the Litigation Trust to Litigation Trust Beneficiaries.

55. "*Distribution Record Date*" means the date for determining which Holders of prepetition Claims are eligible to receive distributions hereunder, which date shall be the Confirmation Date.

56. "*D&O Liability Insurance Policies*" means any and all insurance policies for directors' and officers' liability maintained by the Debtors immediately prior to the Petition Date, maintained by the Debtors during the Chapter 11 Cases, and the Tail Policy.

57. "*Domestic Term Loan Claims*" means the claims of the Domestic Term Loan Lenders arising from, based upon, or relating to the Prepetition ABL/Term Loan Agreement and any Prepetition 507(b) Claims of the Domestic Term Loan Lenders and the Prepetition ABL/Term Loan Agent.

58. "*Domestic Term Loan Lenders*" means those banks, financial institutions and other parties identified as lenders that provided term loans to the Debtors pursuant to the Prepetition ABL/Term Loan Agreement prior to and as of the Petition Date.

59. "*DTC*" means the Depository Trust Company.

60. "*Effective Date*" means the Business Day on which all conditions precedent specified in Article IX.A of this Plan have been satisfied (or waived in accordance with Article IX.C of this Plan).

61. "*Entity*" means an "entity" as defined in section 101(15) of the Bankruptcy Code.

62. "*EQ*" means Gibson's wholly-owned subsidiary, Qingdao Epiphone Musical Instrument Co., Ltd.

63. "*Equity Interest*" means any Equity Security in any Debtor, including all issued, unissued, authorized or outstanding shares of stock or limited company interests, together with (i) any options, warrants or contractual rights to purchase or acquire any such Equity Securities at any time with respect to such Debtor, and all rights arising with respect thereto and (ii) the rights of any Entity to purchase or demand the issuance of any of the foregoing and shall include: (1) conversion, exchange, voting, participation, and dividend rights; (2) liquidation preferences; (3) options, warrants, and put rights; and (4) stock-appreciation rights. The term "Equity Interest" also includes any Claim that is determined to be subordinated to the status of an Equity Security, whether under general principles of equitable subordination, section 510(b) of the Bankruptcy Code, or otherwise.

64. "*Equity Security*" means an "equity security" as defined in section 101(16) of the Bankruptcy Code.

65. "*Estates*" means the bankruptcy estates of the Debtors created by virtue of section 541 of the Bankruptcy Code upon the commencement of the Chapter 11 Cases.

66. "*Excluded Non-Debtor Subsidiaries*" means the following Entities: (i) Gibson GI Holdings, B.V. and its direct and indirect subsidiaries; (ii) Baldwin (Dongbei) Piano & Musical Instrument Co., Ltd.; and (iii) EQ.

67. "*Excluded Debtor Subsidiaries*" means Gibson Innovations USA, Inc., Cakewalk Inc., Wurlitzer Corp., and Baldwin Piano Inc.

68. "*Exculpated Parties*" means, collectively, each in its capacity as such: (a) the Debtors, (b) the Reorganized Debtors, (c) the DIP Agent, (d) the DIP Lenders, (e) the DIP Backstop Parties, (f) the Prepetition Indenture Trustee (and any of its predecessor trustees under the Prepetition Indenture), (g) the Committee and each of its members (but solely in their capacity as members of the Committee and not in any other capacity), (h) the Ad Hoc Committee of Secured Notes and each of its members, (i) each of the Supporting Noteholders, (j) the Supporting Principals, (k) the New Exit ABL Facility Lenders, (l) the New Exit Term Facility Lenders (if any), (m) the New Take-Out Facility Lenders (if any), (n) the New Exit ABL Facility Agent, (o) the New Exit Term Loan Facility Agent (if any), (p) the New Take-Out Facility Agent (if any), and (q) the Related Persons of each of the foregoing (a) through (p).

69. "*Executory Contract*" means a contract to which any Debtor is a party that is subject to assumption or rejection under sections 365 or 1123 of the Bankruptcy Code.

70. "*Exhibit*" means an exhibit annexed hereto, to the Plan Supplement or as an appendix to the Disclosure Statement (as such exhibits are amended, modified or otherwise supplemented from time to time), which are incorporated by reference herein.

71. "*Existing Executive Compensation Agreements*" means, as to David Berryman and Henry Juszkiewicz, all employment, services, separation, retention, incentive, bonus or similar agreement or arrangement with any of the Debtors.

72. "*Exit Premium*" has the meaning assigned to such term in the DIP Facility.

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

74. "*Final DIP Order*" means the *Final Order (I) Authorizing Debtors to (A) Obtain Postpetition Financing and (B) Utilize Cash Collateral, and (II) Granting Adequate Protection to Prepetition Secured Parties* [Dkt. No. 220].

75. "*Final Order*" means an order or judgment of the Bankruptcy Court, which is in full force and effect, and as to which the time to appeal, petition for *certiorari*, or move for a new trial, reargument or rehearing has expired and as to which no appeal, petition for *certiorari*, or other proceedings for a new trial, reargument or rehearing shall then be pending or as to which any right to appeal, petition for *certiorari*, new trial, reargument, or rehearing shall have been waived in writing in form and substance satisfactory to the Debtors or the Reorganized Debtors in accordance with the Restructuring Support Agreement, or, in the event that an appeal, writ of *certiorari*, new trial, reargument, or rehearing thereof has been sought, such order of the Bankruptcy Court shall have been determined by the highest court to which such order was appealed to be legally binding and effective, or *certiorari*, new trial, reargument or rehearing shall have been denied and the time to take any further appeal, petition for *certiorari*, or move for a new trial, reargument or rehearing shall have expired; *provided, however*, that the possibility that a motion under Rule 60 of the Federal Rules of Civil Procedure, or any analogous rule

under the Bankruptcy Rules, may be Filed with respect to such order shall not preclude such order from being a Final Order.

76. "*General Unsecured Claim*" means any prepetition Claim against any Debtor that is not a/an: (a) DIP Facility Claim; (b) Administrative Expense Claim; (c) Priority Tax Claim; (d) Other Priority Claim; (e) Other Secured Claim; (f) Allowed Class 5 Prepetition Secured Notes Claim; (g) ABL Revolver Claim; (h) Domestic Term Loan Claim; (i) ITLA Unsecured Guaranty Claim; (j) Gibson Holdings Claim; (k) Convenience Claim; or (l) Intercompany Claim. For the avoidance of doubt, Allowed Unsecured Prepetition Secured Notes Claims are classified as General Unsecured Claims by this Plan.

77. "*Gibson*" means Gibson Brands, Inc., a Debtor in the Chapter 11 Cases.

78. "*Gibson Japan*" means Gibson's wholly-owned subsidiary, Kabushiki Kaisha Gibson Guitar Corporation Japan.

79. "*Gibson Holdings Claim*" means a Claim that is not a Secured Claim against Gibson Holdings, Inc., including ITLA Unsecured Guaranty Claims and Allowed Unsecured Prepetition Notes Claims against Gibson Holdings, Inc.

80. "*Governmental Bar Date*" means 5:00 p.m. prevailing Eastern Time on October 29, 2018, or such other period of limitation as may be specifically fixed by an order of the Bankruptcy Court.

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

82. "*Holder*" means any Person holding a Claim against, or Equity Interest in, any Debtor.

83. "*Impaired*" means, when used in reference to a Claim or Equity Interest, a Claim or Equity Interest that is impaired within the meaning of section 1124 of the Bankruptcy Code.

84. "*Initial Distribution Date*" means, subject to the "Treatment" sections in Article III hereof, the date that is on or as soon as reasonably practicable after the Effective Date, when distributions under this Plan shall commence to Holders of Allowed Claims.

85. "*Intercompany Claims*" means any Claims of a Debtor against any other Debtor.

86. "*Interim DIP Order*" means the *Interim Order (I) Authorizing Debtors to (A) Obtain Postpetition Financing and (B) Utilize Cash Collateral, (II) Granting Adequate Protection to Prepetition Secured Parties and (III) Scheduling Final Hearing* [Dkt. No. 71].

87. "*ITLA*" means that certain International Term Loan Agreement, dated as of February 15, 2017, (as amended, supplemented, or otherwise modified, from time to time), by and among Gibson Innovations Limited, as Borrower, Gibson Brands, Inc., as Company, Gibson GI Holding B.V. as Dutch Parent, the guarantors identified therein, Elavon Financial Services DAC, UK Branch, as Agent, and the lender parties signatory thereto

88. "*ITLA Accrued Interest*" has the meaning ascribed to such term in Article III.E.6 of this Plan.

89. "*ITLA Gibson Holdings Claim*" means any Claim against Gibson Holdings, Inc. of the agent or lenders under the ITLA with respect to the guaranty of the ITLA by Gibson Holdings, Inc.

90. "*ITLA Injunction*" has the meaning ascribed to such term in Article V.K of this Plan.

91. "*ITLA Non-Debtor Guaranty Release Funding*" has the meaning ascribed to such term in Article V.K of this Plan.

92. "*ITLA Unsecured Guaranty Claim*" means any Claim of the agent or lenders under the ITLA, to the extent such Claim is guaranteed by any of the Debtors, excluding the ITLA Gibson Holdings Claim.

93. "*Lien*" means a "lien" as defined in section 101(37) of the Bankruptcy Code and, with respect to any asset, includes, without limitation, any mortgage, lien, pledge, charge, security interest or other encumbrance of any kind, or any other type of preferential arrangement or waterfall or value allocation priority that has the practical effect of creating a security interest, in respect of such asset.

94. "*Litigation Claims*" means the claims, rights of action, suits or proceedings, whether in law or in equity, whether known or unknown, that any Debtor or Estate may hold against any Entity, including the Causes of Action of the Debtors.

95. "*Litigation Trust*" means the trust established for the Litigation Trust Beneficiaries on the Effective Date in accordance with the terms of this Plan and the Litigation Trust Agreement.

96. "*Litigation Trust Agreement*" means the trust agreement, to be dated as of or prior to the Effective Date, between the Debtors and the Litigation Trustee, governing the Litigation Trust, which shall be substantially in the form attached to the Plan Supplement.

97. "*Litigation Trust Assets*" means the Litigation Trust Funding Amount, all interest earned on such funds, and the proceeds of the Litigation Trust Claims.

98. "*Litigation Trust Beneficial Interest*" means an interest in the Litigation Trust that will enable the Holder thereof to share, subject to prior payment in full in Cash of any adequate protection claims payable pursuant to the terms of the DIP Orders to the extent not otherwise paid in full in accordance with the DIP Orders prior to the Effective Date, in the distributions made under the Litigation Trust in accordance with the Plan and the Litigation Trust Agreement.

99. "*Litigation Trust Beneficiaries*" means Holders of Allowed General Unsecured Claims and Holders of Allowed ITLA Unsecured Guaranty Claims.

100. "*Litigation Trust Claims*" means: (i) all Avoidance Actions, and (ii) all Causes of Action, in each case, arising out of, or related to, the Prepetition ABL Term Loan Agreement and/or the ITLA solely against the Prepetition ABL/Term Loan Agent, the Prepetition ABL/Term Loan Lenders, the ITLA Lenders and each of their Related Persons (and excluding all Causes of Action that are released and/or exculpated pursuant to Articles X.B and X.E of the Plan).

101. "*Litigation Trust Expenses*" has the meaning ascribed to such term in Article V.W of this Plan.

102. "*Litigation Trust Funding Amount*" means, with the consent of the Required Supporting Noteholders, [$•] which shall be contributed by the Reorganized Debtors to the Litigation Trust on the Effective Date to fund the Litigation Trust Expenses.

103. "*Litigation Trust Indemnified Parties*" means the Litigation Trust Trustee and its consultants, agents, attorneys, accountants, financial advisors, beneficiaries, estates, employees, officers, directors, principals, professionals, and other representatives, each in their respective capacity as such.

104. "*Litigation Trust Trustee*" means the Person appointed by agreement among the Debtors and the Required Supporting Noteholders to act as trustee of the Litigation Trust in accordance with the terms of the Plan, the Confirmation Order and the Litigation Trust Agreement, or any successor appointed in accordance with the Litigation Trust Agreement.

105. *"Local Rules*" means the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware.

106. "*Management Employment and Consulting Agreements*" means the employment and/or consulting agreements between Gibson and David Berryman or Henry Juszkiewicz, which shall be Filed with the Plan Supplement and shall be in form and substance consistent with the terms of the Restructuring Support Agreement (as amended, modified, waived, or supplemented from time to time in accordance with its terms).

107. "*Management Incentive Plan*" means an employee management incentive plan in a form to be Filed with the Plan Supplement to be implemented on the Effective Date that shall provide for grants of options and/or restricted units of New Common Stock reserved for management, directors, officers, and other key employees of the Debtors in an amount of up to [•]% of the New Common Stock, which shall be in form and substance consistent with the terms of the Restructuring Support Agreement (as amended, modified, waived, or supplemented from time to time in accordance with its terms). The primary participants in and the structure of the Management Incentive Plan, including the amount, form, exercise price, allocation and vesting of such equity-based awards with respect to such primary participants, shall be determined by the New Board of Reorganized Gibson.

108. "*New Board*" means the initial board of directors of the Reorganized Debtors, and their Affiliates, as described in Article V.N hereto.

109. "*New Common Stock*" means the shares of New Common Stock in Reorganized Gibson, par value $0.001 per share, to be issued on the Effective Date in accordance with the terms of this Plan.

110. "*New Common Stock Agreement*" means the agreement to be entered into by all Holders of New Common Stock, which shall provide for reasonable and customary protections of minority shareholders as negotiated in accordance with the Restructuring Support Agreement and substantially in the form Filed with the Plan Supplement (as amended, modified, waived, or supplemented from time to time in accordance with its terms), and which shall be in form and substance acceptable to the Required Supporting Noteholders.

111. "*New Exit ABL Facility*" means, if applicable, a new asset based revolving credit facility to be provided to the Reorganized Debtors on the Effective Date by the New Exit ABL Facility Lenders pursuant to the New Exit ABL Facility Documents, and which shall be in form and substance acceptable to the Debtors and the Required Supporting Noteholders.

112. "*New Exit ABL Facility Agent*" means, if applicable, the administrative agent and collateral agent under the New Exit ABL Facility, and its successors and assigns.

113. "*New Exit ABL Facility Documents*" means, if applicable, the credit agreement governing the New Exit ABL Facility, and the related notes, guarantees, security documents, and intercreditor agreement, as applicable, which shall be in form and substance acceptable to the Debtors and the Required Supporting Noteholders and materially consistent with the forms Filed with the Bankruptcy Court on or before ten (10) days prior to the commencement of the Confirmation Hearing or such later date on or prior to the Effective Date as may be agreed by the Debtors and the Required Supporting Noteholders (as the same may be amended, modified, waived, or supplemented from time to time in accordance with its terms).

114. "*New Exit ABL Facility Lenders*" means, if applicable, the banks, financial institutions and other parties identified as lenders in the New Exit ABL Facility Documents from time to time.

115. "*New Exit ABL Term Sheet*" means, if applicable, the term sheet summarizing the general terms and conditions of the New Exit ABL Facility, which shall be Filed with the Bankruptcy Court on or before ten (10) days before the Voting Deadline, and which shall be in form and substance acceptable to the Debtors and the Required Supporting Noteholders.

116. "*New Exit Term Loan Facility*" means, if applicable, a term loan credit facility to be provided to the Reorganized Debtors upon the Effective Date by the New Exit Term Loan Facility Lenders pursuant to the New Exit Term Loan Facility Documents, and which shall be in form and substance acceptable to the Debtors and the Required Supporting Noteholders.

117. "*New Exit Term Loan Facility Agent*" means, if applicable, the administrative agent and collateral agent under the New Exit Term Loan Facility, and its successors and assigns.

118. "*New Exit Term Loan Facility Documents*" means, if applicable, the credit agreement governing the New Exit Term Loan Facility, and the related notes, guarantees, security documents, and intercreditor agreement, as applicable, which shall be in form and substance acceptable to the Debtors and the Required Supporting Noteholders and materially consistent with the forms Filed with the Bankruptcy Court on or before ten (10) days prior to the commencement of the Confirmation Hearing or such later date on or prior to the Effective Date as may be agreed by the Debtors and the Required Supporting Noteholders (as the same may be amended, modified, waived, or supplemented from time to time in accordance with its terms).

119. "*New Exit Term Loan Facility Lenders*" means, if applicable, the banks, financial institutions and other parties identified as lenders in the New Exit Term Loan Facility Documents, if applicable, from time to time.

120. "*New Exit Term Loan Term Sheet*" means, if applicable, the term sheet summarizing the general terms and conditions of the New Exit Term Loan Facility, which shall be Filed with the Bankruptcy Court on or before ten (10) days before the Voting Deadline, and which shall be in form and substance acceptable to the Debtors and the Required Supporting Noteholders.

121. "*New Take-Out Facility*" means, if applicable, a new term loan facility to be provided to the Reorganized Debtors upon the Effective Date by the DIP Lenders pursuant to the New Take-Out Facility Documents, and which shall be in form and substance acceptable to the Debtors and the Required Supporting Noteholders.

122. "*New Take-Out Facility Agent*" means, if applicable, the administrative agent and collateral agent under the New Take-Out Facility, and its successors and assigns.

123. "*New Take-Out Facility Documents*" means, if applicable, the credit agreement governing the New Take-Out Facility, and the related notes, guarantees, security documents, and intercreditor agreement, as applicable, which shall be in form and substance acceptable to the Debtors and the Required Supporting Noteholders and materially consistent with the forms Filed with the Bankruptcy Court on or before ten (10) days prior to the commencement of the Confirmation Hearing or such later date on or prior to the Effective Date as may be agreed by the Debtors and the Required Supporting Noteholders (as the same may be amended, modified, waived, or supplemented from time to time in accordance with its terms).

124. "*New Take-Out Facility Lenders*" means, if applicable, the DIP Lenders, and such other banks, financial institutions and other parties identified in the New Take-Out Facility Documents from time to time.

125. "*New Take-Out Facility Term Sheet*" means, if applicable, the term sheet summarizing the general terms and conditions of the New Take-Out Facility, which shall be Filed with the Bankruptcy Court on or before ten (10) days before the Voting Deadline, and which shall be in form and substance acceptable to the Debtors and the Required Supporting Noteholders.

126. "*New Warrants*" means the warrants to be issued pursuant to the Management Employment and Consulting Agreements.

127. "*Non-Debtor Subsidiaries*" means a direct or indirect subsidiary of Gibson that is not a Debtor, but excluding the Excluded Non-Debtor Subsidiaries.

128. "*Ordinary Course Professionals Order*" means the *Order Pursuant to Section 105(a), 327, 328, and 330 of the Bankruptcy Code Authorizing the Debtors to Retain and Compensate Professionals Employed in the Ordinary Course of Business Nunc Pro Tunc to the Petition Date* [Dkt. No. 163].

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

130. "*Other Secured Claim*" means any Secured Claim other than a DIP Facility Claim, an Allowed Prepetition Secured Notes Claim or a Prepetition ABL/Term Loan Secured Claim.

131. "*Paul, Weiss*" means the law firm of Paul, Weiss, Rifkind, Wharton & Garrison LLP, in its capacity as counsel to the Ad Hoc Committee of Secured Notes.

132. "*Person*" means a "person" as defined in section 101(41) of the Bankruptcy Code and also includes any natural person, corporation, general or limited partnership, limited liability company, firm, trust, association, government, governmental agency or other Entity, whether acting in an individual, fiduciary or other capacity.

133. "*Petition Date*" means the date on which the Debtors commenced the Chapter 11 Cases.

134. "*Pillsbury*" means the law firm of Pillsbury Winthrop Shaw Pittman LLP, in its capacity as counsel to the Supporting Principals.

135. "*PJT Partners*" means the financial advisory firm of PJT Partners, LLP, in its capacity as financial advisor to the Ad Hoc Committee of Secured Notes.

136. "*Plan*" means this *Debtors' Joint Chapter 11 Plan of Reorganization*, including the Exhibits and Plan Schedules and all other supplements, appendices, and schedules thereto, either in its present form or as the same may be altered, amended, modified or otherwise supplemented from time to time.

137. "*Plan Distribution*" means the payment or distribution of consideration to Holders of Allowed Claims and Equity Interests under this Plan.

138. "*Plan Documents*" means any of the documents, other than this Plan, to be executed, delivered, assumed, or performed in connection with the occurrence of the Effective Date, including the documents to be included in the Plan Supplement, the New Exit ABL Facility Documents (if any), the New Exit Term Facility Documents (if any), the New Take-Out Facility Documents (if any), the Management Employment and Consulting Agreements, the New Warrants, the New Common Stock Agreement, the Amended Organizational Documents, and the Management Incentive Plan, each of which shall be in form and substance consistent with the terms of the Restructuring Support Agreement (as amended, modified, waived, or supplemented from time to time in accordance with its terms).

139. "*Plan Schedules*" means all schedules annexed either to the Plan Supplement or as an appendix to the Disclosure Statement (as amended, modified or otherwise supplemented from time to time).

140. "*Plan Supplement*" means, collectively, the compilation of documents and forms of documents, and all exhibits, attachments, schedules, agreements, documents and instruments referred to therein, ancillary or otherwise, including the Exhibits, Plan Documents and Plan Schedules, all of which are incorporated by reference into, and are an integral part of, this Plan, as all of the same may be amended, modified, replaced and/or supplemented from time to time, which shall be Filed with the Bankruptcy Court no later than ten (10) days before the Voting Deadline (unless otherwise ordered by the Bankruptcy Court). The documents that comprise the Plan Supplement shall be subject to any consent or consultation rights provided hereunder and thereunder, including as provided in the definitions of the relevant documents, and shall be in form and substance consistent with the Restructuring Support Agreement.

141. "*Plan Value*" means the value of the New Common Stock in Reorganized Gibson of the Effective Date as determined by the Bankruptcy Court in connection with the Confirmation Hearing.

142. "*Post-Petition*" means the time period beginning immediately upon the filing of the Chapter 11 Cases and ending on the Effective Date.

143. "*Post-Petition Rate*" means the Federal judgment rate pursuant to 28 U.S.C. § 1961 (Post Judgment Interest Rates) as of the Effective Date.

144. "*Prepetition 507(b) Claims*" means those certain super-priority administrative claims granted pursuant to Paragraph 16(c) of the Final DIP Order.

145. "*Prepetition ABL/Term Loan Agent*" means Bank of America, N.A. in its capacity as administrative agent and collateral agent under the Prepetition ABL/Term Loan Agreement, and its successors and assigns.

146. "*Prepetition ABL/Term Loan Professional Fees*" means the reasonable fees, costs, and out-of-pocket expenses incurred by the professionals employed by the Prepetition ABL/Term Loan Lenders and Prepetition ABL/Term Loan Agent and as provided for in the DIP Orders.

147. "*Prepetition ABL/Term Loan Lenders*" means the ABL Revolver Lenders and the Domestic Term Loan Lenders under the Prepetition ABL/Term Loan Agreement.

148. "*Prepetition ABL/Term Loan Agreement*" means the Amended and Restated Loan Agreement, dated as of February 15, 2017, by and among Gibson, Gibson International Sales LLC, Gibson Innovations USA, Inc., and Gibson Pro Audio Corp., as borrowers, the other subsidiaries of Gibson that are guarantors and grantors thereunder, the Prepetition ABL/Term Loan Agent, and the Prepetition ABL/Term Loan Lenders (as amended, modified, waived, or supplemented from time to time in accordance with its terms).

149. "*Prepetition ABL/Term Loan Secured Claim"* means any Claim of the Prepetition ABL/Term Loan Lenders or the Prepetition ABL/Term Loan Agent arising under the Prepetition ABL/Term Loan Agreement and the documents ancillary thereto

150. "*Prepetition Indenture*" means that certain Indenture, dated as of July 31, 2013, by and among Gibson, each of the other guarantors and grantors thereunder, and the Prepetition Indenture Trustee under which Gibson issued the Prepetition Secured Notes (as amended, modified, waived, or supplemented from time to time in accordance with its terms).

151. "*Prepetition Indenture Trustee*" means Wilmington Trust, National Association, as successor to Wells Fargo Bank, National Association, a national banking association, in its capacity as indenture trustee and collateral agent under the Prepetition Indenture, or any successor trustee.

152. "*Prepetition Indenture Trustee Professional Fees*" means the reasonable fees, costs and out-of-pocket expenses incurred by professionals employed by the Prepetition Indenture Trustee and as provided for in the DIP Orders.

153. "*Prepetition Secured Noteholders*" means the Holders of the Prepetition Secured Notes and their successors and permitted assigns.

154. "*Prepetition Secured Notes*" means the 8.75% Senior Secured Notes due 2018 issued by Gibson pursuant to the Prepetition Indenture.

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

156. "*Profits Interest*" means a profits interest in the TEAC Shares based on the last trading value of shares in TEAC on the Effective Date payable by Reorganized Gibson.

157. "*Pro Rata*" means the proportion that (a) the Allowed amount of a Claim in a particular Class bears to (b) the aggregate Allowed amount of all Claims in such Class, unless this Plan provides otherwise.

158. "*Professional*" means (a) any Person employed in the Chapter 11 Cases pursuant to section 327, 363 or 1103 of the Bankruptcy Code or otherwise and (b) any Person seeking compensation or reimbursement of expenses in connection with the Chapter 11 Cases pursuant to section 503(b)(4) of the Bankruptcy Code, excluding, for the avoidance of doubt, any Person employed by the Supporting Noteholders, the Supporting Principals, the Ad Hoc Committee of Secured Notes, the Prepetition Indenture Trustee, the Prepetition ABL/Term Loan Agent, the Prepetition ABL/Term Loan Lenders, the DIP Agent, or the DIP Lenders.

159. "*Professional Fee Claim*" means a Claim under sections 328, 330(a), 331, 363, 503 or 1103 of the Bankruptcy Code for any Professional, whether accrued, contingent or unpaid, for fees

and expenses (including transaction fees) for legal, financial advisory, accounting or other services and reimbursement of expenses of each Professional that is awardable and allowable under sections 328, 330 or 331 of the Bankruptcy Code or otherwise Allowed after the Petition Date and prior to and including the Effective Date.

160. "*Professional Fees Bar Date*" means the Business Day that is thirty (30) days after the Effective Date or such other date as approved by order of the Bankruptcy Court.

161. "*Professional Fee Reserve Account*" means a segregated account for the benefit of the Professionals to be funded on the Effective Date in an amount sufficient to pay the Professional Fee Reserve Amount.

162. "*Professional Fee Reserve Amount*" means an amount sufficient to pay the Debtors' reasonable estimate, as of the Effective Date, of the Allowed Professional Fee Claims, and which amount shall be funded into the Professional Fee Reserve Account on the Effective Date.

163. "*Proof of Claim*" means a proof of Claim Filed against any Debtor in the Chapter 11 Cases.

164. "*Reinstated*" means, with respect to any Claim, (a) leaving unaltered the legal, equitable, and contractual rights to which a Claim entitles the Holder of such Claim in accordance with Section 1124 of the Bankruptcy Code or (b) notwithstanding any contractual provision or applicable law that entitles the Holder of such Claim to demand or receive accelerated payment of such Claim 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) of the Bankruptcy Code expressly does not require to be cured; (ii) reinstating the maturity of such Claim as such maturity existed before such default; (iii) compensating the Holder of such Claim 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 arises from any failure to perform a non-monetary obligation, other than a default arising from failure to operate a non-residential real property lease subject to section 365(b)(1)(A) of the Bankruptcy Code, compensating the Holder of such Claim (other than any Debtor or an insider of any Debtor) 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 entitles the Holder of such Claim.

165. "*Rejected Executory Contract/Unexpired Lease List*" means the list, if any, and any amended list, if any, as determined by the Debtors in accordance with the Restructuring Support Agreement, identifying Executory Contracts and/or Unexpired Leases that will be rejected by the Reorganized Debtors pursuant to the Plan, and which shall be Filed with the Plan Supplement and shall be acceptable to the Debtors and the Required Supporting Noteholders.

166. "*Related Persons*" means, with respect to any Person, such Person's Affiliates and each of such Person's and its Affiliates' predecessors, successors, assigns, Affiliates, subsidiaries, managed accounts or funds, and all of their respective current and former officers, directors, principals, employees, shareholders, members, partners, agents, managers, managing members, investment advisors, advisory board members, financial advisors, attorneys, accountants, investment bankers, consultants, representatives, management companies, fund advisors, and other professionals, in each case, acting in such capacity, and any Person claiming by or through any of them, and each of such Person's respective heirs, executors, estates, servants and nominees.

167. "*Released Parties*" means, collectively, each in its capacity as such: (a) the Debtors, (b) the Reorganized Debtors, (c) the DIP Agent, (d) the DIP Lenders, (e) the DIP Backstop Parties, (f) the Prepetition Indenture Trustee (and any of its predecessor trustees under the Prepetition Indenture), (g) the Ad Hoc Committee of Secured Notes and each of its members, (h) each of the

Supporting Noteholders, (i) the Supporting Principals, (j) the New Exit ABL Facility Lenders, (k) the New Exit Term Facility Lenders (if any), (l) the New Take-Out Facility Lenders (if any), (m) the New Exit ABL Facility Agent, (n) the New Exit Term Loan Facility Agent (if any), (o) the New Take-Out Facility Agent (if any) (p) the Litigation Trust Trustee, and (q) the Related Persons of each of the foregoing (a) through (p).

168. "*Releasing Parties*" means, collectively, each in its capacity as such: (a) the Debtors, (b) the Reorganized Debtors, (c) Holders of Claims that vote to accept the Plan, (d) Holders of Claims that are Unimpaired under the Plan, (e) Holders of Claims or Equity Interests that are deemed to reject the Plan and do not opt out of granting the releases set forth in Article X, (f) Holders of Claims whose vote to accept or reject the Plan is solicited but that do not vote either to accept or to reject the Plan and that, if entitled to do so, do not indicate that they opt out of granting the releases set forth in Article X, (g) Holders of Claims that vote to reject the Plan but do not indicate that they opt out of granting the releases set forth in Article X, (h) the DIP Agent, (i) the DIP Lenders, (j) the DIP Backstop Parties, (k) the Prepetition Indenture Trustee (and any of its predecessor trustees under the Prepetition Indenture), (l) the Ad Hoc Committee of Secured Notes and each of its members, (m) the Committee and each of its members (but solely in their capacity as members of the Committee and not in any other capacity), (n) the Supporting Principals, (o) the New Exit ABL Facility Lenders, (p) the New Exit Term Facility Lenders (if any), (q) the New Take-Out Facility Lenders (if any); (r) the New Exit ABL Facility Agent; (s) the New Exit Term Loan Facility Agent (if any), (t) the New Take-Out Facility Agent (if any), (u) the Litigation Trust Trustee, and (v) the Related Persons of each of the foregoing (a) through (u).

169. "*Reorganized Debtors*" means (i) Reorganized Gibson and (ii) each other Debtor, as reorganized pursuant to this Plan on and after the Effective Date, but excluding the Excluded Debtor Subsidiaries.

170. "*Reorganized Gibson*" means Gibson, as reorganized pursuant to this Plan on and after the Effective Date.

171. "*Required Lenders*" has the meaning assigned to such term in the DIP Facility.

172. "*Required Supporting Noteholders*" means (a) as long as the Ad Hoc Committee of Secured Notes controls more than 50% of the principal amount of the Prepetition Secured Notes, the Ad Hoc Committee of Secured Notes, and (b) if the Ad Hoc Committee of Secured Notes controls less than 50% of the principal amount of the Prepetition Secured Notes, Supporting Noteholders controlling at least 50.1% of the principal amount of the Prepetition Secured Notes, in the case of each of (a) and (b), as applicable, at the time such action, consent, approval or waiver is solicited.

173. "*Required Supporting Litigation Trust Beneficiaries*" means Litigation Trust Beneficiaries holding at least 50.1% of the Litigation Trust Beneficial Interests.

174. "*Restructuring*" means the financial restructuring of the Debtors, the principal terms of which are set forth in this Plan, the Disclosure Statement, the Plan Supplement and the Restructuring Support Agreement.

175. "*Restructuring Support Agreement*" means that certain Restructuring Support Agreement, dated as of April 30, 2018, by and among the Debtors, the Supporting Noteholders, and the Supporting Principals, including the First Amendment to the Restructuring Support Agreement, dated May 4, 2018 and the Second Amendment to the Restructuring Support Agreement, dated June 12, 2018 (as amended, modified, waived, or supplemented from time to time in accordance with its terms).

176. "*Restructuring Transactions*" means one or more transactions pursuant to section 1123(a)(5)(D) of the Bankruptcy Code to occur on the Effective Date or as soon as reasonably practicable thereafter that may be necessary or appropriate to effect any transaction described in,

approved by, contemplated by, or necessary to effectuate the Plan, including (a) the consummation of the transactions provided for under or contemplated by the Restructuring Support Agreement; (b) the execution and delivery of appropriate agreements or other documents containing terms that are consistent with or reasonably necessary to implement the terms of this Plan and the Restructuring Support Agreement and that satisfy the requirements of applicable law; (c) the execution and delivery of appropriate instruments of transfer, assignment, assumption, or delegation of any property, right, liability, duty, or obligation on terms consistent with the terms of the Plan, the Plan Documents, and the Restructuring Support Agreement; and (d) all other actions that are necessary or appropriate and consistent with the Plan, the Plan Documents, and the Restructuring Support Agreement. The Restructuring Transactions may include a taxable transfer of substantially all or a part of the Debtors' assets or Entities to a newly-formed Entity (or an Affiliate or Subsidiary of such Entity) formed and controlled by certain Holders of Claims against the Debtors and, in such case, some or all of the New Common Stock (and/or other Equity Interests) issued to such Holders of Claims pursuant to the Plan may comprise stock (and/or other Equity Interests) of such new Entity (or an Affiliate or Subsidiary of such Entity), *provided, however*, any such transfer shall not affect the treatment of any other Holders of Allowed Claims against the Debtors.

177. "*Schedules*" means the schedules of Assets and liabilities, statements of financial affairs, lists of Holders of Claims and Equity Interests and all amendments or supplements thereto Filed by the Debtors with the Bankruptcy Court.

178. "*SEC*" means the Securities and Exchange Commission, or any successor agency.

179. "*Secured Claim*" means a Claim that is secured by a Lien on property in which any Debtor's Estate has an interest or that is subject to setoff under section 553 of the Bankruptcy Code, to the extent of the value of the Claim Holder's interest in such 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, in the case of setoff, pursuant to section 553 of the Bankruptcy Code.

180. "*Securities Act*" means the Securities Act of 1933, 15 U.S.C. §§ 77c-77aa, as now in effect or hereafter amended, and the rules and regulations promulgated thereunder, and any similar federal, state or local law.

181. "*Securities Exchange Act*" means the Securities Exchange Act of 1934, 15 U.S.C. § 78a et seq., as now in effect or hereafter amended, and the rules and regulations promulgated thereunder, and any similar federal, state or local law.

182. "*Security*" or "*security*" means any security as such term is defined in section 101(49) of the Bankruptcy Code.

183. "*Servicer*" means an indenture trustee, owner trustee, pass-through trustee, subordination agent, agent, servicer or any other authorized representative of creditors of the Debtors recognized by the Debtors or the Reorganized Debtors.

184. "*Solicitation"* means the solicitation of votes of those parties entitled to vote to accept or reject the Plan.

185. "*Stamp or Similar Tax*" means any stamp tax, recording tax, personal property tax, conveyance fee, intangibles or similar tax, real estate transfer tax, sales tax, use tax, transaction privilege tax (including such taxes on prime contracting and owner-builder sales), privilege taxes (including privilege taxes on construction contracting with regard to speculative builders and owner builders), and other similar taxes imposed or assessed by any Governmental Unit.

186. "*Subsidiaries*" means the Debtors other than Gibson.

187. "*Supporting Noteholders*" means those beneficial Holders of the Prepetition Secured Notes that are parties to the Restructuring Support Agreement, together with their respective successors and permitted assigns, and other beneficial Holders of the Prepetition Secured Notes, that subsequently become party to the Restructuring Support Agreement in accordance with the terms thereof.

188. "*Supporting Principals*" means, together, Henry Juszkiewicz and David Berryman.

189. "*Tail Policy*" has the meaning ascribed to such term in Article VI.F of this Plan.

190. "*Take-Out Equity Option*" has the meaning ascribed to such term in Article II.C.iii of this Plan.

191. "*TEAC*" means TEAC Corp.

192. "*TEAC Shares*" means the Equity Interests in TEAC owned by Gibson Holdings, Inc.

193. "*Transaction Expenses*" means the fees, costs and expenses incurred by (i) the Ad Hoc Committee of Secured Notes Professionals, (ii) one primary counsel and one local counsel for the DIP Agent as provided for in the DIP Orders, (iii) the Prepetition Indenture Trustee Professional Fees, (iv) the Prepetition ABL/Term Loan Agent Professional Fees, and (v) Pillsbury and one local counsel to the Supporting Principals; *provided that* the fees and expenses payable to the Supporting Principals and their professionals will be subject to an aggregate cap of $100,000.00, *provided*, *further* that the Transaction Expenses (i) shall be payable without the requirement or need to file any retention applications, fee applications, or any other applications in the Chapter 11 Cases or obtain any order from the Bankruptcy Court with respect thereto, (ii) shall be Allowed in full as Administrative Expense Claims without the filing of a Professional Fee Claim, and (iii) shall not be subject to any offset, defense, counterclaim, reduction, or credit.

194. "*Transfer*" means, with respect to any security or the right to receive a security or to participate in any offering of any security, (i) the sale, transfer, pledge, hypothecation, encumbrance, assignment, constructive sale, participation in, or other disposition of such security or right or the beneficial ownership thereof, (ii) the offer to make such a sale, transfer, constructive sale, or other disposition, and (iii) each option, agreement, arrangement, or understanding, whether or not in writing and whether or not directly or indirectly, to effect any of the foregoing. The term "constructive sale" for purposes of this definition means (i) a short sale with respect to such security or right, (ii) entering into or acquiring an offsetting derivative contract with respect to such security or right, (iii) entering into or acquiring a futures or forward contract to deliver such security or right, or (iv) entering into any transaction that has substantially the same effect as any of the foregoing. The term "beneficially owned" or "beneficial ownership" as used in this definition shall include, with respect to any security or right, the beneficial ownership of such security or right by a Person and by any direct or indirect subsidiary of such Person.

195. "*Unexpired Lease*" means a lease to which any Debtor is a party that is subject to assumption or rejection under section 365 of the Bankruptcy Code.

196. "*Unimpaired*" means, with respect to a Class of Claims or Equity Interests that is not impaired within the meaning of section 1124 of the Bankruptcy Code.

197. "*Voting Classes*" means Classes 4 (to the extent not previously refinanced in accordance with the DIP Orders), 5, 6, 7, and 8 under this Plan.

198. "*Voting Deadline*" means the date established by order of the Bankruptcy Court for the timely submission of a ballot to accept or reject the Plan.

ARTICLE II.
ADMINISTRATIVE, DIP FACILITY, AND PRIORITY TAX CLAIMS

A. Administrative Expense Claims

On the later of the Effective Date, or the date on which an Administrative Expense Claim becomes an Allowed Administrative Expense Claim, or, in each case, as soon as reasonably practicable thereafter, and in the case of an Allowed Professional Fee Claim subject to the provisions of Article II. B., each Holder of an Allowed Administrative Expense Claim will receive, in full and final satisfaction, settlement, discharge and release of, and in exchange for, such Claim either (i) payment in full in Cash for the unpaid portion of such Allowed Administrative Expense Claim; or (ii) such other less favorable treatment as may be agreed to in writing by the Debtors or Reorganized Debtors, as applicable, and such Holder; *provided, however*, that Administrative Expense Claims incurred by the Debtors in the ordinary course of business may be paid in the ordinary course of business in the discretion of the Debtors or Reorganized Debtors in accordance with such applicable terms and conditions relating thereto without further notice to or order of the Bankruptcy Court. All statutory fees payable under 28 U.S.C. § 1930(a) shall be paid as such fees become due.

B. Professional Fee Claims

1. Professional Fee Reserve Account

On the Effective Date, the Debtors will establish the Professional Fee Reserve Account and fund into the Professional Fee Reserve Account Cash equal to the Professional Fee Claim Reserve Amount for the benefit of the Professionals. The Professional Fee Reserve Account shall only be available to satisfy the Allowed Professional Fee Claims. The DIP Agent, the DIP Lenders, the Prepetition Indenture Trustee, the Prepetition Secured Noteholders, the Prepetition ABL/Term Loan Agent and the Prepetition ABL/Term Loan Lenders: (i) shall not preclude the use of the Debtors' Cash to fund the Professional Fee Reserve Account in the amount of the Professional Fee Claim Reserve Amount, (ii) shall not foreclose on the Professional Fee Reserve Account, (iii) shall subordinate their security interests, Liens, and Claims (including any superpriority Claim) in the Professional Fee Reserve Account to the payment of the Allowed Professional Fee Claims, (iv) shall only have a security interest, Lien and superpriority Claim upon and to, and the right of enforcement against, such remaining amount in the Professional Fee Reserve Account after payment of the Allowed Professional Fees, and (v) waive, and shall have not right to seek, disgorgement with respect to the payment of any Allowed Professional Fees; *provided*, *however*, that the Reorganized Debtors shall have a reversionary interest in the excess, if any, of the amount of the Professional Fee Reserve Account over the aggregate Allowed Professional Fee Claims of the Professionals.

2. Final Fee Applications and Payment of Professional Fee Claims

Professionals or other Entities asserting a Professional Fee Claim for services rendered through the Effective Date must File, within sixty (60) days after the Effective Date, and serve on the Debtors, the Reorganized Debtors, the U.S. Trustee, and counsel to the Ad Hoc Committee of Secured Notes, an application for final allowance of such Professional Fee Claim; and *provided* that the Reorganized Debtors will pay Professionals in the ordinary course of business, for any work performed after the Effective Date, including those fees and expenses incurred by Professionals in connection with the implementation and consummation of the Plan, in each case without further application or notice to or

order of the Bankruptcy Court in full in Cash; and *provided further*, that any professional that may receive compensation or reimbursement of expenses pursuant to the Ordinary Course Professionals Order may continue to receive such compensation and reimbursement of expenses for services rendered before the Effective Date, without further Bankruptcy Court order, pursuant to the Ordinary Course Professionals Order.

Objections to any Professional Fee Claim must be Filed and served on the Debtors, the Reorganized Debtors, the U.S. Trustee, counsel to the Ad Hoc Committee of Secured Notes, and the requesting party no later than twenty-one (21) calendar days after the filing of the final applications for compensation or reimbursement (unless otherwise agreed by the Debtors or the Reorganized Debtors, as applicable, the Ad Hoc Committee of Secured Notes and the party requesting payment of a Professional Fee Claim).

After notice and a hearing in accordance with the procedures established by the Bankruptcy Code, Bankruptcy Rules and prior Bankruptcy Court orders, the Allowed amounts of such Professional Fee Claims shall be determined by the Bankruptcy Court. The amount of Professional Fee Claims owing to the Professionals shall be paid in Cash to such Professionals when such Claims are Allowed by a Final Order by the Reorganized Debtors, including from the Professional Fee Reserve Account in the case of the Debtors' Professionals.

The Professionals shall reasonably estimate their Professional Fee Claims before and as of the Effective Date, and shall deliver such estimate to the Debtors and counsel to the Ad Hoc Committee of Secured Notes no later than ten (10) calendar days prior to the Effective Date; provided, however, that such estimate shall not be considered a representation with respect to the fees and expenses of such Professional, and such Professionals are not bound to any extent by the estimates. If any of the Debtors' Professionals fails to provide an estimate or does not provide a timely estimate, the Debtors may estimate the unbilled fees and expenses of such Professional, in consultation with the Ad Hoc Committee of Secured Notes. The total amount so estimated shall be utilized by the Debtors to determine the Professional Fee Reserve Amount, but the Professional Fee Reserve Amount shall not limit the amount of Professional Fees that may be Allowed by the Bankruptcy Court or limit the obligation of the Reorganized Debtors to pay Professional Fees in the amounts Allowed by the Bankruptcy Court.

C. DIP Facility Claims

On the Effective Date in full and final satisfaction, settlement, discharge and release of, and in exchange for, all DIP Facility Claims, the DIP Facility Claims shall be:

(i) indefeasibly paid, in full in Cash, from the proceeds of the New Exit Term Loan Facility;

(ii) to the extent that the DIP Facility Claims cannot be paid in full in Cash in accordance with clause (i) of this Article II.D, at the election of the Required Lenders, refinanced in whole or in part with the proceeds of the New Take-Out Facility;

(iii) to the extent that the DIP Facility Claims are not (i) paid in full in Cash in accordance with clause (i) of this Article II.D and/or (ii) refinanced in full with the proceeds from a New Take-Out Facility in accordance with clause (ii) of this Article II.D, at the election of the Required Lenders, exchanged in full for New Common Stock at a price per share equal to 80% of Plan Value, subject to dilution for any New Common Stock issued: (A) to the DIP Backstop Parties on account of the DIP Backstop Premium; (B) in accordance with the Management Incentive Plan; (C) on account of the Exit Premium; and (D) upon the exercise of the New Warrants (collectively, the "**Take-Out Equity Option**"); or

(iv) (a) indefeasibly paid, in full, from a combination of some or all of: (x) the proceeds of the New Exit Term Loan Facility, (y) the proceeds of the New Take-Out Facility; and/or (z) the Take-Out Equity Option;

and, in any case, the DIP Facility Loan Agreement and all related loan documents, and all Liens and security interests granted to secure the DIP Facility Claims, will be deemed to be terminated, extinguished and released, and the DIP Agent will promptly execute and deliver to the Reorganized Debtors, at the Reorganized Debtors' sole cost and expense, such instruments of termination, release, satisfaction and/or assignment (in recordable form) as may be reasonably requested by the Reorganized Debtors to effectuate the foregoing. Notwithstanding the foregoing, the DIP Facility Loan Agreement shall continue in effect solely for the purpose of preserving the DIP Agent's and the DIP Lenders' right to any contingent or indemnification obligations of the Debtors pursuant and subject to the terms of the DIP Facility Loan Agreement or DIP Orders.

D. Priority Tax Claims

On or as soon as reasonably practicable after the earlier of (i) the Initial Distribution Date if such Priority Tax Claim is an Allowed Priority Tax Claim as of the Effective Date or (ii) the date on which such Priority Tax Claim becomes an Allowed Priority Tax Claim, each Holder of an Allowed Priority Tax Claim will receive in full satisfaction, settlement, discharge and release of, and in exchange for, such Allowed Priority Tax Claim, at the election of the Debtors or Reorganized Debtors: (a) Cash in an amount equal to the amount of such Allowed Priority Tax Claim; or (b) such other treatment as is consistent with the provisions of section 1129(a)(9) of the Bankruptcy Code and acceptable to the Required Supporting Noteholders. Payment of statutory fees due pursuant to 28 U.S.C. § 1930(a)(6) will be made at all appropriate times until the entry of a final decree.

ARTICLE III.
CLASSIFICATION AND TREATMENT OF CLASSIFIED CLAIMS AND EQUITY INTERESTS

A. Summary

All Claims and Equity Interests, except Administrative Expense Claims, Professional Fee Claims, DIP Facility Claims, and Priority Tax Claims, are classified in the Classes set forth below. In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Expense Claims, Professional Fee Claims, DIP Facility Claims, and Priority Tax Claims have not been classified.

The categories of Claims and Equity Interests listed below classify Claims and Equity Interests for purposes of classification, voting, confirmation, treatment and distribution pursuant to the Plan and pursuant to sections 1122 and 1123(a)(1) of the Bankruptcy Code. The classification and treatment of Claims and Equity Interests in this Article III does not limit or impair the releases, injunctions or exculpations provided for in Article X of the Plan, or any right or remedy of a Holder of a Claim or Equity Interest to enforce the terms and provisions of this Plan or any of the Plan Documents.

The Plan deems a Claim or Equity Interest to be classified in a particular Class only to the extent that the Claim or Equity Interest qualifies within the description of that Class and will be deemed classified in a different Class to the extent that any remainder of such Claim or Equity Interest qualifies within the description of such different Class. A Claim or Equity Interest is in a particular Class only to the extent that any such Claim or Equity Interest is Allowed in that Class and has not been paid, released or otherwise settled prior to the Effective Date.

The classification and treatment of Claims against, and Equity Interests in, the Debtors are on a Debtor by Debtor basis. To the extent Claims against, and Equity Interests in, more than one Debtor are classified in one Class, the Class shall be deemed to include sub-classes for each such Debtor.

Summary of Classification and Treatment of Classified Claims and Equity Interests

Class	Claim	Status	Voting Rights
1	Other Priority Claims	Unimpaired	Deemed to Accept
2	Other Secured Claims	Unimpaired	Deemed to Accept
3	ABL Revolver Claims	Unimpaired	Deemed to Accept
4	Domestic Term Loan Claims	Impaired/ Unimpaired	Entitled to Vote/ Deemed to Accept[2]
5	Allowed Prepetition Secured Notes Claims	Impaired	Entitled to Vote
6	General Unsecured Claims – (Other than Class 7, 8 and 9 Claims)	Impaired	Entitled to Vote
7	General Unsecured Claims Against Gibson Holdings, Inc.	Impaired	Entitled to Vote
8	Convenience Class Claims	Impaired	Entitled to Vote
9	Intercompany Claims	Impaired/Unimpaired	Deemed to Accept/ Deemed to Reject
10	Equity Interests in Gibson	Impaired	Deemed to Reject
11	Equity Interests in Subsidiaries (Other than Excluded Debtor Subsidiaries)	Unimpaired	Deemed to Accept
12	Equity Interests in Excluded Debtor Subsidiaries	Impaired	Deemed to Reject

B. Elimination of Vacant Classes

Any Class that, as of the commencement of the Confirmation Hearing, does not have at least one Holder of a Claim or Equity Interest that is Allowed in an amount greater than zero for voting purposes shall be considered vacant, deemed eliminated from this Plan for purposes of voting to accept or reject this Plan, and disregarded for purposes of determining whether this Plan satisfies section 1129(a)(8) of the Bankruptcy Code with respect to such Class.

C. Voting; Presumptions

Only Holders of Allowed Claims in Classes 4 (to the extent not previously refinanced in accordance with the DIP Orders), 5, 6, 7 and 8 are entitled to vote to accept or reject this Plan. An Impaired Class of Claims shall have accepted this Plan if (i) the Holders of at least two-thirds (2/3) in amount of the Allowed Claims actually voting in such Class have voted to accept this Plan and (ii) the Holders of more than one-half (1/2) in number of the Allowed Claims actually voting in such Class have

[2] Treatment of Class 4 Domestic Term Loan Claims depends on whether the Prepetition ABL/Term Loan Agreement is refinanced prior to the Effective Date. Accordingly, to the extent such refinancing has not occurred prior to the date votes on the Plan are solicited, Holders of Class 4 Domestic Term Loan Claims shall receive ballots and be entitled to vote on the Plan. To the extent the Purchase Option or the ABL Refinancing is implemented prior to the Confirmation Date to repay the remaining obligations due under the Prepetition ABL/Term Loan Agreement, Allowed Class 4 Domestic Term Loan Claims shall be paid in full and Unimpaired under the Plan and any votes cast by Holders of such Claims shall not be counted and Class 4 shall instead be deemed to accept the Plan pursuant to section 1126(f) of the Bankruptcy Code.

voted to accept this Plan. Holders of Claims in Classes 4 (to the extent not previously refinanced in accordance with the DIP Orders), 5, 6, 7, and 8 will receive ballots containing detailed voting instructions.

Holders of Allowed Claims or Equity Interests in Classes 1, 2, 3, and 11 are Unimpaired under the Plan and accordingly are deemed to accept the Plan pursuant to section 1126(f) of the Bankruptcy Code. Holders of Allowed Claims in Class 9 are either Impaired by reason of neither receiving nor retaining any property under the Plan, or Unimpaired under the Plan, and accordingly are either deemed to reject the Plan or accept the Plan, respectively. Therefore, each Holder of a Class 9 Claim is not entitled to vote to accept or reject the Plan.

Holders of Allowed Equity Interests in Classes 10 and 12 shall neither receive nor retain any property under the Plan and accordingly are deemed to reject the Plan pursuant to section 1126(g) of the Bankruptcy Code.

D. Cramdown

If any Class of Claims or Equity Interests is deemed to reject this Plan or is entitled to vote on this Plan and does not vote to accept this Plan, the Debtors may, subject to the terms of the Restructuring Support Agreement, (i) seek confirmation of this Plan under section 1129(b) of the Bankruptcy Code, or (ii) amend or modify this Plan in accordance with the terms hereof and the Bankruptcy Code. If a controversy arises as to whether any Claims or Equity Interests, or any Class of Claims or Equity Interests, are impaired, the Bankruptcy Court shall, after notice and a hearing, determine such controversy on or before the Confirmation Date.

E. Classification and Treatment of Claims and Equity Interests

1. Class 1 – Other Priority Claims

- *Classification*: Class 1 consists of the Other Priority Claims.
- *Treatment*: On or as soon as reasonably practicable after the earlier of (i) the Initial Distribution Date if such Class 1 Claim is an Allowed Class 1 Claim on the Effective Date, or (ii) the date on which such Class 1 Claim becomes an Allowed Class 1 Claim, each Holder of an Allowed Class 1 Claim will receive in full and final satisfaction, settlement, discharge and release of, and in exchange for, such Allowed Class 1 Claim, at the election of the Debtors (with the consent of the Required Supporting Noteholders) or Reorganized Debtors which election shall be consistent with the Restructuring Support Agreement: (A) Cash equal to the amount of such Allowed Class 1 Claim; (B) such other less favorable treatment as to which the Debtors or Reorganized Debtors and the Holder of such Allowed Class 1 Claim will have agreed upon in writing; or (C) such other treatment rendering such Claim Unimpaired.
- *Impairment and Voting*: Class 1 is Unimpaired, and the Holders of Class 1 Claims are conclusively deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, the Holders of Class 1 Claims are not entitled to vote to accept or reject the Plan.

2. Class 2 – Other Secured Claims

- *Classification*: Class 2 consists of the Other Secured Claims.

- *Treatment*: On or as soon as reasonably practicable after the earlier of (i) the Initial Distribution Date if such Class 2 Claim is an Allowed Class 2 Claim on the Effective Date, or (ii) the date on which such Class 2 Claim becomes an Allowed Class 2 Claim, each Holder of an Allowed Class 2 Claim will receive in full and final satisfaction, settlement, discharge and release of, and in exchange for, such Allowed Class 2 Claim, at the election of the Debtors (with the consent of Required Supporting Noteholders) or Reorganized Debtors which election shall be consistent with the Restructuring Support Agreement: (A) Cash equal to the amount of such Allowed Class 2 Claim; (B) such other less favorable treatment as to which the Debtors or Reorganized Debtors and the Holder of such Allowed Class 2 Claim will have agreed upon in writing; (C) return of the Collateral securing such Allowed Class 2 Claim; or (D) such other treatment rendering such Claim Unimpaired. Except with respect to Claims that are treated in accordance with the preceding clause (C), each Holder of an Allowed Other Secured Claim will retain the Liens securing its Allowed Other Secured Claim as of the Effective Date until full and final payment of such Allowed Other Secured Claim is made as provided herein.

- *Impairment and Voting*: Class 2 is Unimpaired, and the Holders of Class 2 Claims are conclusively deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, the Holders of Class 2 Claims are not entitled to vote to accept or reject the Plan.

3. Class 3 – ABL Revolver Claims

- *Classification*: Class 3 consists of ABL Revolver Claims.

- *Allowance*: All ABL Revolver Claims that are Secured shall have been paid in full in Cash prior to the Confirmation Hearing or have been Cash collateralized and thus shall be Allowed in the amount of $0.

- *Treatment*:

  (i) On the Effective Date each Holder of an Allowed Class 3 Claim shall neither receive nor retain any property (other than retaining Cash collateral securing any outstanding letters of credit and any Cash received in repayment of such ABL Revolver Claims pursuant to the DIP Orders) and any and all ABL Revolver Claims shall be deemed paid in full, satisfied, settled, discharged and released and all prepetition letters of credit outstanding on the Effective Date shall be terminated and replaced with new letters of credit issued under the New Exit ABL Facility, or, at the election of the Debtors (with the consent of the Required Supporting Noteholders), shall be secured by Cash collateral equal to 103% of the face amount of such letters of credit. On the Effective Date, all Liens securing the ABL Revolver Claims (other than any Liens on Cash collateral securing any outstanding letters of credit) shall be automatically released, terminated, void and of no further force or effect.

  (ii) All unpaid reasonable and necessary fees and out-of-pocket expenses of the Prepetition ABL/Term Loan Agent and the

Prepetition ABL/Term Loan Lenders shall be paid in full in Cash on the Effective Date, without the need to file any application with, or obtain any order (other than the Confirmation Order) from, the Bankruptcy Court.

- *Impairment and Voting*: Class 3 is Unimpaired, and the Holders of Class 3 Claims are conclusively deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, the Holders of Class 3 Claims are not entitled to vote to accept or reject the Plan.

4. Class 4 –Domestic Term Loan Claims

- *Classification*: Class 4 consists of the Domestic Term Loan Claims.

- *Allowance*: If the Domestic Term Loan Claims that are Secured are paid in full in Cash prior to the Effective Date, such Domestic Term Loan Claims shall be Allowed in the amount of $0; *provided*, *however*, that if the Domestic Term Loan Claims that are Secured are not paid in full in Cash prior to the Effective Date, such Domestic Term Loan Claims (if any) shall be allowed in an amount equal to the sum of: (i) the principal amount outstanding as of the Effective Date; (ii) any accrued and unpaid prepetition interest; and (iii) any accrued and unpaid reasonable and necessary Prepetition ABL/Term Loan Professional Fees and accrued and unpaid postpetition interest, in each case, as allowed pursuant to Section 506 of the Bankruptcy Code, *provided, however*, Domestic Term Loan Claims shall be Disputed and disallowed pursuant to Section 502(d) of the Bankruptcy Code until the entry of a Final Order adjudicating or settling any Avoidance Actions brought against the Holders of the Domestic Term Loan Claims.

- *Treatment*:

  (i) If the Allowed Domestic Term Loan Claims that are Secured are paid in full in Cash prior to the Effective Date, on the Effective Date, all Allowed Domestic Term Loan Claims shall neither receive nor retain any property (other than retaining Cash received in repayment of such Domestic Term Loan Claims pursuant to the DIP Orders) and all Domestic Term Loan Claims shall be deemed paid in full, satisfied, settled, discharged and released. On the Effective Date, all Liens securing the Domestic Term Loan Claims shall be automatically released, terminated, void and of no further force or effect.

  (ii) If the Allowed Domestic Term Loan Claims that are Secured are not paid in full in Cash prior to the Effective Date, on the Effective Date, all Allowed Domestic Term Loan Claims that are Secured shall be, with the consent of the Required Supporting Noteholders, either: (i) paid in full in Cash on the Effective Date; (ii) receive such treatment rendering such Claim Unimpaired, including a Cure pursuant to Section 1124(2) of the Bankruptcy Code; or (iii) receive such other treatment as provided for in Section 1129(b)(2)(A) of the Bankruptcy Code.

(iii) All accrued and unpaid Prepetition ABL/Term Loan Professional Fees shall be paid in full in Cash on the Effective Date, without the need to file any application with, or obtain any order (other than the Confirmation Order) from, the Bankruptcy Court.

- *Impairment and Voting*: To the extent that Class 4 Claims are Allowed, Class 4 is either Unimpaired and the Holders of Class 4 Claims are conclusively deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code, or impaired and are entitled to vote to accept or reject the Plan. Votes of Holders of Class 4 Claims on the Plan will be solicited, but such votes will only be tabulated in the event that Class 4 is Impaired.

5. Class 5 – Allowed Prepetition Secured Notes Claims

- *Classification*: Class 5 consists of the Allowed Prepetition Secured Notes Claims.

- *Allowance*: The Claims of the Holders of the Prepetition Secured Notes shall be Allowed Class 5 Prepetition Secured Notes Claims, consistent with Plan Value, in the applicable amount of [$•], allocated as applicable among the Debtors. For the avoidance of doubt, the Holders of the Prepetition Secured Notes shall have an Allowed Class 6 General Unsecured Claim in the amount of the Allowed Unsecured Prepetition Secured Notes Claim and shall participate in Class 7 as set forth herein.

- *Treatment*:

(i) On the Effective Date, the Allowed Class 5 Prepetition Secured Notes Claims shall be exchanged for New Common Stock equal to 100% of the New Common Stock authorized and outstanding as of the Effective Date, prior to, and subject to, dilution for the issuance of New Common Stock: (A) on account of the DIP Facility Claims, if applicable; (B) to the DIP Backstop Parties on account of the DIP Backstop Premium; (C) on account of the Exit Premium; (D) in accordance with the Management Incentive Plan; and (E) upon the exercise of the New Warrants.

(ii) On the Effective Date, each Holder of an Allowed Class 5 Prepetition Secured Notes Claim shall receive from the Distribution Agent its Pro Rata share of New Common Stock, in full and final satisfaction, settlement, discharge and release of, and in exchange for its Allowed Class 5 Prepetition Secured Notes Claim, in accordance with the Plan and pursuant to the Prepetition Indenture.

(iii) On the Effective Date, all Liens securing the Allowed Prepetition Secured Notes Claims shall be automatically released, terminated, void and of no further force or effect.

(iv) All unpaid fees and expenses of the Ad Hoc Committee of Secured Notes Professionals and the Prepetition Indenture Trustee Professional Fees shall be paid in full in Cash on the Effective Date, without the need to file any application with, or

obtain any order (other than the Confirmation Order) from, the Bankruptcy Court.

- *Impairment and Voting*: Class 5 is Impaired, and Holders of Allowed Prepetition Secured Notes Claims are entitled to vote to accept or reject the Plan.

6. Class 6 – General Unsecured Claims (other than Class 7, 8 and 9 Claims)

- *Classification*: Class 6 consists of the General Unsecured Claims (other than Class 7, 8 and 9 Claims), including the ITLA Unsecured Guaranty Claim.

- *Allowance*: Notwithstanding anything to the contrary herein, after the Effective Date and subject to the other provisions of the Plan, the Reorganized Debtors will have and will retain any and all rights and defenses under bankruptcy or non-bankruptcy law that the Debtors had with respect to any General Unsecured Claim, except with respect to any General Unsecured Claim Allowed by order of the Bankruptcy Court. Except as expressly provided in the Plan or in any order entered in the Chapter 11 Cases prior to the Effective Date, no General Unsecured Claim will 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 in the Chapter 11 Cases allowing such Claim. All Class 6 General Unsecured Claims based upon the ITLA Unsecured Guaranty Claim or the Prepetition ABL/Term Loan Secured Claim shall be Disputed and disallowed pursuant to Section 502(d) of the Bankruptcy Code until the entry of a Final Order adjudicating or settling any Avoidance Actions brought against the Holders of such Claims.

- *Treatment*: On the Effective Date, subject to the provisions of the Restructuring Support Agreement, each Holder of an Allowed Class 6 Claim, in full and final satisfaction, settlement, discharge and release of, and in exchange for, such Claim shall receive on, or as soon as reasonably practicable after the earlier of: (a) the Effective Date, or (b) such date as the General Unsecured Claim becomes an Allowed General Unsecured Claim: (i) a Pro Rata Litigation Trust Beneficial Interest; and (ii) a Pro Rata distribution of the Class 6 Liquidation Amount.

- *Impairment and Voting*: Class 6 is Impaired, and the Holders of Allowed Class 6 Claims are entitled to vote to accept or reject the Plan.

7. Class 7– General Unsecured Claims Against Gibson Holdings, Inc.

- *Classification*: Class 7 consists of the General Unsecured Claims against Gibson Holdings, Inc.

- *Allowance*: The Gibson Holdings Claims will be Allowed in an amount either: (i) as determined by a Final Order; (ii) or an agreement among the Debtors or the Reorganized Debtors (as applicable), the Required Supporting Noteholders, and the Holder of the Gibson Holdings Claim, as approved by a Final Order; *provided, however*, the ITLA Gibson

Holdings Claim and the Gibson Holdings Claims based upon the Prepetition ABL/Term Loan Secured Claim shall be Disputed and disallowed pursuant to Section 502(d) of the Bankruptcy Code until the entry of a Final Order adjudicating or settling any Avoidance Actions brought against the Holders of such Claims; and *provided, further, however*, that the Gibson Holdings Claims based upon the Allowed Prepetition Secured Notes Claim shall be Allowed in the amount of the Allowed Prepetition Secured Notes Claim.

- *Treatment*:

  (i) On the Effective Date, each Holder of an Allowed Class 7 Claim, in full and final satisfaction, settlement, discharge and release of, and in exchange for, such Claim shall have the right to receive, after the entry of a Final Order Allowing the Class 7 Gibson Holdings Claim (if applicable), a Profits Interest having a value at such time of Distribution equal to such Holder's Pro Rata share of the value of Gibson Holdings Inc. as of the Effective Date as determined by the Bankruptcy Court at the Confirmation Hearing, plus interest at the Post-Petition Rate from the Effective Date until the date of such Distribution, *provided, however*, that at the election of the Required Supporting Noteholders, the Holders of Gibson Holdings Claims based upon the Prepetition Secured Notes Claim may, prior to or after the Effective Date, elect to waive their recovery in Class 7 and instead treat their recovery in Class 5 as being also on account of their Gibson Holdings Claims in Class 7.

  (ii) Notwithstanding anything to the contrary herein, after the Effective Date and subject to the other provisions of the Plan, the Reorganized Debtors will have and will retain any and all rights and defenses under bankruptcy or non-bankruptcy law that the Debtors had with respect to any Class 7 Gibson Holdings Claim, except with respect to any Class 7 Gibson Holding Claim Allowed by order of the Bankruptcy Court or under the Plan and any Gibson Holdings Claims based upon the Allowed Prepetition Secured Notes Claims. Except as expressly provided in the Plan or in any order entered in the Chapter 11 Cases prior to the Effective Date, no Class 7 Gibson Holdings Claim will 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 in the Chapter 11 Cases allowing such Claim.

- *Impairment and Voting*: Class 7 is Impaired, and the Holders of Allowed Class 7 Claims are entitled to vote to accept or reject the Plan.

8. Class 8 – Convenience Claims

- *Classification*: Class 8 consists of the Convenience Claims.

- *Allowance*: Notwithstanding any provisions of the Plan to the contrary, a Convenience Claim will be deemed Allowed, without offset, counterclaim or defense of any kind if it is (i) set forth in a timely Filed

Proof of Claim that is not validly objected to (ii) listed on the Schedules, or (iii) set forth in a timely and valid Convenience Claim Election, in each case of not more than up to an amount equal to [$•] per Claim.

- *Treatment*: Except to the extent that a Holder of an Allowed Convenience Class Claim agrees to a less favorable treatment, on or as soon as reasonably practicable following the Effective Date or the date that such Convenience Class Claim becomes Allowed, each Holder of an Allowed Convenience Claim shall receive, in full and final satisfaction, compromise, settlement, release and discharge of and in exchange for such Allowed Convenience Class Claim, Cash in an amount equal to [•] % of the Allowed Convenience Class Claim.

- *Impairment and Voting*: Class 8 is Impaired, and Holders of Allowed Class 8 Claims are entitled to vote to accept or reject the Plan.

9. Class 9 – Intercompany Claims

- *Classification*: Class 9 consists of the Intercompany Claims.

- *Treatment*: On the Effective Date, all Class 9 Intercompany Claims shall be, at the option of the Company with the consent of the Required Supporting Noteholders, either: (a) Reinstated, (b) converted into equity, or (c) cancelled, and may be compromised, extinguished, or settled after the Effective Date.

- *Impairment and Voting*: Holders of Class 9 Intercompany Claims are either Unimpaired, and such Holders of Class 9 Intercompany Claims conclusively are (i) deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code, or (ii) Impaired, and such Holders of Class 9 Intercompany Claims shall receive nothing on account of such Claims and are deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code. Therefore, each Holder of a Class 9 Intercompany Claim is not entitled to vote to accept or reject the Plan.

10. Class 10 – Equity Interests in Gibson

- *Classification*: Class 10 consists of the Equity Interests in Gibson.

- *Treatment*: All Class 10 Equity Interests in Gibson will be deemed cancelled upon the Effective Date and will be of no further force or effect, whether surrendered for cancellation or otherwise, and the Holders of all Class 10 Equity Interests in Gibson shall neither retain nor receive any property under the Plan on account of such Equity Interests.

- *Impairment and Voting*: Class 10 is Impaired and the Holders of Class 10 Equity Interests in Gibson are deemed to reject the Plan.

11. Class 11 – Equity Interests in Subsidiaries (Other Than Excluded Debtor Subsidiaries)

- *Classification*: Class 11 consists of the Equity Interests in Subsidiaries (Other Than Excluded Debtor Subsidiaries).

- *Treatment*: On the Effective Date: Reorganized Gibson will own 100% of the Equity Interests in the other Debtors and its Non-Debtor Subsidiaries, except for (a) the Excluded Debtor Subsidiaries, and (b) the Excluded Non-Debtor Subsidiaries.

- *Impairment and Voting*: Class 11 is Unimpaired, and the Holders of Class 11 Equity Interests are not entitled to vote to accept or reject the Plan, and are deemed to accept the Plan.

12. Class 12– Equity Interests in Excluded Debtor Subsidiaries

- *Classification*: Class 12 consists of the Equity Interests in Excluded Debtor Subsidiaries.

- *Treatment*: On the Effective Date the Debtors' Equity Interests in the Excluded Debtor Subsidiaries shall be, and shall be deemed to be, cancelled and will be of no further force or effect. The Debtors' shall neither receive nor retain any property on account of their cancelled Equity Interests in the Excluded Debtor Subsidiaries.

- *Impairment and Voting*: Class 12 is Impaired, and the Holders of Class 12 Equity Interests are not entitled to vote to accept or reject the Plan, and are deemed to reject the Plan.

F. Special Provision Governing Unimpaired Claims

Except as otherwise provided in the Plan, nothing under the Plan will affect the Debtors' rights in respect of any Unimpaired Claims, including all rights in respect of legal and equitable defenses to or setoffs or recoupments against any such Unimpaired Claims, including the right to cure any arrears or defaults that may exist with respect to contracts to be assumed under the Plan.

G. Subordinated Claims

The allowance, classification, and treatment of all Claims under the Plan shall take into account and conform to, and the Plan hereby implements in all respects, the 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, with the consent of the Required Supporting Noteholders, reserve the right to re-classify, or to seek to subordinate, any Claim in accordance with any contractual, legal, or equitable subordination relating thereto, and the treatment afforded any Claim under the Plan that becomes a subordinated Claim at any time shall be modified to reflect such subordination.

ARTICLE IV.
ACCEPTANCE OR REJECTION OF THE PLAN

A. Voting Classes

Each Holder of an Allowed Claim as of the applicable voting record date in the Voting Classes (Classes 4 (to the extent not previously refinanced in accordance with the DIP Orders), 5, 6, 7 and 8) will be entitled to vote to accept or reject the Plan.

B. Acceptance by Impaired Classes of Claims

Pursuant to section 1126(c) of the Bankruptcy Code and except as otherwise provided in section 1126(e) of the Bankruptcy Code, an Impaired Class of Claims has accepted the Plan if the Holders of at least two-thirds in dollar amount and more than one-half in number of the Allowed Claims in such Class actually voting have voted to accept the Plan.

C. Confirmation Pursuant to Section 1129(b) of the Bankruptcy Code

The Debtors request confirmation of the Plan under section 1129(b) of the Bankruptcy Code with respect to any Impaired Class that does not accept the Plan pursuant to section 1126 of the Bankruptcy Code. The Debtors (subject to the terms of the Restructuring Support Agreement) reserve the right to modify the Plan or any Exhibit thereto or Plan Schedule in order to satisfy the requirements of section 1129(b) of the Bankruptcy Code, if necessary. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the compromise and settlement of all Impaired Claims, Equity Interests, and controversies, as well as a finding by the Bankruptcy Court that such compromise and settlement is in the best interests of the Debtors, their Estates, and Holders of Claims and Equity Interests and is fair, equitable, and within the range of reasonableness. All distributions made to Holders of Allowed Claims and Allowed Equity Interests in any Class are intended to be and shall be final.

ARTICLE V.
MEANS FOR IMPLEMENTATION OF THE PLAN

A. General Settlement of Claims

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 will constitute a good faith compromise and settlement of all Claims and Equity Interests and controversies resolved pursuant to the Plan.

B. Corporate Existence

The Debtors (except for the Excluded Debtor Subsidiaries) and the Non-Debtor Subsidiaries (except for the Excluded Non-Debtor Subsidiaries) will continue to exist after the Effective Date as separate legal entities, with all of the powers of corporations, limited liability companies, memberships and partnerships pursuant to the applicable law in their states of incorporation or organization and, with respect to Gibson and Gibson Holdings, Inc., pursuant to the Amended Organizational Documents. On or after the Effective Date, without prejudice to the rights of any party to a contract or other agreement with any Reorganized Debtor, each Reorganized Debtor may take such action not inconsistent with the Restructuring Transactions, the Restructuring Support Agreement or the Plan and as permitted by applicable law and such organizational documents, as the Reorganized Debtors and the Non-Debtor Subsidiaries may determine is reasonable and appropriate, including causing any of them to: (i) be merged into another; (ii) be dissolved; (iii) change its legal name; or (iv) close a Reorganized Debtor's Chapter 11 Case on the Effective Date or any time thereafter.

From and after the Effective Date, the Excluded Debtor Subsidiaries, and the Excluded Non-Debtor Debtor Subsidiaries shall cease to exist and shall be deemed to be dissolved and liquidated without further action, filing or approval. Claims against, and Equity Interests in, the Excluded Debtor Subsidiaries are classified, and shall receive such treatment as provided for in Article III of the Plan. Any property of the Excluded Debtor Subsidiaries shall revest in the Reorganized Debtors as they may determine, free and clear of all Claims, Equity Interests and Liens, except as otherwise set forth in this Plan. The assets of the Excluded Non-Debtor Subsidiaries will be abandoned as provided for in the Plan. The liabilities of the Excluded Non-Debtor Subsidiaries are not affected by this Plan.

On the Effective Date or as soon thereafter as is reasonably practicable, the Reorganized Debtors may take all actions as may be necessary or appropriate to effect any transaction described in, approved by, or necessary or appropriate to effectuate this Plan and that is consistent with the Restructuring Support Agreement, including, without limitation: (i) the execution and delivery of appropriate agreements or other documents of merger, consolidation, restructuring, conversion, disposition, transfer, dissolution, or liquidation containing terms that are consistent with the terms of this Plan and the Plan Documents and that satisfy the requirements of applicable law and any other terms to which the applicable entities may agree; (ii) 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 this Plan and having other terms to which the applicable parties agree; (iii) the filing of appropriate certificates or articles of incorporation and amendments thereto; (iv) reincorporation (including, consistent with the Restructuring Support Agreement, reincorporating, merger, consolidation, or conversion pursuant to applicable law); (v) the Restructuring Transactions; and (vi) 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.

C. Vesting of Assets in the Reorganized Debtors

Except as otherwise provided in the Plan or the Confirmation Order, on or after the Effective Date, all property and Assets of the Estates (including Causes of Action, but excluding: (i) the Equity Interests in the Excluded Debtor Subsidiaries; (ii) the Equity Interests in, or assets of, the Excluded Non-Debtor Subsidiaries; and (iii) the Litigation Trust Claims) and any property and Assets acquired by the Debtors pursuant to the Plan will vest in the Reorganized Debtors, free and clear of all Liens, Claims, charges or other encumbrances. Except as may be otherwise provided in the Plan, on and after the Effective Date, the Reorganized Debtors may operate their businesses and may use, acquire or dispose of property and compromise or settle any Claims without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules, other than those restrictions expressly imposed by the Plan and the Confirmation Order. Without limiting the foregoing, the Reorganized Debtors will pay the charges that they incur after the Effective Date for Professionals' fees, disbursements, expenses or related support services (including reasonable fees relating to the preparation of Professional fee applications) in the ordinary course of business and without application or notice to, or order of, the Bankruptcy Court.

On the Effective Date, (A) the Equity Interests in the Excluded Debtor Subsidiaries and the Equity Interests in the Excluded Non-Debtor Subsidiaries: (i) shall be cancelled, eliminated, extinguished and of no further force or effect; (ii) shall be finally and forever relinquished and waived by the Holder thereof; and (iii) shall not revest in the Reorganized Debtors; and (B) any assets owned by such (i) Excluded Debtor Subsidiaries shall vest in the Reorganized Debtors as determined by the Reorganized Debtors and (ii) Excluded Non-Debtor Subsidiaries shall be abandoned in accordance with section 554 of the Bankruptcy Code or otherwise to the creditors of such Excluded Non-Debtor Subsidiaries and shall be deemed assigned to and for the benefit of the creditors of such Excluded Non-Debtor Subsidiaries or otherwise liquidated for the benefit of such creditors.

D. The New Exit ABL Facility, the New Exit Term Loan Facility, and the New Take-Out Facility

The Debtors shall use their best efforts to enter into the New Exit ABL Facility on or before the Effective Date. The New Exit ABL Facility, if applicable, shall be generally described in the New Exit ABL Term Sheet and the New Exit ABL Facility Documents, if applicable, shall be in form and substance acceptable to the Required Supporting Noteholders. The Confirmation Order shall be deemed approval of the New Exit ABL Facility and the New Exit ABL Facility Documents, as applicable, and all transactions contemplated thereby, and all actions to be taken, undertakings to be made, and obligations to be incurred by the Reorganized Debtors in connection therewith, including the payment of all fees, indemnities, and expenses provided for therein, and authorization of the Reorganized Debtors to enter into

and execute the New Exit ABL Facility Documents and such other documents as may be required to effectuate the treatment afforded by the New Exit ABL Facility. If the Debtors enter into the New Exit ABL Facility on the Effective Date, then, on the Effective Date, all of the Liens and security interests to be granted in accordance with the New Exit ABL Facility Documents (a) shall be deemed to be granted, (b) shall be legal, binding, and enforceable Liens on, and security interests in, the collateral granted thereunder in accordance with the terms of the New Exit ABL Facility Documents, (c) shall be deemed perfected on the Effective Date, subject only to such Liens and security interests as may be permitted under the New Exit ABL Facility Documents, and (d) shall not be subject to recharacterization or equitable subordination for any purposes whatsoever and shall not constitute preferential transfers or fraudulent conveyances under the Bankruptcy Code or any applicable non-bankruptcy law.

At the option of the Required Lenders, the Debtors shall use their best efforts to enter into the New Exit Term Loan Facility, if applicable, on or before the Effective Date. The New Exit Term Loan Facility shall be generally described in the New Exit Term Loan Term Sheet and the New Exit Term Loan Facility Documents, if applicable, will be in form and substance acceptable to the Required Supporting Noteholders. The Confirmation Order shall be deemed approval of the New Exit Term Loan Facility and the New Exit Term Loan Facility Documents, as applicable, and all transactions contemplated thereby, and all actions to be taken, undertakings to be made, and obligations to be incurred by the Reorganized Debtors in connection therewith, including the payment of all fees, indemnities, and expenses provided for therein, and authorization of the Reorganized Debtors to enter into and execute the New Exit Term Loan Facility Documents and such other documents as may be required to effectuate the treatment afforded by the New Exit Term Loan Facility. If the Debtors enter into the New Exit Term Loan Facility on the Effective Date, then, on the Effective Date, all of the Liens and security interests to be granted in accordance with the New Exit Term Loan Facility Documents (a) shall be deemed to be granted, (b) shall be legal, binding, and enforceable Liens on, and security interests in, the Collateral granted thereunder in accordance with the terms of the New Exit Term Loan Facility Documents, (c) shall be deemed perfected on the Effective Date, subject only to such Liens and security interests as may be permitted under the New Exit Term Loan Facility Documents, and (d) shall not be subject to recharacterization or equitable subordination for any purposes whatsoever and shall not constitute preferential transfers or fraudulent conveyances under the Bankruptcy Code or any applicable non-bankruptcy law.

At the option of the Required Lenders and subject to the Take-Out Equity Option, to the extent the New Exit Term Loan Facility is not entered into by the Reorganized Debtors on the Effective Date, or has been entered into but the proceeds from the New Exit Term Loan Facility are insufficient, as of the Effective Date, to pay the DIP Facility Claims in full in Cash, the DIP Facility may be refinanced with the New Take-Out Facility. The New Take-Out Facility, if applicable, shall be generally described in the New Take-Out Facility Term Sheet and the New Take-Out Facility Documents, if applicable, will be in form and substance acceptable to the Required Supporting Noteholders. The Confirmation Order shall be deemed approval of the New Take-Out Facility and the New Take-Out Facility Documents, as applicable, and all transactions contemplated thereby, and all actions to be taken, undertakings to be made, and obligations to be incurred by the Reorganized Debtors in connection therewith, including the payment of all fees, indemnities, and expenses provided for therein, and authorization of the Reorganized Debtors to enter into and execute the New Take-Out Facility Documents and such other documents as may be required to effectuate the treatment afforded by the New Take-Out Facility. If the Debtors enter into the New Take-Out Facility on the Effective Date, then, on the Effective Date, all of the Liens and security interests to be granted in accordance with the New Take-Out Facility Documents (a) shall be deemed to be granted, (b) shall be legal, binding, and enforceable Liens on, and security interests in, the Collateral granted thereunder in accordance with the terms of the New Take-Out Facility Documents, (c) shall be deemed perfected on the Effective Date, subject only to such Liens and security interests as may be permitted under the New Take-Out Facility Documents, and (d) shall not be subject to recharacterization or equitable subordination for any purposes whatsoever and shall not constitute preferential transfers or fraudulent conveyances under the Bankruptcy Code or any applicable non-bankruptcy law.

The New Exit ABL Facility, the New Exit Term Loan Facility, and the New Take-Out Facility, as applicable, shall provide, as of the Effective Date, sufficient funding, together with the Debtors' Cash on hand and their future revenues, to satisfy the DIP Facility Claims on the Effective Date in accordance with the Plan and the Restructuring Support Agreement, fund the treatment provided to Allowed Claims under the Plan, and fund the Debtors' ongoing operations.

E. Authorized Financing

On the Effective Date, the applicable Reorganized Debtors shall be and are authorized to execute and deliver, as applicable, the New Exit ABL Facility Documents, the New Exit Term Loan Facility Documents, and the New Take-Out Facility Documents (each, as applicable), and any related loan documents, and shall be and are authorized to execute, deliver, file, record and issue any other notes, guarantees, deeds of trust, security agreements, documents (including UCC financing statements), amendments to the foregoing, or agreements in connection therewith, in each case without further notice to or order of the Bankruptcy Court, act or action under applicable law, regulation, order, or rule or the vote, consent, authorization or approval of any Entity, subject to the lien limitations set forth herein.

Except as otherwise provided in the Plan or the Confirmation Order, all Cash and financing necessary for the Reorganized Debtors to make payments and distributions required pursuant to the Plan will be obtained from the New Exit ABL Facility, the New Exit Term Loan Facility Documents, and the New Take-Out Facility Documents (each, as applicable), and the Reorganized Debtors' Cash balances, including Cash from operations. Cash payments to be made pursuant to the Plan will be made by the Reorganized Debtors.

F. Treatment of Vacant Classes

Any Claim or Equity Interest in a Class considered vacant under Article III.B of this Plan shall receive no Plan Distribution.

G. Management Incentive Plan

On the Effective Date, Reorganized Gibson will adopt and implement the Management Incentive Plan, which will provide for grants of options and/or restricted units/New Common Stock reserved for management, directors, and employees in an amount of up to [•]% of the New Common Stock outstanding as of the Effective Date. The primary participants of the Management Incentive Plan, and its terms, including the amount, form, exercise price, allocation and vesting of such equity-based awards with respect to such primary participants, shall be determined by the New Board. The form and substance of any documentation with respect to the Management Incentive Plan shall be in form and substance (i) consistent with the terms of the Restructuring Support Agreement and (ii) acceptable to the Required Supporting Noteholders.

H. Management Employment and Consulting Agreements

As of the Effective Date, Reorganized Gibson and Messrs. Juszkiewicz and Berryman will enter into the Management Employment and Consulting Agreements, which shall be Filed as part of the Plan Supplement.

I. Sources of Consideration for Plan Distributions

1. Issuance of New Common Stock, New Warrants and Related Documentation

From and after the Effective Date as set forth in this Plan, Reorganized Gibson will be authorized to and will issue the New Common Stock to certain Holders of Allowed Claims, without further notice to or order of the Bankruptcy Court, act or action under applicable law, regulation, order, or rule or the vote,

consent, authorization or approval of any Entity. It is anticipated that, from and after the Effective Date, Reorganized Gibson will remain a private company. All Holders of Claims that receive New Common Stock under the Plan, and any Person receiving any rights exercisable into New Common Stock, in the form of the New Warrants, or pursuant to the Management Incentive Plan, or otherwise, and all transferees of such Persons (including transferees of transferees) shall be required to become parties to the New Common Stock Agreement.

The New Common Stock in Reorganized Gibson issued pursuant to the Plan in exchange for the DIP Facility Claims, the DIP Backstop Premium, the Exit Premium, and the Allowed Class 5 Prepetition Secured Notes Claim, shall be exempt from any registration requirements under any securities laws to the fullest extent permitted by section 4(a)(2) of the Securities Act and Rule 506 of Regulation D promulgated thereunder and by Section 1145 of the Bankruptcy Code. The New Common Stock and New Warrants issued to officers, employees and consultants of the Reorganized Debtors pursuant to the Management Employment and Consulting Agreements and the Management Incentive Plan shall be exempt from any registration requirements under any securities laws to the fullest extent permitted by section 4(a)(2) of the Securities Act and Rule 506 of Regulation D and/or Rule 701 promulgated thereunder. Without limiting the effects of section 3(a)(9) and section 4(a)(2) of the Securities Act, Rules 506 and 701 under the Securities Act, and section 1145 of the Bankruptcy Code, all financing documents, agreements, and instruments entered into and delivered on or as of the Effective Date contemplated by or in furtherance of the Plan, including the New Exit ABL Facility Documents, the New Exit Term Loan Facility Documents, the New Take-Out Facility Documents, the New Common Stock, and any other agreement or document related to or entered into in connection with any of the foregoing, will become effective and binding in accordance with their respective terms and conditions upon the parties thereto, in each case without further notice to or order of the Bankruptcy Court, act or action under applicable law, regulation, order, or rule or the vote, consent, authorization or approval of any Entity (other than as expressly required by such applicable agreement).

The New Common Stock shall constitute a single class of Equity Securities in Reorganized Gibson and, other than as contemplated by the DIP Facility, DIP Backstop Premium, the Exit Premium, the Management Employee and Consulting Agreements, and the Management Incentive Plan, there shall exist no other Equity Securities, warrants, options, or other agreements to acquire any equity interest in Reorganized Gibson as of the Effective Date. From and after the Effective Date, after giving effect to the transactions contemplated hereby, the authorized capital stock or other equity securities of Reorganized Gibson will be that number of shares of New Common Stock as may be designated in the Amended Organizational Documents.

In connection with the distribution of New Common Stock and New Warrants, the Reorganized Debtors will take all actions reasonably necessary to comply with applicable U.S. federal, state, local and non-U.S. tax withholding obligations, including, when applicable, withholding from distributions a portion of the New Common Stock, selling such securities, or requiring Holders of such securities to contribute the Cash necessary to satisfy tax withholding obligations including income, social security and Medicare taxes, and Reorganized Gibson shall pay such withheld taxes to the appropriate Governmental Unit.

2. Intercompany Claims.

On the Effective Date, all intercompany claims of any of the Debtors against Gibson Innovations Limited or any of Gibson Innovations Limited's direct or indirect Non-Debtor Subsidiaries shall be transferred to Reorganized Gibson.

J. Non-Debtor Subsidiaries

To the extent necessary to implement the Plan, the Debtors may designate one or more of the Non-Debtor Subsidiaries to be deemed substantively consolidated with the Debtors without having to

commence a chapter 11 case, solely for purposes of: (i) determining Plan Value and allocating such Plan Value in accordance with the Plan and the classification of Claims and Equity Interests and their treatment under the Plan, and (ii) implementing the Plan; *provided, however*, that no Holder of a Claim against any Non-Debtor Subsidiary that does not otherwise have a Claim against the Debtors shall be affected or impaired in any manner by such deemed substantive consolidation and, to the extent required, all such Holders shall be deemed classified in a separate Class that is Unimpaired under the Plan. The Debtors reserve the right to commence a chapter 11 case for any of its Non-Debtor Subsidiaries, in each case as may be necessary and appropriate solely to implement the Plan.

K. ITLA Guaranty Claims Against Certain Non-Debtor Subsidiaries

In connection with confirmation of the Plan, the Debtors (with the consent of the Required Supporting Noteholders) shall provide Holders of ITLA Unsecured Guaranty Claims with an instrument providing for deferred cash payments that have a present value as of the Effective Date equal to the value established by the Bankruptcy Court at the Confirmation Hearing of such Holders' guaranty claims arising under the ITLA against the following Non-Debtor Subsidiaries of Gibson that have guaranteed the ITLA Debt: (i) China Guitar, (ii) EQ and (iii) Gibson Japan (such instrument, the "ITLA Non-Debtor Guaranty Release Funding"). **In exchange for the ITLA Non-Debtor Guaranty Release Funding, Holders of ITLA Unsecured Guaranty Claims shall be permanently enjoined and barred from enforcing, in any respect, any ITLA Unsecured Guaranty Claim against China Guitar, EQ, Gibson Japan, the Debtors, the Reorganized Debtors, or any of their respective Affiliates (the "ITLA Injunction").** In the event that (x) the Bankruptcy Court does not grant the ITLA Injunction or (y) the Debtors and the Required Supporting Noteholders determine not to fund the ITLA Non-Debtor Guaranty Release Funding, the Debtors shall have the option to elect (with the consent of the Required Supporting Noteholders) any of the following actions: (i) causing China Guitar and/or Gibson Japan to become Excluded Non-Debtor Subsidiaries under the Plan, resulting in the cancellation of Gibson's equity interests in such Entities and the liquidation of such Entities under applicable local laws, or (ii) taking no action with respect to China Guitar or Gibson Japan under the Plan, which would preserve all parties' respective rights, including the rights (A) of the Holders of the ITLA Unsecured Guaranty Claims against China Guitar and Gibson Japan to seek to enforce such guaranty claims under applicable law and (B) the rights of China Guitar and Gibson Japan to cease operations and liquidate under applicable non-bankruptcy law, and/or to commence bankruptcy proceedings with respect to such entities under the Bankruptcy Code or applicable foreign law.

L. Release of Liens, Claims and Equity Interests

Except as otherwise provided in the Plan or in any contract, instrument, release or other agreement or document entered into or delivered in connection with the Plan, on the Effective Date and concurrently with the commencement of distributions made pursuant to the Plan, all Liens, Claims, Equity Interests, mortgages, deeds of trust, or other security interests against the property of the Estates will be fully released, terminated, extinguished and discharged, in each case without further notice to or order of the Bankruptcy Court, act or action under applicable law, regulation, order, or rule or the vote, consent, authorization or approval of any Entity. Any Entity holding such Liens or Equity Interests will, pursuant to section 1142 of the Bankruptcy Code, promptly execute and deliver to the Reorganized Debtors such instruments of termination, release, satisfaction and/or assignment (in recordable form) as may be reasonably requested by the Reorganized Debtors, at the sole cost and expense of the Reorganized Debtors.

M. Certificate of Incorporation and Bylaws

The Amended Organizational Documents shall amend or succeed the certificates or articles of incorporation, by-laws and other organizational documents of the Debtors that are Reorganized Debtors to satisfy the provisions of the Plan and the Bankruptcy Code, and will (i) include, among other things, pursuant to section 1123(a)(6) of the Bankruptcy Code, a provision prohibiting the issuance of non-voting

equity securities, but only to the extent required by section 1123(a)(6) of the Bankruptcy Code; (ii) authorize the issuance of New Common Stock in an amount not less than the amount necessary to permit the distributions thereof required or contemplated by the Plan; and (iii) to the extent necessary or appropriate, include such provisions as may be needed to effectuate and consummate the Plan and the transactions contemplated herein. After the Effective Date, the Reorganized Debtors may amend and restate their certificates or articles of incorporation and by-laws, and other applicable organizational documents, as permitted by applicable law. Further, Holders of New Common Stock and the New Warrants and their transferees shall be required to become parties to the New Common Stock Agreement. To the extent required under this Plan or applicable non-bankruptcy law, the Reorganized Debtors shall file their respective Amended Organizational Documents with the applicable Secretaries of State or other applicable authorities in their respective states, provinces or countries of incorporation or formation in accordance with the corporate laws of the respective states, provinces or countries of incorporation or formation.

N. Directors and Officers of Reorganized Gibson

The New Board shall consist of such number of directors, and such initial directors, as determined by the Required Supporting Noteholders in their sole and absolute discretion, which determination will be disclosed in a Plan Document Filed on or before five (5) days prior to the commencement of the Confirmation Hearing.

As of the Effective Date, the initial officers of the Reorganized Debtors will be the officers identified in the Plan Supplement. Except as set forth in the Plan and the Plan Supplement, any other directors or officers of the Debtors shall be deemed removed as of the Effective Date.

Pursuant to section 1129(a)(5) of the Bankruptcy Code, the Debtors will disclose, prior to the Confirmation Hearing, the identity and affiliations of any Person proposed to serve on the initial board of directors or as an officer of the Reorganized Debtors and the Non-Debtor Subsidiaries and, to the extent such Person is an insider other than by virtue of being a director or officer, the nature of any compensation for such Person. Each such director and each officer will serve from and after the Effective Date pursuant to applicable law and the terms of the Amended Organizational Documents and the other constituent and organizational documents of the Reorganized Debtors and the Non-Debtor Subsidiaries. The existing board of directors of the Debtors will be deemed to have resigned and been removed from the board of directors of the Debtors and the board of directors of any applicable Non-Debtor Subsidiaries on and as of the Effective Date, in each case without further notice to or order of the Bankruptcy Court, act or action under applicable law, regulation, order, or rule or the vote, consent, authorization or approval of any Entity.

O. Corporate Action

Each of the Debtors and the Reorganized Debtors, as applicable, may take any and all actions to execute, deliver, File or record such contracts, instruments, releases and other agreements or documents and take such actions as may be necessary or appropriate to effectuate and implement the provisions of the Plan, including the distribution of the securities to be issued pursuant hereto in the name of and on behalf of the Reorganized Debtors and in each case without further notice to or order of the Bankruptcy Court, act or action under applicable law, regulation, order, or rule or any requirement of further action, vote or other approval or authorization by the security holders, officers or directors of the Debtors or the Reorganized Debtors or the Non-Debtor Subsidiaries and as applicable or by any other Person (except for those expressly required pursuant to the Plan or the Restructuring Support Agreement).

Prior to, on or after the Effective Date (as appropriate), all matters provided for pursuant to the Plan that would otherwise require approval of the stockholders, directors, managers or members of any Debtor will be deemed to have been so approved and will be in effect prior to, on or after the Effective Date (as appropriate) pursuant to applicable law and without any requirement of further action by the

stockholders, directors, managers or members of such Debtors, or the need for any approvals, authorizations, actions or consents of any Person (except as expressly required pursuant to the Restructuring Support Agreement).

All matters provided for in the Plan involving the legal or corporate structure of each Debtor, Reorganized Debtor, Excluded Debtor Subsidiary, Non-Debtor Subsidiary, or Excluded Non-Debtor Subsidiary, as applicable, and any legal or corporate action required by each Debtor, Reorganized Debtor, Excluded Debtor Subsidiary, Non-Debtor Subsidiary or Excluded Non-Debtor Subsidiary, as applicable, in connection with the Plan, will be deemed to have occurred and will be in full force and effect in all respects, in each case without further notice to or order of the Bankruptcy Court, act or action under applicable law, regulation, order, or rule or any requirement of further action, vote or other approval or authorization by the security holders, officers or directors of each Debtor, Reorganized Debtor, Excluded Debtor Subsidiary, Non-Debtor Subsidiary, or Excluded Non-Debtor Subsidiary, as applicable, or by any other Person (except as expressly required pursuant to the Restructuring Support Agreement). On the Effective Date, the appropriate officers of each Debtor, Reorganized Debtor, Excluded Debtor Subsidiary, Non-Debtor Subsidiary, and Excluded Non-Debtor Subsidiary, as applicable, are authorized to issue, execute, deliver, and consummate the transactions contemplated by, the contracts, agreements, documents, guarantees, pledges, consents, securities, certificates, resolutions and instruments contemplated by or described in the Plan in the name of and on behalf of each Debtor, Reorganized Debtor, Excluded Debtor Subsidiary, Non-Debtor Subsidiary, and Excluded Non-Debtor Subsidiary, as applicable, in each case without further notice to or order of the Bankruptcy Court, act or action under applicable law, regulation, order, or rule or any requirement of further action, vote or other approval or authorization by any Person (except as expressly required pursuant to the Restructuring Support Agreement). The secretary and any assistant secretary, or other authorized person, of each Debtor, Reorganized Debtor, Excluded Debtor Subsidiary, Non-Debtor Subsidiary, and Excluded Non-Debtor Subsidiary, as applicable, will be authorized to certify or attest to any of the foregoing actions.

P. Cancellation of Documents; Prepetition ABL/Term Loan Agreement; DIP Facility; Prepetition Indenture

Except for the purpose of evidencing a right to a distribution under this Plan and except as otherwise set forth in this Plan, on the Effective Date, all agreements, instruments, Securities and other documents evidencing any Claim or Equity Interest and any rights of any Holder in respect thereof shall be deemed cancelled, discharged, and of no force or effect, including any relating to the Equity Interests in Gibson. The Holders of or parties to such cancelled instruments, Securities, and other documentation will have no rights arising from or related to such instruments, Securities, or other documentation or the cancellation thereof, except the rights provided for pursuant to this Plan and the obligations of the Debtors and the Non-Debtor Subsidiaries thereunder or in any way related thereto will be fully released, terminated, extinguished and discharged, in each case without further notice to or order of the Bankruptcy Court, act or action under applicable law, regulation, order, or rule or any requirement of further action, vote or other approval or authorization by any Person. Notwithstanding such cancellation and discharge, the DIP Facility Documents, the Prepetition Indenture, and the Prepetition ABL/Term Loan Agreement, to the extent the Domestic Term Loan Claims are not paid in full in Cash prior to the Effective Date, shall continue in effect to the extent necessary to: (1) allow Holders of DIP Facility Claims, Allowed Prepetition Secured Notes Claims, and Domestic Term Loan Claims, respectively, to receive Plan Distributions under this Plan as provided herein and for enforcing any rights hereunder or thereunder against parties other than the Debtors, the Reorganized Debtors or their Related Persons; (2) allow the Reorganized Debtors, the DIP Agent, the Prepetition Indenture Trustee, and the Prepetition ABL/Term Loan Agent, as applicable, to make distributions pursuant to the Plan; (3) allow the DIP Agent, the Prepetition Indenture Trustee, and the Prepetition ABL/Term Loan Agent, as applicable, to receive distributions under the Plan on account of the DIP Facility Claims, the Allowed Prepetition Secured Notes Claims, and the Domestic Term Loan Claims, respectively, for further distribution in accordance with the DIP Facility Documents, the Prepetition Indenture, and the Prepetition ABL/Term Loan Agreement, respectively; (4) allow the DIP Agent, the Prepetition Indenture Trustee, and the Prepetition

ABL/Term Loan Agent to enforce any obligations owed to each of them under this Plan or the Confirmation order and to seek compensation and/or reimbursement of fees and expenses in accordance with the Plan; (5) permit the DIP Agent, the Prepetition Indenture Trustee, and the Prepetition ABL/Term Loan Agent, as applicable to appear before the Bankruptcy Court or any other court; (6) permit the DIP Agent, the Prepetition Indenture Trustee, and the Prepetition ABL/Term Loan Agent, as applicable, to exercise rights and obligations relating to the interests of the DIP Lenders, the Prepetition Secured Noteholders, and the Domestic Term Loan Lenders, as applicable, to the extent consistent with this Plan and the Confirmation Order; (7) except as otherwise provided for in the Plan, preserve any rights of the DIP Agent, the Prepetition Indenture Trustee and the Prepetition ABL/Term Loan Agent, as applicable, to payment of fees, expenses, and indemnification obligations as against any parties other than the Debtors or the Reorganized Debtors, and any money or property distributable to the beneficial Holders under the relevant instrument, including any rights to priority of payment or to exercise charging liens; and (8) permit the DIP Agent, the Prepetition Indenture Trustee, and the Prepetition ABL/Term Loan Agent to perform any functions that are necessary to effectuate the foregoing; *provided*, *further*, *however*, that the preceding provisos shall not affect the discharge of Claims pursuant to the Bankruptcy Code, the Confirmation Order or this Plan or result in any expense or liability to the Reorganized Debtors, except to the extent set forth in or provided for under this Plan; *provided*, *further*, *however*, that nothing in this section shall effect a cancellation of any New Common Stock or New Warrants.

Except as provided pursuant to this Plan and the Confirmation Order, the DIP Agent, the Prepetition Indenture Trustee, the Prepetition ABL/Term Loan Agent, and their respective agents, successors, and assigns, as applicable, shall be discharged of all of their obligations associated with the DIP Facility, the Prepetition Indenture, and the Prepetition ABL/Term Loan Agreement, respectively.

Q. Cancellation of Existing Instruments Governing Security Interests

Upon the full payment or other satisfaction of an Allowed Other Secured Claim, or promptly thereafter, the Holder of such Allowed Other Secured Claim shall promptly deliver to the Debtors or Reorganized Debtors, as applicable, any Collateral or other property of a Debtor held by such Holder, together with any termination statements, instruments of satisfaction, or releases of all security interests with respect to its Allowed Other Secured Claim that may be reasonably required to terminate any related financing statements, mortgages, mechanics' or other statutory Liens, or lis pendens, or similar interests or documents; *provided* that a Holder of an Allowed Other Secured Claim shall only be required to deliver such Collateral and provide such termination statements, instruments or other releases to the Debtors or Reorganized Debtors, as applicable, to the extent that such Holder's Allowed Other Secured Claim is not otherwise satisfied by the surrender of such Collateral to such Holder pursuant to Article III.E.2 of this Plan.

R. Equity Interests in Subsidiaries; Corporate Reorganization

On the Effective Date and without the need for any further corporate action or approval of any board of directors, management, or shareholders of any Debtor or Reorganized Debtor, as applicable, (i) the certificates and all other documents representing the Equity Interests in the Subsidiaries (other than the Excluded Debtor Subsidiaries) and the Non-Debtor Subsidiaries (other than the Excluded Non-Debtor Subsidiaries) shall be deemed to be in full force and effect, and (ii) the certificates and all other documents representing the Equity Interests in the Excluded Debtor Subsidiaries and the Excluded Non-Debtor Subsidiaries shall be deemed to be cancelled, terminated and of no further force or effect.

S. Restructuring Transactions

On the Effective Date or as soon as reasonably practicable thereafter, the Debtors (with the consent of the Required Supporting Noteholders) or Reorganized Debtors, as applicable, may take all actions consistent with this Plan and the Restructuring Support Agreement as may be necessary or

appropriate to effect any transaction described in, approved by, contemplated by, or necessary to effectuate the Restructuring Transactions under and in connection with this Plan.

T. Plan Supplement, Other Documents and Orders and Consents Required Under the Restructuring Support Agreement

So long as the Restructuring Support Agreement has not been terminated, the documents to be Filed as part of the Plan Supplement and the other documents and orders referenced herein, or otherwise to be executed in connection with the transactions contemplated hereunder, shall be subject to the consents and the approval rights, as applicable, set forth in the Restructuring Support Agreement. To the extent that there is any inconsistency between the Restructuring Support Agreement, on the one hand, and the Plan, on the other hand, as to such consents and the approval rights and the Restructuring Support Agreement has not been terminated, then the consents and the approval rights required in the Restructuring Support Agreement shall govern. For the avoidance of doubt, the consent rights set forth in the Restructuring Support Agreement with respect to the form and substance of this Plan, the Plan Supplement, the other Plan Documents, and any other Definitive Documents, including any amendments, restatements, supplements, or other modifications to such documents, and any consents, waivers, or other deviations under or from any such documents, shall be incorporated herein by this reference (including to the applicable definitions in Article I hereof) and fully enforceable as if stated in full herein.

U. Effectuating Documents; Further Transactions

On and after the Effective Date, the Reorganized Debtors, and the officers and members of the New Board 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 this Plan, and the Securities issued pursuant to this Plan.

V. Transaction Expenses

The fees and expenses incurred by the Ad Hoc Committee of Secured Notes, the Prepetition Indenture Trustee, the Prepetition ABL/Term Loan Agent, the Prepetition ABL/Term Loan Lenders, and the Supporting Principals will be paid pursuant to the terms hereof and of the Restructuring Support Agreement or any applicable orders entered by the Bankruptcy Court on or before the Effective Date; *provided that*, for the avoidance of doubt, the fees and expenses payable to the Supporting Principals and their professionals will be subject to an aggregate cap of $100,000.00 (unless otherwise agreed to by the Required Supporting Noteholders). Nothing herein shall require such professionals (or the Prepetition Indenture Trustee, the Prepetition ABL/Term Loan Agent, the Ad Hoc Committee of Secured Notes, the Prepetition ABL/Term Loan Lenders, or the Supporting Principals) to file applications with, or otherwise seek approval of, the Bankruptcy Court as a condition to the payment of such fees and expenses.

W. Litigation Trust

1. *Formation of Litigation Trust*

On the Effective Date, the Litigation Trust shall be established pursuant to the Litigation Trust Agreement for the purpose of prosecuting the Litigation Trust Claims and making distributions (if any) to Holders of Allowed Class 6 General Unsecured Claims, in accordance with the terms of the Plan. The Litigation Trust shall have a separate existence from the Reorganized Debtors. The Litigation Trust's prosecution of any of the Litigation Trust Claims will be on behalf of and for the benefit of the Litigation Trust Beneficiaries.

On the Effective Date, the Debtors and the Litigation Trustee shall execute the Litigation Trust Agreement and shall take all steps necessary to establish the Litigation Trust in accordance with the Plan.

Also on the Effective Date, the Debtors and the Committee (as applicable) shall be deemed to have irrevocably transferred to the Litigation Trust all rights, title, and interest in and to all of the Litigation Trust Claims, and in accordance with Bankruptcy Code section 1141, the Litigation Trust Assets shall automatically vest in the Litigation Trust free and clear of all Claims, Liens, encumbrances, or interests (other than the Litigation Trust Beneficial Interests), as provided for in the Litigation Trust Agreement, and such transfer shall be exempt from any stamp, real estate transfer, or other transfer, mortgage reporting, sales, use, or other similar tax. For the avoidance of doubt, on the Effective Date, standing to commence, prosecute and compromise all Litigation Trust Claims shall transfer to the Litigation Trustee and/or the Litigation Trust; *provided however*, that no Claims released under the Plan shall be transferred or issued to the Litigation Trust.

Subject to, and to the extent set forth in, the Plan, the Confirmation Order, and the Litigation Trust Agreement (or any other order of the Bankruptcy Court entered pursuant to, or in furtherance of the Plan), the Litigation Trust and the Litigation Trustee, together with its agents, representatives and professionals, will be empowered to take the following actions, and any other actions, as the Litigation Trustee determines to be necessary or appropriate to implement the Litigation Trust, all without further order of the Bankruptcy Court:

(i) Adopt, execute, deliver or file all plans, agreements, certificates and other documents and instruments necessary or appropriate to implement the Litigation Trust;

(ii) Accept, preserve, receive, collect, manage, invest, supervise, prosecute, settle and protect the Litigation Trust Claims (acting at the direction of the Litigation Trustee); *provided that* (i) any settlement of any Litigation Trust Claim having a value of at least [$•] shall require the consent of the Required Supporting Litigation Trust Beneficiaries and (ii) the Required Supporting Litigation Trust Beneficiaries shall have the right to direct the Litigation Trustee, on behalf of the Litigation Trust, to accept any offered settlement of a Litigation Trust Claim having a value of at least [$•];

(iii) Object to, and prosecute objections to, Disputed Class 6 General Unsecured Claims;

(iv) Calculate and make distributions to Litigation Trust Beneficiaries;

(v) Establish reserves consistent with the Plan and Litigation Trust Agreement and invest Cash;

(vi) Retain and pay distribution agents and professionals and other Entities;

(vii) Establish reserves and invest Cash out of the Litigation Trust Funds, the proceeds of the Litigation Trust Claims, (including but not limited to establishing a reasonable reserve the purpose of paying all expenses of the Litigation Trust), including but not limited to, professionals to (a) prosecute, settle and collect the Litigation Trust Claims *provided that* (i) any settlement of any Litigation Trust Claim having a value of at least [$•] shall require the consent of the Required Supporting Litigation Trust Beneficiaries and (ii) the Required Supporting Litigation Trust Beneficiaries shall have the right to direct the Litigation Trustee, on behalf of the Litigation Trust, to accept any offered settlement of a Litigation Trust Claim having a value of at least [$•]; (b) prepare and file the Litigation Trust's tax returns for two years following the Effective Date, (c) administer distributions of the proceeds of the Litigation Trust Claims to the Litigation Trust Beneficiaries; and (d) obtain ordinary and customary insurance coverage (collectively, the "Litigation Trust Expenses");

(viii) Abandon, in any commercially reasonable manner, any Litigation Trust Claims that in the Litigation Trustee's reasonable judgment cannot be commercially reasonably prosecuted or that the Litigation Trustee reasonably believes to have inconsequential value to the Litigation Trust;

(ix) File appropriate tax returns and other reports on behalf of the Litigation Trust and pay taxes (if any) or other obligations owed by the Litigation Trust; and

(x) Wind-up the affairs of and dissolve the Litigation Trust.

The Litigation Trust has no objective to, and will not, engage in a trade or business and will conduct its activities consistent with the Plan and the Litigation Trust Agreement.

On the Effective Date, the Committee's counsel and professionals, will provide to the Litigation Trustee (or such professionals designated by the Litigation Trustee) documents and other information gathered, and relevant work product developed, if any, during the Chapter 11 Cases in connection with their investigation of the Litigation Trust Claims, *provided* that the provision of any such documents and information will be without waiver of any evidentiary privileges, including without limitation the attorney-client privilege, work-product privilege or other privilege or immunity attaching to any such documents or information (whether written or oral). The Plan will be considered a motion pursuant to sections 105, 363 and 365 of the Bankruptcy Code for such relief.

The Litigation Trust and the Litigation Trustee will each be a "representative" of the Estates under section 1123(b)(3)(B) of the Bankruptcy Code solely as related to the Litigation Trust Assets, and the Litigation Trustee will be the trustee of the Litigation Trust Assets for purposes of 31 U.S.C. § 3713(b) and 26 U.S.C. § 6012(b)(3), and, as such, the Litigation Trustee succeeds to all of the rights, powers and obligations of a trustee in bankruptcy with respect to collecting, maintaining, administering and liquidating the Litigation Trust Assets. Without limiting such rights, powers, and obligations, on the Effective Date, (i) the Committee will transfer, and will be deemed to have irrevocably transferred, to the Litigation Trust and shall vest in the Litigation Trust and the Litigation Trustee, the Committee's evidentiary privileges including the attorney-client privilege, work product privilege and other privileges and immunities that they possessed, to the extent related to the Litigation Trust Assets; and (ii) the Litigation Trust, Litigation Trustee and Reorganized Debtors all shall be vested with and share the Debtors' evidentiary privileges including the attorney client privilege, work product privilege and other privileges and immunities the Debtors possessed, to the extent related to the Litigation Trust Assets. The Committee and its financial advisors, and the Debtors and their financial advisors upon reasonable request, will provide to the Litigation Trustee (or such professionals designated by the Litigation Trustee) originals or copies of documents, other information, and work product relating to the Litigation Trust Claims, *provided* that the provision of any such documents and information will be without waiver of any evidentiary privileges or immunity. Without limiting the foregoing, the Reorganized Debtors shall be vested with and retain all evidentiary privileges, including the attorney-client privilege, work product privilege and other privileges and immunities the Debtors possessed, relating to all Causes of Action that are not Litigation Trust Claims and other property of the Estates vesting in the Reorganized Debtors. To the extent that any Litigation Trust Assets cannot be transferred to the Litigation Trust because of a restriction on transferability under applicable non-bankruptcy law that is not superseded or preempted by section 1123 of the Bankruptcy Code or any other provision of the Bankruptcy Code, such Litigation Trust Assets shall be deemed to have been retained by the Debtors or the Reorganized Debtors, as the case may be, and the Litigation Trustee shall be deemed, solely with respect to such Litigation Trust Assets, to have been designated as a representative of the Debtors, the Reorganized Debtors, or the Estates, as the case may be, pursuant to section 1123(b)(3)(B) of the Bankruptcy Code to enforce and pursue such Litigation Trust Assets on behalf of the Debtors, the Reorganized Debtors, or the Estates, as the case may be.

2. ***Litigation Trustee***

The Litigation Trustee shall be the exclusive trustee of the Litigation Trust Assets for purposes of 31 U.S.C. § 3713(b) and 26 U.S.C. § 6012(b)(3), and solely with respect to the Litigation Trust Assets, the representative of the Estate of each of the Debtors appointed pursuant to section 1123(b)(3)(B) of the Bankruptcy Code. The Litigation Trust shall be governed by the Litigation Trust Agreement and administered by the Litigation Trustee. The powers, rights, and responsibilities of the Litigation Trustee shall be specified more fully in the Litigation Trust Agreement. The Litigation Trust shall hold and distribute the Litigation Trust Assets in accordance with the provisions of the Plan and the Litigation Trust Agreement. Other rights and duties of the Litigation Trustee and the Litigation Trust Beneficiaries shall be as set forth in the Litigation Trust Agreement. After the Effective Date, the Reorganized Debtors shall have no interest in the Litigation Trust Assets other than as set forth in the Plan. The Litigation Trustee shall periodically report on activities of the Litigation Trust to the Litigation Trust Beneficiaries in accordance with the terms of the Litigation Trust Agreement.

3. ***Fees and Expenses of the Litigation Trust***

On the Effective Date, the Debtors shall fund the Litigation Trust with the Litigation Trust Funding Amount. All Litigation Trust Expenses shall be paid from the Litigation Trust Funding Amount and the proceeds of the Litigation Trust Claims. For the avoidance of doubt, none of the Debtors, the Estates, or the Reorganized Debtors shall have any liability for the fees and expenses of the Litigation Trust beyond the Litigation Trust Funding Amount.

4. ***Proceeds of the Litigation Trust***

Litigation Proceeds shall be allocated first to pay any adequate protection claims payable pursuant to the terms of the DIP Orders and this Plan in full in Cash to the extent not otherwise paid in full in accordance with the DIP Orders prior to the Effective Date or thereafter, and second, paid to the Litigation Trust Beneficiaries in accordance with the Litigation Trust Agreement and the Plan.

5. ***Limitation of Liability***

Neither the Litigation Trustee, nor any of its Related Persons, shall be liable for the act or omission of any other member, designee, agent, advisor, representative or professional, nor shall the Litigation Trustee be liable for any act or omission taken or omitted to be taken in the capacity as Litigation Trustee, other than for specific actions or omissions resulting from the Litigation Trustee's or its Related Persons' respective willful misconduct, gross negligence, or fraud. The Litigation Trustee may, in connection with the performance of its functions, in its sole and absolute discretion, consult with its attorneys, accountants, advisors and agents, and shall not be liable for any act taken, or omitted to be taken, or suggested to be done in accordance with advice or opinions rendered by such persons, regardless of whether or not such advice or opinions are in writing. Notwithstanding such authority, the Litigation Trustee shall not be under any obligation to consult with any such attorneys, accountants, advisors or agents, and its determination not to do so shall not result in the imposition of liability on the Litigation Trustee or any of its members, designees, agents, advisors, representatives or professionals unless such determination is based on willful misconduct, gross negligence or fraud. Persons dealing with the Litigation Trustee shall look only to the Litigation Trust Assets to satisfy any liability incurred by the Litigation Trustee to such person in carrying out the terms of the Plan or the Litigation Trust Agreement, and the Litigation Trustee shall have no personal obligation to satisfy such liability.

6. ***Indemnification***

The Litigation Trust shall indemnify the Litigation Trust Indemnified Parties for, and shall hold them harmless against, any loss, liability, damage, judgment, fine, penalty, claim, demand, settlement, cost or expense (including the reasonable fees and expense of their respective professionals), incurred

without gross negligence, willful misconduct, or fraud on the part of the Litigation Trust Indemnified Parties (which gross negligence, willful misconduct, or fraud, if any, must be determined by a Final Order or a court of competent jurisdiction), for any action taken, suffered, or omitted to be taken by the Litigation Trust Indemnified Parties in connection with the acceptance, administration, exercise and performance of their duties under the Plan or the Litigation Trust Agreement, as applicable. An act or omission taken with the approval of the Bankruptcy Court, and not inconsistent therewith, will be conclusively deemed not to constitute gross negligence or willful misconduct.

7. ***Tax Treatment***

The Litigation Trust generally is intended to be treated, for federal income Tax purposes, as a grantor trust that is a liquidating trust within the meaning of Treasury Regulations section 301.7701- 4(d), with no objective to continue or engage in the conduct of a trade or business. This section assumes that all claims held by the Liquidation Trust Beneficiaries are held as "capital assets" within the meaning of Tax Code Section 1221 (generally, property held for investment). For U.S. federal income tax purposes, the transfer of the Litigation Trust Assets to the Litigation Trust will be treated as a transfer of the Litigation Trust Assets from the Debtors to the Litigation Trust Beneficiaries, followed by the Litigation Trust Beneficiaries' transfer of the Litigation Trust Assets to the Litigation Trust in exchange for their beneficial interests in the Litigation Trust. Such exchange should be treated as a taxable exchange under Section 1001 of the Tax Code for each Litigation Trust Beneficiary. Each Litigation Trust Beneficiary should recognize capital gain or loss equal to the difference between (i) the fair market value of the Litigation Trust Beneficiary's allocable share of the Litigation Trust Assets received (other than the value received for "Accrued Interest", as defined and discussed in Article XI of the Disclosure Statement) and (ii) the Litigation Trust Beneficiary's adjusted tax basis in its claim. The fair market value of the Litigation Trust Beneficiary's allocable share of the Litigation Trust Assets may be uncertain at the time received, and each Litigation Trust Beneficiary should consult its own tax advisor regarding the determination of gain or loss in connection with the receipt of an interest in the Litigation Trust Assets and any future payments in respect of such interest in the Litigation Trust Assets.

The Litigation Trust Beneficiaries will thereafter be treated for U.S. federal income tax purposes as the grantors and deemed owners of their respective shares of the Litigation Trust Assets. The Litigation Trust Beneficiaries shall include in their annual taxable incomes, and pay tax to the extent due on, their allocable shares of each item of income, gain, deduction, loss and credit, and all other such items shall be allocated by the Litigation Trustee to the Litigation Trust Beneficiaries using any reasonable allocation method. The Litigation Trustee will be required by the Litigation Trust Agreement to file income Tax returns for the Litigation Trust as a grantor trust of the Litigation Trust Beneficiaries. In addition, the Litigation Trust Agreement will require consistent valuation by all parties, including the Debtors, the Reorganized Debtor, the Litigation Trustee and the Litigation Trust Beneficiaries, for all federal income Tax and reporting purposes, of any property held by the Litigation Trust. The Litigation Trust Agreement will provide that termination of the trust will occur no later than five years after the Effective Date, unless the Bankruptcy Court approves an extension based upon a finding that such an extension is necessary for the Litigation Trust to complete its liquidating purpose. The Litigation Trust Agreement also will limit the investment powers of the Litigation Trustee in accordance with IRS Rev. Proc. 94-45 and will require the Litigation Trust to distribute at least annually to the Litigation Trust Beneficiaries (as such may have been determined at such time) its net income (net of any payment of or provision for Taxes), except for Creditor Recoveries retained as reasonably necessary to maintain the value of the Litigation Trust Assets.

X. No Revesting of Litigation Trust Assets

No Litigation Trust Asset will revest in the Reorganized Debtors on or after the date such Litigation Trust Asset is transferred to the Litigation Trust, but irrevocably and automatically will vest in the Litigation Trust on the Effective Date, to be administered by the Litigation Trustee in accordance with the Plan and the Litigation Trust Agreement.

Y. Books and Records Retention; Cooperation and Access to Books and Records

Until a final order of judgment or settlement has been entered with respect to the Litigation Trust Claims and any other litigation or contested matter initiated within two years after the Effective Date with respect to other Causes of Action, and until the deadline to object to Claims, the Reorganized Debtors, the Litigation Trust and/or any transferee of the Debtors' or the Reorganized Debtor's books, records, documents, files, electronic data (in whatever format, including native format), or any tangible objects shall preserve and maintain such books and records relevant or potentially relevant to the Litigation Trust Claims, other Causes of Action and the Disputed Class 6 Claims, within the provisions of the Federal Rules of Civil Procedure, as if the Debtors or the Reorganized Debtors were parties to the applicable litigation or contested matter. Notwithstanding the foregoing, if the Reorganized Debtors determines that it no longer has any need for such books and records, it may destroy or abandon such books and records only if permitted to do so as a result of a final, non-appealable order of the Bankruptcy Court, entered after a hearing on reasonable notice to parties-in-interest, including the Litigation Trustee and counsel of record for all plaintiffs and defendants in such actions. The Reorganized Debtors shall use commercially reasonable efforts to cooperate with the Litigation Trustee, at the Litigation Trustee's expense, in connection with its prosecution of the Litigation Trust Claims, other Causes of Action, as well as objections to Disputed Class 6 Claims, including with respect to promptly providing information as requested by the Litigation Trustee (including, reasonable access to the Debtors' and Reorganized Debtor's books and records).

ARTICLE VI.
TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

A. Assumption and Rejection of Executory Contracts and Unexpired Leases

As of and subject to the occurrence of the Effective Date and the payment of any applicable Cure amounts, all Executory Contracts and Unexpired Leases of the Debtors that are Reorganized Debtors will be deemed assumed in accordance with, and subject to, the provisions and requirements of sections 365 and 1123 of the Bankruptcy Code, except for those Executory Contracts (including employment agreements) and Unexpired Leases that:

- have previously expired or terminated pursuant to their own terms or by agreement of the parties thereto;
- have been previously assumed or rejected by order of the Bankruptcy Court;
- are the subject of a separate motion Filed by the Debtors under section 365 of the Bankruptcy Code before the Confirmation Date for assumption or rejection; or
- are identified in the Rejected Executory Contract/Unexpired Lease List.

Without amending or altering any prior order of the Bankruptcy Court approving the assumption or rejection of any Executory Contract or Unexpired Lease, entry of the Confirmation Order by the Bankruptcy Court will constitute approval of such assumptions and rejections pursuant to sections 365(a) and 1123 of the Bankruptcy Code. To the extent any provision in any Executory Contract or Unexpired Lease assumed pursuant to the Plan restricts or prevents, or purports to restrict or prevent, or is breached or deemed breached by, the Reorganized Debtors' assumption of such Executory Contract or Unexpired Lease, then such provision will be deemed modified such that the transactions contemplated by the Plan will not entitle the non-debtor party thereto to terminate such Executory Contract or Unexpired Lease or to exercise any other default-related rights with respect thereto. Each Executory Contract and Unexpired Lease assumed pursuant to this Article of the Plan will revest in and be fully enforceable by the Reorganized Debtors in accordance with its terms, except as modified by the provisions of the Plan, any order of the Bankruptcy Court authorizing and providing for its assumption, or applicable law.

Except with respect to Executory Contracts or Unexpired Leases that are the subject of Cure Objections, any applicable Cure amounts will be satisfied, pursuant to section 365(b)(1) of the Bankruptcy Code, by payment of the Cure amount in Cash on the Effective Date or on such other terms as the parties to such Executory Contracts or Unexpired Leases may otherwise agree.

B. Notice of Cure Amounts

The Debtors will serve upon counterparties to Executory Contracts and Unexpired Leases a notice (the "**Assumption Notice**") stating that the Debtors may potentially assume the Executory Contracts and Unexpired Leases identified therein in connection with the Plan. The Assumption Notice will: (a) include a schedule of all Executory Contracts and Unexpired Leases, and the applicable Cure amount, if any, for each Executory Contract and Unexpired Lease; (b) describe the procedures for filing objections to the assumption of, or the proposed Cure amount for, an Executory Contract or Unexpired Lease; and (c) describe the process by which related disputes will be resolved by the Bankruptcy Court.

Any counterparty to an Executory Contract and Unexpired Lease that fails to object timely to the proposed assumption of such Executory Contract or Unexpired Lease or to the Cure amount set forth in the Assumption Notice will be deemed to have consented and forever released and waived any objection to the assumption of the Executory Contract or Unexpired Lease and the Cure amount set forth on the Assumption Notice.

The Bankruptcy Court will hear and determine any objections to the assumption of Executory Contracts and Unexpired Leases at the Confirmation Hearing, except for objections solely as to Cure amounts ("**Cure Objections**"). The Confirmation Order will constitute an order of the Bankruptcy Court approving the assumption of Executory Contracts and Unexpired Leases (including Executory Contracts or Unexpired Leases that are the subject of Cure Objections) pursuant to sections 365 and 1123 of the Bankruptcy Code as of the Effective Date. To the extent a Cure Objection is not resolved consensually prior to the Confirmation Hearing, the Debtors or the Reorganized Debtors, as the case may be, shall schedule a hearing to determine such Cure amount within 60 days following the Confirmation Hearing, or such later date as may be agreed to with the counterparty. Within ten (10) days following the Bankruptcy Court's entry of an Order determining any Cure amounts for such Executory Contract or Unexpired Leases, the Debtors or the Reorganized Debtors, as the case may be, may elect to reject such Executory Contract or Unexpired Lease by filing with the Bankruptcy Court a notice of such rejection (a "**Rejection Notice**"). For the avoidance of doubt, if a Rejection Notice is not Filed within such ten (10) day period, such Executory Contract or Unexpired Lease will be deemed to have been assumed. Any applicable Cure payments with respect to Executory Contracts or Unexpired Leases that are the subject of Cure Objections shall be made within ten (10) days following the assumption of such Executory Contract or Unexpired Lease.

C. Rejection of Executory Contracts or Unexpired Leases

Executory Contracts and Unexpired Leases identified in the Rejected Executory Contract/Unexpired Lease List shall be deemed rejected as of the Effective Date. Executory Contracts and Unexpired Leases that are the subject of a Rejection Notice shall be deemed rejected as of the date on which the Rejection Notice is filed. The Confirmation Order will constitute an order of the Bankruptcy Court pursuant to sections 365 and 1123 of the Bankruptcy Code approving the rejection of the Executory Contracts and Unexpired Leases (a) identified in the Rejected Executory Contract/Unexpired Lease List, as of the Effective Date; (b) that are the subject of a Rejection Notice, as of the date on which such Rejection Notice is Filed.

D. Claims on Account of the Rejection of Executory Contracts or Unexpired Leases

All Proofs of Claim with respect to Claims arising from the rejection of Executory Contracts or Unexpired Leases, pursuant to the Plan or the Confirmation Order, if any, must be Filed in the manner set

forth in the Claims Bar Date Order within thirty (30) days after (a) the date of entry of an order of the Bankruptcy Court (including the Confirmation Order) approving such rejection; or (b) with respect to Executory Contracts and Unexpired Leases that are the subject of a Rejection Notice, the date on which such Rejection Notice was served on the counterparty.

Any Entity that is required to File a Proof of Claim arising from the rejection of an Executory Contract or an Unexpired Lease that fails to timely do so will be forever barred, estopped and enjoined from asserting such Claim, and such Claim will not be enforceable, against the Debtors, the Reorganized Debtors or the Estates, and the Debtors, the Reorganized Debtors and their Estates and property will be forever discharged from any and all indebtedness and liability with respect to such Claim unless otherwise ordered by the Bankruptcy Court or as otherwise provided in the Plan. All such Claims will, as of the Effective Date, be subject to the permanent injunction set forth in Article X.G of the Plan. All Claims arising from the rejection of any Executory Contract or Unexpired Lease shall be treated as General Unsecured Claims, subject to any applicable limitation or defense under the Bankruptcy Code and applicable law.

E. Director and Officer Insurance Policies

Upon the Effective Date, the Reorganized Debtors shall have in full force and effect D&O Liability Insurance Policies for all current and former directors and officers of the Debtors and the Non-Debtor Subsidiaries materially consistent with the Debtors' D&O Liability Insurance Policies as in effect immediately prior to the Petition Date. To the extent, and as permitted by applicable law, as required to implement the preceding sentence, the Reorganized Debtors will assume all of the D&O Liability Insurance Policies pursuant to section 365(a) of the Bankruptcy Code in effect as of immediately prior to the Petition Date. Unless previously effectuated by separate order entered by the Bankruptcy Court, entry of the Confirmation Order will constitute the Bankruptcy Court's approval of the Debtors' foregoing assumption of each of the D&O Liability Insurance Policies. Notwithstanding anything to the contrary contained in the Plan, confirmation of the Plan will not impair or otherwise modify any rights of the Reorganized Debtors or current and former directors and officers of the Debtors and the Non-Debtor Subsidiaries (including the Supporting Principals) under the D&O Liability Insurance Policies.

Further, on or as soon as practicable before the Effective Date, the Debtors shall purchase tail coverage for all current and former directors and officers (including the Supporting Principals) with a term of six (6) years from the Effective Date, which tail coverage shall be materially consistent with the D&O Liability Insurance Policies prior to the Petition Date (the "**Tail Policy**").

F. Indemnification Provisions

All indemnification provisions existing as of the Petition Date (whether in the by-laws, certificate of incorporation, board resolutions, contracts, or otherwise) shall be extinguished and discharged pursuant to the Plan except to the extent necessary to preserve coverage under the D&O Liability Insurance Policies for the Supporting Principals, to the extent of such D&O Liability Insurance Policies required by Article VI.E of the Plan and notwithstanding anything in Article XI.C and D of the Plan to the contrary.

G. Compensation and Benefit Programs

Except as otherwise provided in the Plan, the Rejected Executory Contract/Unexpired Lease List, or a separate Final Order of the Bankruptcy Court, all employment and severance policies, and all compensation and benefit plans, policies, and programs of the Debtors applicable to its employees, retirees, and non-employee directors and the employees and retirees of its subsidiaries, including all savings plans, retirement plans, healthcare plans, disability plans, severance benefit plans, incentive plans (other than equity incentive plans that will be replaced by the Management Incentive Plan and any benefits, severance and change in control provisions that are modified by the Management Employment and Consulting Agreements), life, and accidental death and dismemberment insurance plans (other than

equity incentive plans that will be replaced by the Management Incentive Plan and any benefits, severance and change in control provisions that are modified by the Management Employment and Consulting Agreements), are treated as Executory Contracts under the Plan and on the Effective Date will be assumed pursuant to the provisions of sections 365 and 1123 of the Bankruptcy Code. Any payment obligations under any assumed employment contracts and benefit plans that have been or purport to have been accelerated as a result of the commencement of the Chapter 11 Cases or the consummation of any transactions contemplated by the Plan will be Reinstated and such acceleration will be rescinded and deemed not to have occurred.

For the avoidance of doubt, notwithstanding the foregoing, the Existing Executive Compensation Agreements shall be included in the Rejected Executory Contract/Unexpired Lease List and rejected by the Reorganized Debtors, and except for the indemnity obligations assumed pursuant to Article VI.F of the Plan, the counterparties to such Existing Executive Compensation Agreements shall be deemed to waive and release any and all Claims they may have against the Debtors pursuant to the terms of such Existing Executive Compensation Agreements.

H. Workers' Compensation Benefits

Except as otherwise provided in the Plan, as of the Effective Date, the Reorganized Debtors will continue to honor their obligations under: (i) all applicable workers' compensation laws in states in which the Reorganized Debtors operate; and (ii) the Reorganized Debtors' written contracts, agreements, agreements of indemnity, self-insured workers' compensation bonds, and any other policies, programs, and plans regarding or relating to workers' compensation and workers' compensation insurance. All such contracts and agreements are treated as Executory Contracts under the Plan and on the Effective Date will be assumed pursuant to the provisions of sections 365 and 1123 of the Bankruptcy Code. Notwithstanding anything to the contrary contained in the Plan, confirmation of the Plan will not impair or otherwise modify any rights of the Reorganized Debtors under any such contracts, agreements, policies, programs or plans regarding or relating to workers' compensation or workers' compensation insurance.

I. Insurance Policies

Other than the insurance policies otherwise discussed herein, all other insurance policies to which any Debtor that is a Reorganized Debtor is a party as of the Effective Date shall be deemed to be and treated as executory contracts and shall be assumed by the applicable Debtor or Reorganized Debtor and shall continue in full force and effect thereafter in accordance with their respective terms. All other insurance policies shall vest in the Reorganized Debtors.

ARTICLE VII.
PROVISIONS GOVERNING DISTRIBUTIONS

A. Dates of Distributions

Except as otherwise provided in the Plan, on the Effective Date or as soon as reasonably practicable thereafter (or if a Claim is not an Allowed Claim on the Effective Date, on the date that such Claim becomes an Allowed Claim, or as soon as reasonably practicable thereafter), each Holder of an Allowed Claim against the Debtors shall receive the full amount of the distributions that the Plan provides for Allowed Claims in the applicable Class and in the manner provided herein. In the event that any payment or act under the Plan is required to be made or performed on a date that is not on 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 there are Disputed Claims, distributions on account of any such Disputed Claims shall be made pursuant to the provisions provided in the Plan. Except as otherwise provided in the Plan, Holders of

Claims shall not be entitled to interest, dividends or accruals on the distributions provided for therein, regardless of whether distributions are delivered on or at any time after the Effective Date.

Upon the Effective Date, all Debts of the Debtors shall be deemed fixed and adjusted pursuant to the Plan and the Reorganized Debtors shall have no liability on account of any Claims or Equity Interests except as set forth in the Plan and in the Confirmation Order. All payments and all distributions made by the Distribution Agent under the Plan shall be in full and final satisfaction, settlement and release of all Claims and Equity Interests against the Reorganized Debtors.

At the close of business on the Distribution Record Date, the transfer ledgers for the Equity Interests in Gibson, the DIP Facility Claims, and the Prepetition Secured Notes shall be closed, and there shall be no further changes in the record Holders of such Claims or Equity Interests. The Reorganized Debtors, the Distribution Agent, the DIP Agent, the Prepetition Indenture Trustee, and each of their respective agents, successors, and assigns shall have no obligation to recognize the Transfer of any Equity Interests in Gibson, DIP Facility Claims, or Prepetition Secured Note Claims occurring after the Distribution Record Date and shall be entitled instead to recognize and deal for all purposes hereunder with only those record Holders stated on the transfer ledgers as of the close of business on the Distribution Record Date irrespective of the number of distributions to be made under the Plan to such Persons or the date of such distributions.

B. Distribution Agent

Except as provided herein, all distributions under the Plan shall be made by the Reorganized Debtors as Distribution Agent, or by such other Entity designated by the Debtors as a Distribution Agent herein, on the Effective Date or thereafter. The Reorganized Debtors, or such other Entity designated by the Debtors to be the Distribution Agent, shall not be required to give any bond or surety or other security for the performance of such Distribution Agent's duties unless otherwise ordered by the Bankruptcy Court.

The Distribution Agent shall be empowered to (a) effect all actions and execute all agreements, instruments, and other documents that are 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 Distribution Agent by order of the Bankruptcy Court, pursuant to the Plan, or as deemed by the Distribution Agent to be necessary and proper to implement the provisions hereof.

Upon the Effective Date, the Equity Interests that are cancelled and extinguished under the Plan, and the Equity Interests that remain outstanding under the Plan, shall be so cancelled and extinguished, or remain outstanding, as applicable, automatically, without further act, distribution or Filing of the Debtors or the Reorganized Debtors.

C. Cash Distributions

Distributions of Cash may be made either by check drawn on a domestic bank or wire transfer from a domestic bank, at the option of the Reorganized Debtors, except that Cash payments made to foreign Creditors may be made in such funds and by such means as are necessary or customary in a particular foreign jurisdiction.

D. Rounding of Payments

Whenever the Plan would otherwise call for, with respect to a particular Person, payment of a fraction of a dollar or distribution of a fraction of a share of New Common Stock or New Warrants, the actual payment or distribution shall reflect a rounding of such fraction to the nearest whole dollar or share of New Common Stock or New Warrants, as applicable (with a half share or greater rounded up and less

than a half share rounded down). The total number of shares of New Common Stock and New Warrants to be distributed in connection with this Plan shall be adjusted as necessary to account for the rounding provided for in this Article VII.D. No consideration shall be provided in lieu of fractional shares or warrants. Neither the Reorganized Debtors nor the Disbursing Agent shall have any obligation to make a distribution that is less than one (1) share of New Common Stock or one (1) New Warrant. New Common Stock and New Warrants that are not distributed in accordance with this Article VII.D shall be returned to, and ownership thereof shall vest in, the Reorganized Debtors.

E. *De Minimis* Distribution

Notwithstanding any other provision of the Plan, none of the Reorganized Debtors, any Servicer or the Distribution Agent shall have any obligation to make any Plan Distributions in Cash with a value of less than $100, unless a written request therefor is received by the Distribution Agent from the relevant recipient at the addresses set forth in Article XIII.O hereof within 120 days after the later of the (i) Effective Date and (ii) the date such Claim becomes an Allowed Claim. *De minimis* distributions for which no such request is timely received shall revert to Reorganized Gibson. Upon such reversion, the relevant Allowed Claim (and any Claim on account of missed distributions) shall be automatically deemed satisfied, discharged and forever barred, notwithstanding any federal or state escheat laws to the contrary.

Notwithstanding any other provision of the Plan, none of the Reorganized Debtors, any Servicer or any Distribution Agent shall have any obligation to make a particular distribution to a specific Holder of an Allowed Claim if such Holder is also the Holder of a Disputed Claim.

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

Except as otherwise agreed by the Holder of a particular Claim or as provided in the Plan, all distributions shall be made pursuant to the terms of the Plan and the Confirmation Order. Distributions to any Holder of an Allowed Claim shall be allocated first to the principal amount of any such Allowed Claim, as determined for U.S. federal income tax purposes and then, to the extent the consideration exceeds such amount, to the remainder of such Claim comprising accrued but unpaid interest, if any (but solely to the extent that interest is an allowable portion of such Allowed Claim).

G. General Distribution Procedures

The Reorganized Debtors, or any other duly appointed Distribution Agent, shall make all distributions of Cash or other property required under the Plan, unless the Plan specifically provides otherwise. All Cash and other property held by the Reorganized Debtors for distribution under the Plan shall not be subject to any claim by any Person, except as provided under the Plan.

H. Address for Delivery of Distributions

Distributions to Holders of Allowed Claims to the extent provided for under the Plan, shall be made: (1) at the address set forth on any Proofs of Claim Filed by such Holders (or at the last known addresses of such Holder if no Proof of Claim is Filed or if the Debtors have been notified in writing of a change of address); (2) at the addresses set forth in any written notices of address change delivered to the Debtors; (3) at the addresses in the Debtors' books and records; or (4) on any counsel that has appeared in the Chapter 11 Cases on the Holder's behalf. Notwithstanding the foregoing, distributions to the DIP Lenders and beneficial holders of Prepetition Secured Notes shall be made to the DIP Agent and the Prepetition Indenture Trustee, respectively.

I. Undeliverable Distributions and Unclaimed Property

If the distribution to the Holder of any Allowed Claim is returned to the Reorganized Debtors as undeliverable, no further distribution shall be made to such Holder, and the Reorganized Debtors shall have no obligation to make any further distribution to the Holder, unless and until the Reorganized Debtors is notified in writing of such Holder's then current address within one (1) year from the date of the distribution.

Any Entity that fails to claim any Cash or New Common Stock within one (1) year from the date upon which a distribution is first made to such entity shall forfeit all rights to any distribution under the Plan. Entities that fail to claim Cash shall forfeit their rights thereto and shall have no claim whatsoever against the Debtors or the Reorganized Debtors or against any Holder of an Allowed Claim to whom distributions are made by the Reorganized Debtors.

J. Withholding Taxes

In connection with the Plan, to the extent applicable, any party issuing any instrument or making any distribution described in the Plan shall comply with all tax withholding and reporting requirements imposed on them by any Governmental Unit, and all distributions made pursuant to the Plan shall be subject to such withholding and reporting requirements. The Debtors and the Reorganized Debtors shall be entitled to deduct any U.S. federal, state or local withholding taxes from any Cash payments made with respect to Allowed Claims. Any amounts withheld pursuant to the preceding sentence shall be deemed to have been distributed to and received by the applicable recipient for all purposes of the Plan.

As a condition to receiving any distribution under the Plan, the Debtors and the Reorganized Debtors may require that the Holder of an Allowed Claim entitled to receive a distribution pursuant to the Plan provide such Holder's taxpayer identification number and such other information and certification as may be deemed necessary for the Debtors and the Reorganized Debtors to comply with applicable tax reporting and withholding laws. Any amounts withheld pursuant hereto shall be deemed to have been distributed to and received by the applicable recipient for all purposes of the Plan. In connection with the distribution of the New Common Stock and the New Warrants, the Reorganized Debtors may take whatever actions are reasonably necessary to comply with applicable U.S. federal, state, local and non-U.S. tax withholding obligations, including withholding from distributions a portion of the New Common Stock or the New Warrants, selling such securities or requiring such Holders to contribute the Cash necessary to satisfy the tax withholding obligations.

K. Setoffs

The Debtors and the Reorganized Debtors, as applicable, or such entity's designee (including the Disbursing Agent) may, but shall not be required to, to the extent permitted under applicable law, setoff against any Allowed Claim and any distributions to be made pursuant to the Plan on account of such Allowed Claim, the claims, rights and Causes of Action of any nature that the Debtors and Reorganized Debtors may hold against the Holder of such Allowed Claim that are not otherwise waived, released or compromised in accordance with the Plan; *provided, however*, that neither such a setoff nor the allowance of any Claim hereunder shall constitute a waiver or release by the Debtors or the Reorganized Debtors of any such claims, rights and Causes of Action that the Debtors or the Reorganized Debtors possess against such Holder.

L. Surrender of Cancelled Instruments or Securities

As a condition precedent to receiving any distribution pursuant to the Plan on account of an Allowed Claim evidenced by the instruments, securities, notes, or other documentation canceled pursuant to Article V of the Plan, the Holder of such Claim will tender the applicable instruments, securities, notes or other documentation evidencing such Claim (or a sworn affidavit identifying the instruments,

securities, notes or other documentation formerly held by such Holder and certifying that they have been lost), to the Debtors, Reorganized Gibson or another applicable Distribution Agent unless waived in writing by the Debtors or the Reorganized Debtors, as applicable. The DIP Agent will send such notices and take such other actions as are reasonably requested by the Debtors or the Reorganized Debtors to effect the cancellation of the DIP Facility and to implement the Plan Distributions on account of the DIP Facility Claims to the DIP Lenders. The Prepetition Indenture Trustee will send such notices and take such other actions as are reasonably requested by the Debtors or the Reorganized Debtors to effect the cancellation of the Prepetition Secured Notes held by DTC, and to implement the Plan Distributions on account of the Allowed Prepetition Secured Notes Claims. To the extent that the Domestic Term Loan Claims are not paid in full in Cash prior to the Effective Date, the Prepetition ABL/Term Loan Agent will send such notices and take such other actions as are reasonably requested by the Debtors or the Reorganized Debtors to implement the Plan Distributions on account of the Domestic Term Loan Claims.

Notwithstanding anything in this Plan to the contrary, in connection with any distribution under this Plan to be effected through the facilities of DTC (whether by means of book-entry exchange, free delivery, or otherwise), the Debtors and the Reorganized Debtors, as applicable, will be entitled to recognize and deal for all purposes under this Plan with Holders of New Common Stock in a manner consistent with the customary practices of DTC used in connection with such distributions. All New Common Stock to be distributed under this Plan shall be issued in the names of such Holders or their nominees in accordance with DTC's book-entry exchange procedures; *provided*, that such New Common Stock is permitted to be held through DTC's book-entry system; and *provided, further*, that to the extent the New Common Stock is not eligible for distribution in accordance with DTC's customary practices, Reorganized Gibson will take all such reasonable actions as may be required to cause distributions of the New Common Stock under this Plan.

M. Lost, Stolen, Mutilated or Destroyed Securities

In addition to any requirements under any applicable agreement and applicable law, any Holder of a Claim or Equity Interest evidenced by a security or note that has been lost, stolen, mutilated, or destroyed will, in lieu of surrendering such security or note to the extent required by the Plan, deliver to Reorganized Gibson or any other applicable Distribution Agent: (x) evidence reasonably satisfactory to Reorganized Gibson and any other applicable Distribution Agent of such loss, theft, mutilation, or destruction; and (y) such security or indemnity as may be required by Reorganized Gibson or any other applicable Distribution Agent to hold such party harmless from any damages, liabilities, or costs incurred in treating such individual as a Holder of an Allowed Claim or Equity Interest. Upon compliance with Article VII.L of the Plan as determined by the Debtors or Reorganized Debtors by a Holder of a Claim or Equity Interest evidenced by a security or note, such Holder will, for all purposes under the Plan, be deemed to have surrendered such security or note to Reorganized Gibson and other applicable Distribution Agent.

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

A. Filing of Proofs of Claim

Except as otherwise provided for in the Plan, in accordance with the Bankruptcy Code, the Bankruptcy Rules and orders of the Bankruptcy Court, including the Claims Bar Date Order, Holders of Claims shall be required to file a Proof of Claim on or prior to the Claims Bar Date, including with respect to Claims arising from the rejection of Executory Contracts or Unexpired Leases or as otherwise provided under the Plan.

B. Disputed Claims and Equity Interests

The Debtors, in consultation with counsel to the Ad Hoc Committee of Secured Notes, or the Reorganized Debtors and the Litigation Trustee (with respect to Disputed Class 6 Claims), as the case may be, may file with the Bankruptcy Court an objection to the allowance of any Disputed Claim or Equity Interest or any other appropriate motion or adversary proceeding with respect thereto. All such objections shall be litigated to Final Order, *provided, however*, that other than (after the Effective Date) with respect to the Litigation Trust Claims, the Reorganized Debtors may compromise, settle, withdraw or resolve any objections to Claims or Equity Interests, subject to approval by the Bankruptcy Court.

C. Procedures Regarding Disputed Claims

No payment or other distribution or treatment shall be made on account of a Disputed Claim, even if a portion of the Claim is not disputed, unless and until such Disputed Claim becomes an Allowed Claim and the amount of such Allowed Claim is determined by a Final Order or by stipulation among the Debtors and the Required Supporting Noteholders, or the Reorganized Debtors, as applicable, and the Holder of the Claim.

D. Allowance of Claims

Following the date on which a Disputed Claim becomes an Allowed Claim after the Distribution Date, the Debtors, the Reorganized Debtors or the Distribution Agent, as applicable, shall pay directly to the Holder of such Allowed Claim the amount provided for under the Plan, as applicable, and in accordance therewith.

1. ***Allowance of Claims***

Notwithstanding anything to the contrary herein, after the Effective Date and subject to the other provisions of the Plan, the Debtors and the Reorganized Debtors will have and will retain any and all rights and defenses under bankruptcy or nonbankruptcy law that the Debtors had with respect to any Claim, except with respect to any Claim deemed Allowed under the Plan by orders of the Bankruptcy Court. Except as expressly provided in the Plan or in any order entered in the Chapter 11 Cases prior to the Effective Date (including the Confirmation Order and the DIP Orders), no Claim will 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 the Confirmation Order, in the Chapter 11 Cases allowing such Claim.

2. ***Prosecution of Objections to Claims***

After the Confirmation Date but before the Effective Date, the Debtors and, after the Effective Date, the Debtors the Reorganized Debtors will have the authority, to File objections to Claims and settle, compromise, withdraw or litigate to judgment objections to any and all Claims, regardless of whether such Claims are in an Unimpaired Class or otherwise. From and after the Effective Date, the Debtors (subject to the prior written consent of the Required Supporting Noteholders) or the Reorganized Debtors and, with respect to Disputed Class 6 Claims, the Litigation Trustee, as the case may be, may settle or compromise any Disputed Claim with approval of the Bankruptcy Court provided that (i) any settlement of any Litigation Trust Claim having a value of at least [$•] shall require the consent of the Required Supporting Litigation Trust Beneficiaries and (ii) the Required Supporting Litigation Trust Beneficiaries shall have the right to direct the Litigation Trustee, on behalf of the Litigation Trust, to accept any offered settlement of a Litigation Trust Claim having a value of at least [$•]. The Debtors and the Reorganized Debtors will have the sole authority to administer and adjust the Claims Register to reflect any such settlements or compromises approved by the Bankruptcy Court.

3. ***Estimation***

After the Confirmation Date but before the Effective Date, the Debtors and, after the Effective Date, the Debtors and the Reorganized Debtors may (but are not required to), 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 section 502(c) of the Bankruptcy Code, and the Bankruptcy Court will retain jurisdiction under 28 U.S.C. §§ 157 and 1334 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. All of the aforementioned 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. The rights and objections of all parties are reserved in connection with any such estimation proceeding.

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

A. Conditions Precedent to Confirmation of the Plan

Confirmation of the Plan will be conditioned upon the satisfaction or waiver pursuant to the provisions of Article IX.C of the Plan of the following:

- the Restructuring Support Agreement shall not have been terminated and shall remain in full force and effect in accordance with its terms;
- the Bankruptcy Court will have entered a Final Order approving the Disclosure Statement with respect to the Plan as containing adequate information within the meaning of section 1125 of the Bankruptcy Code, which order shall be in form and substance consistent with the terms of the Restructuring Support Agreement;
- all outstanding Transaction Expenses due and owing as of the Confirmation Hearing shall have been paid in full, in Cash; and
- there shall be no event of default under the DIP Facility or the DIP Orders.

B. Conditions Precedent to Consummation of the Plan

Consummation of the Plan will be conditioned upon the satisfaction or waiver pursuant to the provisions of Article IX.C of the Plan of the following:

- the Restructuring Support Agreement shall not have been terminated and shall remain in full force and effect in accordance with its terms;
- all outstanding Transaction Expenses due and owing as of the Effective Date shall have been paid in full, in Cash;
- there shall be no event of default under the DIP Facility or the DIP Orders;
- the Bankruptcy Court shall have entered the Confirmation Order, which shall have become a Final Order, and shall be in form and substance consistent with the Restructuring Support Agreement;

- all Definitive Documents, Plan Documents, Plan Schedules, Exhibits, and related schedules, documents, and supplements in connection with the Plan, shall have been Filed, and shall each be in form and substance consistent with the terms of the Restructuring Support Agreement and shall otherwise be acceptable to the parties with consent rights in respect thereof pursuant to the terms of the Restructuring Support Agreement;

- all actions, documents and agreements necessary to implement and consummate the Plan, including without limitation, entry into the Definitive Documents and the Amended Organizational Documents, and the transactions and other matters contemplated thereby, shall have been effected or executed

- the New Exit ABL Facility Documents shall have been executed and delivered by all of the Entities that are parties thereto, and all conditions precedent to the consummation of the New Exit ABL Facility Documents shall have occurred;

- the New Exit Term Loan Documents, if applicable, shall been executed and delivered by all of the Entities that are parties thereto, and all conditions precedent to the consummation of the New Exit Term Loan Facility Documents shall have occurred;

- the New Take-Out Facility Documents, if applicable, shall been executed and delivered by all of the Entities that are parties thereto, and all conditions precedent to the consummation of the New Take-Out Facility Documents shall have occurred;

- the Amended Organizational Documents shall have been filed with the appropriate governmental authority, as applicable;

- all authorizations, consents, actions, documents, approvals (including any governmental approvals), certificates and agreements necessary to implement the Plan, including the Amended Organizational Documents, will have been obtained, effected or executed and delivered to the required parties and, to the extent required, filed with the applicable governmental units in accordance with applicable laws and any applicable waiting periods shall have expired without any action being taken or threatened by any competent authority that would restrain or prevent Consummation of the Restructuring Transactions;

- the Tail Policy shall be in full force and effect; and

- the Professional Fee Reserve Account shall have been established and funded in Cash in accordance with Article II.C.1 of this Plan.

C. Waiver of Conditions

The conditions to Confirmation and Consummation of the Plan set forth in this Article IX may be waived in accordance with the Restructuring Support Agreement without notice, leave or order of the Bankruptcy Court or any formal action other than proceedings to confirm or consummate the Plan. The failure of the Debtors or Reorganized Debtors, the Required Supporting Noteholders or the Supporting Principals to exercise any of the foregoing rights will not be deemed a waiver of any other rights, and each right will be deemed an ongoing right that may be asserted at any time.

D. Substantial Consummation

"Substantial Consummation" of the Plan, as defined in 11 U.S.C. § 1101(2), shall be deemed to occur on the Effective Date.

E. Effect of Non-Occurrence of Conditions to Confirmation and Consummation

If the Confirmation or Consummation of the Plan does not occur prior to termination of the Restructuring Support Agreement, the Plan will be null and void in all respects and nothing contained in the Plan or the Disclosure Statement will: (a) constitute a waiver or release of any claims by or Claims against or Equity Interests in the Debtors; (b) prejudice in any manner the rights of the Debtors, any Holders or any other Person or Entity; (c) constitute an Allowance of any Claim or Equity Interest; or (d) constitute an admission, acknowledgment, offer or undertaking by the Debtors, any Holders or any other Person or Entity in any respect.

ARTICLE X.
RELEASE, INJUNCTION AND RELATED PROVISIONS

A. General

Except as otherwise provided for in the Plan to the contrary, the allowance, classification and treatment of all Allowed Claims and Equity Interests and their respective distributions and treatments under the Plan shall take into account the relative priority and rights of the Claims and the Equity 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.

In accordance with the provisions of the 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 the Reorganized Debtors may (other than with respect to the ITLA Unsecured Guaranty Claim) (1) compromise and settle Claims against them and (2) compromise and settle Causes of Action against other Entities, subject to the consent of the Required Supporting Noteholders.

B. Release by Debtors

As of the Effective Date, except for the rights that remain in effect from and after the Effective Date to enforce the Plan and the Definitive Documents, including the preserved Causes of Action, except as otherwise provided in this Plan or in the Confirmation Order, the Released Parties will be deemed forever released and discharged by the Debtors, the Reorganized Debtors, and their Estates and their Related Parties from any and all Claims, Equity Interests or Causes of Action whatsoever, including any derivative Claims asserted or that could have been 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, relating to, or arising from, in whole or in part, directly or indirectly, in any manner whatsoever, the Debtors, the assets, liabilities, operations or business of the Debtors, the 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 Equity Interest that is treated in the Plan, the business or contractual arrangements between any Debtor and any Released Party, the restructuring of Claims and Equity Interests before or during the Chapter 11 Cases, the negotiation, formulation, preparation, or consummation of the DIP Orders, this Plan, the Restructuring Support Agreement and the term sheet attached thereto, the Definitive Documents, or any related agreements, instruments, or other documents, or the solicitation of votes with

respect to the Plan, in all cases based upon any act or omission, transaction, agreement, event or other occurrence taking place on or before the Effective Date; provided that nothing in the Plan shall be construed to release the Released Parties from willful misconduct or intentional fraud as determined by a Final Order; provided, further, that this Article X.B. shall not be deemed to release any Cause of Action of the Debtors, the Debtors' Estates or the Litigation Trust arising from, related to, or connected with: (i) the ITLA, any ITLA Unsecured Guaranty Claims, or against any Holder of ITLA Unsecured Guaranty Claims, the administrative agent for the ITLA, and any other party that is not a Released Party; or (ii) the Prepetition ABL/Term Loan Agreement, any Prepetition ABL/Term Loan Secured Claims, or against any Prepetition ABL/Term Loan Lender, the Prepetition ABL/Term Loan Agent, and any other Person that is not a Released Party.

C. Release by Holders of Claims and Equity Interests

As of the Effective Date, for good and valuable consideration, except as specifically set forth elsewhere in the Plan, the Releasing Parties conclusively, absolutely, unconditionally, irrevocably, and forever discharge and release (and each entity so discharged and released shall be deemed discharged and released by the Releasing Parties) the Released Parties and their respective property from any and all Claims, Equity Interests, obligations, rights, suits, damages, Causes of Action, remedies, and liabilities whatsoever, including any derivative claims asserted or assertable on behalf of the Debtors, the Reorganized Debtors, or their Estates, any Claims or Causes of Action asserted on behalf of any Holder of any Claim or Equity Interest or that any Holder of a Claim or an Equity Interest would have been legally entitled to assert, whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, in law, equity, or otherwise, that such Releasing Party would have been legally entitled to assert in their own right (whether individually or collectively), based on or relating to, or in any manner arising prior to the Effective Date from, in whole or in part, directly or indirectly, in any manner whatsoever, the Debtors, the assets, liabilities, operations or business of the Debtors, the Restructuring, the Chapter 11 Cases, or the Restructuring Support Agreement, the purchase, sale, transfer or rescission of any debt, security, asset, right, or interest of the Debtors or the Reorganized Debtors, the subject matter of, or the transactions or events giving rise to, any Claim against or Equity Interest in the Debtors that is treated in the Plan, the business or contractual arrangements between any Debtor and any Released Party, the negotiation, formulation, or preparation of the Restructuring documents or related agreements, instruments or other documents, including the DIP Orders, this Plan, the Restructuring Support Agreement and the term sheet attached thereto, the Definitive Documents, or any related agreements or instruments, or the solicitation of votes with respect to the Plan, or any other act or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date, provided that nothing in the Plan shall be construed to release the Released Parties from any claims based upon willful misconduct or intentional fraud as determined by a Final Order.

D. Discharge of Claims

To the fullest extent provided under section 1141(d)(1)(A) and other applicable provisions of the Bankruptcy Code, except as otherwise expressly provided by the Plan or the Confirmation Order, all consideration distributed under the Plan will be in exchange for, and in complete satisfaction, settlement, discharge, and release of, all Claims and Equity Interests of any kind or nature whatsoever against the Debtors or any of their Assets or properties, and regardless of whether any property will have been distributed or retained pursuant to the Plan on account of such Claims or Equity Interests. Except as otherwise expressly provided by the Plan or the Confirmation Order, upon the Effective Date, the Debtors and their Estates will be deemed discharged and released under and to the fullest extent provided under section 1141(d)(1)(A) and other applicable provisions of the Bankruptcy Code from any and all Claims and Equity Interests of any kind or nature whatsoever, including, but not limited to, demands and liabilities that arose before the Confirmation Date, and all debts of the kind specified in section 502(g), 502(h), or 502(i) of the Bankruptcy Code.

E. Exculpation

Except as otherwise provided in this Plan or the Confirmation Order, to the maximum extent permitted by applicable law, no Exculpated Party will have or incur, and each Exculpated Party is hereby released and exculpated from, any Claim, obligation, suit, judgment, damage, demand, debt, right, Cause of Action, remedy, loss, and liability for any claim in connection with or arising out of the administration of the Chapter 11 Cases; the negotiation and pursuit of the Disclosure Statement, the Restructuring Support Agreement, the Plan, or the solicitation of votes for, or confirmation of, the Plan; the funding or consummation of the Plan; the occurrence of the Effective Date; the administration of the Plan or the property to be distributed under the Plan; the issuance of securities under or in connection with the Plan; or the transactions in furtherance of any of the foregoing; except for fraud or willful misconduct, as determined by a Final Order. This exculpation will be in addition to, and not in limitation of, all other releases, indemnities, exculpations and any other applicable law or rules protecting such Exculpated Parties from liability.

F. Preservation of Rights of Action

1. Maintenance of Causes of Action

Except as otherwise provided in this Article X or elsewhere in the Plan or the Confirmation Order, after the Effective Date, the Reorganized Debtors will retain all rights to commence, pursue, litigate or settle, as appropriate, any and all Causes of Action and Litigation Claims, whether existing as of the Petition Date or thereafter arising, in any court or other tribunal including in an adversary proceeding Filed in the Chapter 11 Cases. The Reorganized Debtors, as the successors in interest to the Debtors and the Estates, may, and will have the exclusive right to, enforce, sue on, settle, compromise, transfer or assign (or decline to do any of the foregoing) any or all of the Litigation Claims without notice to or approval from the Bankruptcy Court.

2. Preservation of All Causes of Action Not Expressly Settled or Released

Unless a Cause of Action or Litigation Claim against a Holder of a Claim or an Equity Interest or other Entity is expressly waived, relinquished, released, compromised or settled in the Plan or any Final Order (including the Confirmation Order), the Debtors expressly reserve such Cause of Action or Litigation Claim for later adjudication by the Debtors or the Reorganized Debtors (including Causes of Action and Litigation Claims not specifically identified or of which the Debtors may presently be unaware or that may arise or exist by reason of additional facts or circumstances unknown to the Debtors at this time or facts or circumstances that may change or be different from those the Debtors now believe to exist) and, therefore, no preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, waiver, estoppel (judicial, equitable or otherwise) or laches will apply to such Causes of Action or Litigation Claims upon or after the confirmation of the Plan or Consummation of the Plan based on the Disclosure Statement, the Plan or the Confirmation Order, except where such Causes of Action or Litigation Claims have been expressly released in the Plan (including and for the avoidance of doubt, the releases contained in this Article X) or any other Final Order (including the Confirmation Order). In addition, the Debtors and the Reorganized Debtors expressly reserve the right to pursue or adopt any claims alleged in any lawsuit in which any Debtor is a plaintiff, defendant or an interested party, against any Entity, including the plaintiffs or co-defendants in such lawsuits.

G. Injunction

Upon entry of the Confirmation Order, all Holders of Claims and Equity Interests and other parties in interest, along with their respective present or former employees, agents, officers, directors, principals, and affiliates, shall be enjoined from taking any actions to interfere with the implementation or consummation of the Plan in relation to any Claim or Equity Interest extinguished, discharged, or released pursuant to the Plan.

Except as expressly provided in the Plan, the Confirmation Order, or a separate order of the Bankruptcy Court or as may be agreed to by the Debtors and a Holder of a Claim against or Equity Interest in a Debtor, all Entities that have held, hold, or may hold Claims against or Equity Interests in the Debtors whether or not such parties have voted to accept or reject the Plan and other parties in interest, along with their respective present or former employees, agents, officers, directors, principals, and affiliates are permanently enjoined, on and after the Effective Date, solely with respect to any Claims, Equity Interests, and Causes of Action that will be or are extinguished, discharged, or released pursuant to the Plan from (i) commencing, conducting, or continuing in any manner, directly or indirectly, any suit, action, or other proceeding of any kind (including any proceeding in a judicial, arbitral, administrative or other forum) against or affecting the Released Parties or the property of any of the Released Parties, (ii) enforcing, levying, attaching (including any prejudgment attachment), collecting, or otherwise recovering by any manner or means, whether directly or indirectly, any judgment, award, decree, or order against the Released Parties or the property of any of the Released Parties, (iii) creating, perfecting, or otherwise enforcing in any manner, directly or indirectly, any encumbrance of any kind against the Released Parties or the property of any of the Released Parties, (iv) asserting any right of setoff, directly or indirectly, against any obligation due the Released Parties or the property of any of the Released Parties, except as contemplated or Allowed by the Plan; and (v) acting or proceeding in any manner, in any place whatsoever, that does not conform to or comply with the provisions of the Plan.

The injunctions in this Article X.G of the Plan shall extend to any successors of the Debtors and the Reorganized Debtors and their respective property and interests in property.

ARTICLE XI.
BINDING NATURE OF PLAN

ON THE EFFECTIVE DATE, AND EFFECTIVE AS OF THE EFFECTIVE DATE, THE PLAN WILL BIND, AND WILL BE DEEMED BINDING UPON, ALL HOLDERS OF CLAIMS AGAINST AND EQUITY INTERESTS IN THE DEBTORS AND SUCH HOLDER'S RESPECTIVE SUCCESSORS AND ASSIGNS, TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, NOTWITHSTANDING WHETHER OR NOT SUCH HOLDER (I) WILL RECEIVE OR RETAIN ANY PROPERTY OR INTEREST IN PROPERTY UNDER THE PLAN, (II) HAS FILED A PROOF OF CLAIM IN THE CHAPTER 11 CASES OR (III) FAILED TO VOTE TO ACCEPT OR REJECT THE PLAN OR AFFIRMATIVELY VOTED TO REJECT THE PLAN.

ARTICLE XII.
RETENTION OF JURISDICTION

Pursuant to sections 105(c) and 1142 of the Bankruptcy Code and notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, the Bankruptcy Court shall, after the Effective Date, retain jurisdiction over the Chapter 11 Cases and all Entities with respect to all matters related to the Chapter 11 Cases, the Debtors and this Plan as legally permissible, including jurisdiction to:

(i) allow, disallow, determine, liquidate, classify, estimate or establish the priority, secured, unsecured, or subordinated status of any Claim, including the resolution of any request for payment of any Administrative Expense Claim and the resolution of any and all objections to the allowance or priority of any Claim;

(ii) grant or deny any applications for allowance of compensation or reimbursement of expenses authorized pursuant to the Bankruptcy Code or this Plan, for periods ending on or before the Confirmation Date; *provided*, *however*, that, from and after the Effective Date, the Reorganized Debtors shall pay Professionals in the ordinary course of business for any work performed after the Effective Date and such payment shall not be subject to the approval of the Bankruptcy Court;

(iii) resolve any matters related to the assumption, assignment or rejection of any Executory Contract or Unexpired Lease to which any Debtor is party or with respect to which any Debtor or Reorganized Debtor may be liable and to adjudicate and, if necessary, liquidate, any Claims arising therefrom, including (a) Cure amounts; (b) those matters related to any amendment to this Plan after the Effective Date to add Executory Contracts or Unexpired Leases to the list of Executory Contracts and Unexpired Leases to be assumed; and (c) any dispute regarding whether a contract or lease is or was executory or expired;

(iv) resolve any issues related to any matters adjudicated in the Chapter 11 Cases;

(v) ensure that distributions to Holders of Allowed Claims are accomplished pursuant to the provisions of this Plan;

(vi) decide or resolve any motions, adversary proceedings, contested or litigated matters and any other Causes of Action that are pending as of the Effective Date or that may be commenced in the future, and grant or deny any applications involving the Debtors that may be pending on the Effective Date or instituted by the Reorganized Debtors after the Effective Date, *provided* that the Reorganized Debtors shall reserve the right to commence actions in all appropriate forums and jurisdictions;

(vii) enter such orders as may be necessary or appropriate to execute, implement, or consummate the provisions of this Plan and all other contracts, instruments, releases, indentures and other agreements or documents adopted in connection with this Plan, the Plan Supplement or the Disclosure Statement;

(viii) resolve any cases, controversies, suits or disputes that may arise in connection with the Consummation, interpretation or enforcement of this Plan or any Entity's obligations incurred in connection with this Plan; *provided*, *however*, that any dispute arising under or in connection with the New Exit ABL Facility Documents, the New Exit Term Loan Facility Documents, or the New Take-Out Facility Documents, shall be dealt with in accordance with the provisions of the applicable document;

(ix) hear and determine all Causes of Action that are pending as of the Effective Date or that may be commenced in the future;

(x) issue injunctions and enforce them, 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 this Plan, except as otherwise provided in this Plan;

(xi) adjudicate, decide or resolve any and all matters related to section 1141 of the Bankruptcy Code;

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

(xiii) resolve any cases, controversies, suits, disputes or Causes of Action with respect to the allowance and/or payment of Claims pursuant to the Plan;

(xiv) consider any modifications of this Plan, to cure any defect or omission or to reconcile any inconsistency in any Bankruptcy Court order, including the Confirmation Order;

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

(xvi) enforce the terms and conditions of this Plan and the Confirmation Order;

(xvii) enforce all orders previously entered by the Bankruptcy Court;

(xviii) resolve any cases, controversies, suits or disputes with respect to the release, exculpation, indemnification and other provisions contained in Article X hereof and enter such orders or take such others actions as may be necessary or appropriate to implement or enforce all such releases, injunctions and other provisions;

(xix) enter and implement such orders or take such other actions as may be necessary or appropriate if the Confirmation Order is modified, stayed, reversed, revoked or vacated;

(xx) resolve any other matters that may arise in connection with or relate to this Plan, the Disclosure Statement, the Confirmation Order or any contract, instrument, release, indenture or other agreement or document adopted in connection with this Plan or the Disclosure Statement; *provided*, *however*, that any dispute arising under or in connection with the New Exit ABL Facility Documents, the New Exit Term Loan Facility Documents, or the New Take-Out Facility Documents, shall be dealt with in accordance with the provisions of the applicable document; and

(xxi) hear and determine any matter related to the Litigation Trust or the Litigation Trust Claims;

(xxii) hear any other matter not inconsistent with the Bankruptcy Code; and

(xxiii) enter an order concluding or closing the Chapter 11 Cases.

ARTICLE XIII.
MISCELLANEOUS PROVISIONS

A. Dissolution of the Committee

On the Effective Date, the Committee and any other statutory committee formed in connection with the Chapter 11 Cases shall dissolve automatically and all members thereof shall be released and discharged from all rights, duties and responsibilities arising from, or related to, the Chapter 11 Cases.

B. Payment of Statutory Fees

All outstanding fees payable pursuant to 28 U.S.C. § 1930 shall be paid on the Effective Date. All such fees payable after the Effective Date shall be paid prior to the closing of the Chapter 11 Cases when due or as soon thereafter as reasonably practicable.

C. Modification of Plan

Subject to the terms of the Restructuring Support Agreement: (a) the Debtors reserve the right in accordance with the Bankruptcy Code and the Bankruptcy Rules, to amend or modify this Plan prior to the entry of the Confirmation Order; and (b) after the entry of the Confirmation Order, the Debtors or the Reorganized Debtors, as applicable, may after notice and hearing and entry of an order of the Bankruptcy Court, amend or modify this Plan, in accordance with section 1127(b) of the Bankruptcy Code or remedy any defect or omission or reconcile any inconsistency in this Plan in such manner as may be necessary to carry out the purpose and intent of this Plan. A Holder of a Claim that has accepted this Plan shall be deemed to have accepted this Plan, as altered, amended or modified, if the proposed alteration, amendment or modification does not materially and adversely change the treatment of such Claim of such Holder.

D. Revocation of Plan

Subject to the Restructuring Support Agreement, the Debtors reserve the right to revoke or withdraw this Plan prior to the Confirmation Date and to File subsequent chapter 11 plans. If the Debtors revoke or withdraw this Plan, or if confirmation of this Plan or Consummation of this Plan does not occur, then: (1) this Plan shall be null and void in all respects; (2) any settlement or compromise embodied in this Plan, assumption or rejection of Executory Contracts or Unexpired Leases effected by this Plan and any document or agreement executed pursuant hereto shall be deemed null and void except as may be set forth in a separate order entered by the Bankruptcy Court; and (3) nothing contained in this Plan shall: (a) constitute a waiver or release of any Claims by or against, or any Equity Interests in, the Debtors or any other Entity; (b) prejudice in any manner the rights of the Debtors or any other Entity; or (c) constitute an admission, acknowledgement, offer or undertaking of any sort by the Debtors or any other Entity.

E. Entire Agreement

Except as otherwise described herein, and without limiting the effectiveness of the Restructuring Support Agreement and any related agreements thereto, the Plan supersedes 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.

F. Votes Solicited in Good Faith

Upon entry of the Confirmation Order, the Debtors will be deemed to have solicited votes on this 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 Related Persons 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 this Plan, and, therefore, such parties, individuals, and the Reorganized Debtors will not have any liability for the violation of any applicable law, rule, or regulation governing the solicitation of votes on this Plan or the offer, issuance, sale, or purchase of the Securities offered and sold under this Plan.

G. Terms of Injunctions or Stays

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

H. Additional Documents

On or before the Effective Date, the Debtors may File with the Bankruptcy Court such agreements and other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of this Plan. The Debtors and all Holders of Allowed Claims receiving distributions pursuant to this Plan and all other parties in interest shall, 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 this Plan.

I. Notice of Effective Date

On the Effective Date, the Debtors shall file a notice of the occurrence of the Effective Date with the Bankruptcy Court.

J. Closing of Chapter 11 Cases

On the Effective Date, all of the Debtors' Chapter 11 Cases shall be closed other than the lead case of *In re Gibson Brands, Inc.* (Case No. 18-11025 (CSS)), and Gibson Brands, Inc. shall be entitled to prosecute claims and defenses, make distributions, and attend to other wind-down affairs on behalf of each of the other prior Debtors as if such Debtors' estates continued to exist solely for that purpose. From and after the Effective Date, Debtor Gibson Brands, Inc. shall be entitled to change its name to Guitar Liquidation Corporation or any similar name, and the caption of its Chapter 11 Case shall be adjusted accordingly upon the filing of notice of such corporate name change on the Bankruptcy Court's docket. 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 Case of Gibson Brands, Inc.

K. Successors and Assigns

This Plan shall be binding upon and inure to the benefit of the Debtors and their respective successors and assigns, including the Reorganized Debtors. The rights, benefits, and obligations of any Person or Entity named or referred to in this Plan shall be binding on, and shall inure to the benefit of, any heir, executor, administrator, successor, or assign of such Person or Entity.

L. Reservation of Rights

Except as expressly set forth herein, this Plan shall have no force or effect unless and until the Bankruptcy Court enters the Confirmation Order and Consummation of the Plan. Neither the filing of this Plan, any statement or provision contained herein, nor the taking of any action by the Debtors or any other Entity with respect to this Plan shall be or shall be deemed to be an admission or waiver of any rights of: (1) the Debtors with respect to the Holders of Claims or Equity Interests or other Entity; or (2) any Holder of a Claim or an Equity Interest or other Entity prior to the Effective Date.

Neither the exclusion or inclusion by the Debtors of any contract or lease on any exhibit, schedule, or other annex to this Plan or in the Plan Supplement, nor anything contained in this Plan, will constitute an admission by the Debtors that any such contract or lease is or is not an executory contract or unexpired lease or that the Debtors or the Reorganized Debtors or their respective affiliates has any liability thereunder.

Except as explicitly provided in this Plan, nothing herein shall waive, excuse, limit, diminish, or otherwise alter any of the defenses, claims, Causes of Action, or other rights of the Debtors or the Reorganized Debtors under any executory or non-executory contract or unexpired or expired lease.

Nothing in this Plan will increase, augment, or add to any of the duties, obligations, responsibilities, or liabilities of the Debtors or the Reorganized Debtors, as applicable, under any executory or non-executory contract or unexpired or expired lease.

If there is a dispute regarding whether a contract or lease is or was executory or unexpired at the time of its assumption under this Plan, the Debtors or Reorganized Debtors, as applicable, shall have thirty (30) days following entry of a Final Order resolving such dispute to alter their treatment of such contract or lease.

M. Further Assurances

The Debtors or the Reorganized Debtors, as applicable, all Holders of Claims and Equity Interests receiving distributions hereunder and all other Entities shall, 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 this Plan or the Confirmation Order. On or before the Effective

Date, the Debtors shall File with the Bankruptcy Court all agreements and other documents that may be necessary or appropriate to effectuate and further evidence the terms and conditions hereof.

N. Severability

If, prior to the Confirmation Date, any term or provision of this Plan is determined by the Bankruptcy Court to be invalid, void, or unenforceable, the Bankruptcy Court will 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 will then be applicable as altered or interpreted, *provided*, *however*, that any such altered form must be consistent with the Restructuring Support Agreement. Notwithstanding any such holding, alteration or interpretation, the remainder of the terms and provisions of this 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 will constitute a judicial determination and will provide that each term and provision of this Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms.

O. Service of Documents

All notices, requests, and demands to or upon the Debtors or the Reorganized Debtors to be effective shall be in writing 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:

If to the Debtors:

Gibson Brands, Inc.
309 Plus Park Blvd.
Nashville, TN 37217
Fax: 615-469-3429
E-mail: Bruce.Mitchell@gibson.com

Attention: General Counsel

With copies to:

Goodwin Procter LLP
The New York Times Building
620 Eighth Avenue
New York, NY 10018-1405
Fax: 212-355-3333
Email: mgoldstein@goodwinlaw.com
gfox@goodwinlaw.com
bbazian@goodwinlaw.com

Attention: Michael H. Goldstein
Gregory W. Fox
Barry Z. Bazian

- and -

Pepper Hamilton LLP
Hercules Plaza, Suite 5100
1313 Market Street
P.O. Box 1709
Wilmington, Delaware 19899-1709
Fax: 302-421-8390
Email: fournied@pepperlaw.com
custerm@pepperlaw.com
mclaughm@pepperlaw.com

Attention: David M. Fournier
Michael J. Custer
Marcy J. McLaughlin

If to the Ad Hoc Committee of Secured Notes or the Reorganized Debtors:

Paul, Weiss, Rifkind, Wharton & Garrison LLP
1285 Avenue of the Americas
New York, NY 10019-6064
Fax: 212-492-0545
E-mail: bhermann@paulweiss.com
bbritton@paulweiss.com
kcairns@paulweiss.com

Attention: Brian S. Hermann
Robert Britton
Kellie A. Cairns

- and -

Young Conaway Stargatt & Taylor, LLP
1000 North King Street
Wilmington, DE 19801
Fax: 302-571-6600
E-mail: pmorgan@ycst.com

Attention: Pauline K. Morgan

P. Exemption from Certain Transfer Taxes Pursuant to Section 1146(a) of the Bankruptcy Code

To the extent permitted by applicable law, pursuant to section 1146(a) of the Bankruptcy Code, any transfers of property pursuant hereto shall not be subject to any Stamp or Similar Tax or governmental assessment in the United States, and the Confirmation Order shall direct the appropriate federal, state or local governmental officials or agents or taxing authority to forgo the collection of any such Stamp or Similar Tax or governmental assessment and to accept for filing and recordation instruments or other documents pursuant to such transfers of property without the payment of any such Stamp or Similar Tax or governmental assessment. Such exemption specifically applies, without limitation, to (i) all actions, agreements and documents necessary to evidence and implement the provisions of and the distributions to be made under this Plan, including the New Exit ABL Facility

Documents, the New Exit Term Loan Facility Documents, or the New Take-Out Facility Documents, as applicable; (ii) the issuance of the New Common Stock and the New Warrants; (iii) the maintenance or creation of security or any Lien as contemplated by the New Exit ABL Facility Documents, the New Exit Term Loan Facility Documents, or the New Take-Out Facility Documents, as applicable; and (iv) assignments executed in connection with any transaction occurring under the Plan.

Q. Governing Law

Except to the extent that the Bankruptcy Code, the Bankruptcy Rules or other federal law is applicable, or to the extent that an exhibit or schedule to this Plan provides otherwise, including the New Exit ABL Facility Documents, the New Exit Term Loan Facility Documents, and the New Take-Out Facility Documents, as applicable, the rights and obligations arising under this Plan shall be governed by, and construed and enforced in accordance with, the laws of New York, without giving effect to the principles of conflicts of law of such jurisdiction; *provided* that corporate governance matters relating to the Debtors or Reorganized Debtors, as applicable, shall be governed by the laws of the state of organization of the applicable Debtor or Reorganized Debtor, as applicable.

R. Tax Reporting and Compliance

The Reorganized Debtors are hereby authorized, on behalf of the Debtors, to request an expedited determination under section 505(b) of the Bankruptcy Code of the tax liability of the Debtors are for all taxable periods ending after the Petition Date through, and including, the Effective Date.

S. Schedules

All Exhibits, Plan Schedules, supplements, and appendices to the Plan (including the Plan Supplement) are incorporated into and are a part of the Plan as if set forth in full herein. After any Exhibits, Plan Schedules, or the Plan Supplement is Filed, copies of such documents shall be available upon written request to the Debtors' counsel or by downloading such exhibits and documents from the Debtors' restructuring website at https://cases.primeclerk.com/gibson or the Bankruptcy Court's website at http://www.ded.uscourts.gov/.

T. No Strict Construction

This Plan is the product of extensive discussions and negotiations between and among, *inter alia*, the Debtors, the Supporting Noteholders and the Supporting Principals, and their respective professionals. Each of the foregoing was represented by counsel of its choice that either participated in the formulation and documentation of, or was afforded the opportunity to review and provide comments on, this Plan, the Disclosure Statement, Exhibits and Plan Schedules, and the agreements and documents ancillary or related thereto. Accordingly, unless explicitly indicated otherwise, the general rule of contract construction known as "contra proferentem" or other rule of strict construction shall not apply to the construction or interpretation of any provision of this Plan, the Disclosure Statement, Exhibits and Plan Schedules, and the documents ancillary and related thereto.

U. Controlling Document

In the event of an inconsistency between this Plan and the Plan Supplement, the terms of the relevant document in the Plan Supplement shall control unless otherwise specified in such Plan Supplement document. In the event of an inconsistency between this Plan and any other instrument or document created or executed pursuant to this Plan, or between this Plan and the Disclosure Statement, this Plan shall control. The provisions of this Plan and of the Confirmation Order shall be construed in a manner consistent with each other so as to effectuate the purposes of each; *provided, however*, that if there is determined to be any inconsistency between any provision of this Plan and any provision of the Confirmation Order that cannot be so reconciled, then, solely to the extent of such inconsistency, the

provisions of the Confirmation Order shall govern, and any such provisions of the Confirmation Order shall be deemed a modification of this Plan.

[Remainder of Page Intentionally Blank]

Dated: June 20, 2018
Nashville, Tennessee

Respectfully submitted,

Gibson Brands, Inc.
and each of its Debtor Subsidiaries

By: */s/ Brian J. Fox*
Name: Brian J. Fox
Title: Chief Restructuring Officer

[Signature Page to Debtors' Joint Chapter 11 Plan of Reorganization]

EXHIBIT B

RESTRUCTURING SUPPORT AGREEMENT
(WITH AMENDMENTS AND EXHIBITS)

Execution Version

THIS RESTRUCTURING SUPPORT AGREEMENT DOES NOT CONSTITUTE (NOR SHALL IT BE CONSTRUED AS) AN OFFER WITH RESPECT TO ANY SECURITIES OR A SOLICITATION OF ACCEPTANCES OR REJECTIONS AS TO ANY PLAN OF REORGANIZATION, IT BEING UNDERSTOOD THAT SUCH A SOLICITATION, IF ANY, ONLY WILL BE MADE IN COMPLIANCE WITH APPLICABLE PROVISIONS OF SECURITIES, BANKRUPTCY, AND/OR OTHER APPLICABLE LAWS.

RESTRUCTURING SUPPORT AGREEMENT

This RESTRUCTURING SUPPORT AGREEMENT (together with all exhibits, schedules and attachments hereto, as amended, supplemented or otherwise modified from time to time in accordance with the terms hereof, (this "**RSA** or "**Agreement**"), dated as of April 30, 2018, is among:

(a) Gibson Brands, Inc. ("**Gibson**"), on behalf of itself and its subsidiaries listed on Annex A to the Restructuring Term Sheet (as defined below) (the "**Company**");

(b) Henry Juszkiewicz and David Berryman (each, a "**Supporting Principal**," and together, the "**Supporting Principals**"); and

(c) each of the undersigned holders of the 8.875% Senior Secured Notes due 2018 (the "**Notes**") issued by Gibson pursuant to that certain Indenture, dated as of July 13, 2013 (as may be amended or modified from time to time, the "**Indenture**"), by and among Gibson, the guarantors party thereto, and Wilmington Trust, National Association as successor trustee and collateral agent (the "**Secured Notes Trustee**") (each, a "**Supporting Noteholder**" and collectively, together with any holders that join this Agreement in accordance with Section 3.06, the "**Supporting Noteholders**").

The Company, the Supporting Principals, and the Supporting Noteholders are each referred to herein as a "**Party**" and collectively are referred to herein as the "**Parties**".

As of the date and time of this Agreement, the Company has not commenced a case under chapter 11 of Title 11 of the United States Code (the "**Bankruptcy Code**"). The Restructuring (as defined below) contemplated by this Agreement, which is supported by the Supporting Noteholders and the Supporting Principals (together, the "**Supporting Parties**"), shall be implemented through a chapter 11 plan process involving the Company materially consistent with the Restructuring Term Sheet (as defined below).

RECITALS

WHEREAS, this Agreement is the product of arm's-length, good faith negotiations among the Parties.

WHEREAS, the Parties have negotiated a restructuring of the Company in accordance with a pre-negotiated chapter 11 plan of reorganization (the "**Plan**") that implements a reorganization and recapitalization of the Company (the "**Restructuring**") pursuant to chapter 11 cases (the "**Chapter 11 Cases**") commenced pursuant to chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware (the "**Bankruptcy Court**") upon the terms and conditions set forth in the term sheet attached hereto as **Exhibit A** (together with all exhibits, schedules, and attachments thereto and as

amended, supplemented, or otherwise modified from time to time in accordance with the terms hereof, the "**Restructuring Term Sheet**");[1]

WHEREAS, certain of the Supporting Noteholders (in such capacity, collectively, the "**DIP Lenders**") have committed to provide a super-priority senior secured term loan debtor-in-possession credit facility in an aggregate principal amount of up to $135 million (the "**DIP Facility**"), as set forth in the DIP Facility term sheet attached to the Restructuring Term Sheet as Annex B (as amended, supplemented or otherwise modified from time to time in accordance therewith and in accordance with the terms of this Agreement, including all exhibits thereto, the "**DIP Facility Term Sheet**");

WHEREAS, as of the date hereof, the Supporting Noteholders hold at least 66 2/3% of the aggregate principal amount of the Notes outstanding;

WHEREAS, in order to effectuate the Restructuring, the Company and each of the subsidiaries listed on Annex A to the Restructuring Term Sheet (each, a "**Debtor**," and collectively, the "**Debtors**") intend to file petitions commencing (the date of commencement being the "**Petition Date**") voluntary cases (the "**Chapter 11 Cases**") under chapter 11 of the Bankruptcy Code.

WHEREAS, the Parties have agreed to support the Restructuring subject to and in accordance with the terms of this Agreement and to use commercially reasonable efforts to complete the negotiation of the terms of the documents and completion of the actions specified to effect the Restructuring in accordance with the Restructuring Term Sheet; and

NOW, THEREFORE, in consideration of the promises and mutual covenants and agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties covenant and agree as follows:

AGREEMENT

Section 1. Certain Definitions. As used in this Agreement, the following terms have the following meanings:

(a) "**Ad Hoc Committee**" means the ad hoc committee of noteholders under the Indenture represented by Paul, Weiss, Rifkind, Wharton & Garrison LLP ("**Paul, Weiss**") and PJT Partners LP ("**PJT**").

(b) "**Business Day**" means any day other than Saturday, Sunday and any day that is a legal holiday or a day on which banking institutions in New York, New York are authorized by law or other governmental action to close.

(c) "**Claim**" means any "claim" (as defined in section 101(5) of the Bankruptcy Code) against the Debtors.

(d) "**DIP Credit Agreement**" means a credit agreement, in form and substance consistent with the DIP Facility Term Sheet, and acceptable to the Required Supporting Noteholders and the Debtors, among Gibson Brands, Inc. as borrower, the guarantors party thereto, the DIP Lenders and Cortland Capital Market Services LLC as administrative agent (in such capacity, the "**DIP Administrative**

[1] Capitalized terms used herein but not otherwise defined have the meanings ascribed to them in the Restructuring Term Sheet and the DIP Facility Term Sheet.

Agent") (as amended, supplemented or otherwise modified from time to time in accordance therewith and in accordance with the terms of this Agreement, including all exhibits thereto).

(e) "**Definitive Documents**" means (i) the DIP Credit Agreement and related documentation, including the motion seeking approval of the DIP Credit Agreement and authority to use cash collateral and grant adequate protection (the "**DIP Motion**") and the interim and final orders to be entered by the Bankruptcy Court approving such motion (respectively, the "**Interim DIP Order**" and the "**Final DIP Order**" and, together, the "**DIP Orders**") and all security documents and other loan documents in connection therewith; (ii) the Plan and Plan Supplement (including all exhibits and supplements thereto); (iii) the disclosure statement with respect to such Plan (the "**Disclosure Statement**"), the other solicitation materials in respect of the Plan (such materials, collectively, the **Solicitation Materials**"), the motion to approve the Disclosure Statement and Solicitation Materials and the order to be entered by the Bankruptcy Court approving the Disclosure Statement and Solicitation Materials as containing, among other things, "adequate information" as required by section 1125 of the Bankruptcy Code (the "**Disclosure Statement Order**"); (iv) the order to be entered by the Bankruptcy Court confirming the Plan (the "**Confirmation Order**") and pleadings in support of entry of the Confirmation Order; (v) all exit facility documentation, including the Exit ABL Facility the Exit Term Loan Facility (each as defined in the Restructuring Term Sheet), any other exit financing contemplated by the Restructuring Term Sheet, and all security documents and other related loan documents (vi) those motions and proposed court orders that the Company files on or after the Petition Date and seeks to have heard on an expedited basis at the "first day hearing" (the "**First Day Pleadings**"); (vii) the documents or agreements for the governance of the reorganized Company, including any shareholders' agreements and certificates of incorporation; (viii) the documents or agreements related to the Management Incentive Plan; (ix) all management or consulting agreements of the reorganized Company; (x) all agreements relating to warrants or other interests exercisable in to shares of the reorganized Company; and (xi) such other documents, pleadings, agreements or supplements as may be reasonably necessary or advisable to implement the Restructuring, and in the case of all such documents described in clauses (i) through (xi) consistent in all respects with the Restructuring Term Sheet, and except as otherwise set forth in the Restructuring Term Sheet, acceptable in form and substance to the Required Supporting Noteholders and the Debtors, *provided that* the documents described in Annex C to the Restructuring Term Sheet and any provisions of any of the Definitive Documents that directly and materially impact the consideration set forth therein shall also be acceptable in form and substance to the Supporting Principals.

(f) "**Estates**" means individually or collectively, the estate or estates of each Debtor created under section 541 of the Bankruptcy Code.

(g) "**Existing Equity Interests**" means all equity interests of any kind in Gibson, including common and preferred stock, options, warrants and other agreements or rights to acquire the same (including any arising under or in connection with any employment agreement, incentive plan, benefit plan, or the like) existing prior to the consummation of the Restructuring.

(h) "**Material Adverse Change**" means any event, change, effect, occurrence, development, circumstance or change of fact occurring after the date hereof that, individually or in the aggregate, has, had, or would reasonably be expected to have a material adverse effect on the business, results or operations, financial condition, assets, or liabilities of the Debtors, taken as a whole; provided that "Material Adverse Change" shall not include any event, effect, occurrence, development, circumstance, or change of fact occurring after the date hereof and arising out of or resulting from (i) conditions or effects that generally affect persons or entities engaged in the industries or markets in which the Company operates, (ii) general economic conditions in North America, South

America, Europe, or Asia, (iii) national or international political or social conditions, including the engagement by the United States in hostilities, whether or not pursuant to the declaration of a national emergency or war, or the occurrence of any military or terrorist attack upon the United States or its territories, possessions, diplomatic or consular offices or upon any military installation, equipment or personnel of the United States, (iv) financial, banking, securities, credit, or commodities markets, prevailing interest rates or general capital markets conditions in North America, South America, Europe, or Asia, or globally, (v) changes in United States generally accepted accounting principles, (vi) changes in laws, rules, regulations, orders, or other binding directives issued by any governmental entity, or (vii) the taking of any action or any inaction required by this Agreement, the Restructuring Term Sheet, or any action or inaction in connection with the Chapter 11 Cases, including the commencement and pendency of the Chapter 11 Cases.

(i) "**Milestones**" means those Milestones set forth in Annex D to the Restructuring Term Sheet.

(j) "**Person**" means any individual, partnership, joint venture, limited liability company, corporation, trust, unincorporated organization, group, governmental or regulatory authority, or any other legal entity or association.

(k) "**Plan Supplement**" means the documents and forms of documents, schedules and exhibits to the Plan, to be filed by the Debtors no later than ten (10) calendar days before the deadline to vote on the Plan filed with the Bankruptcy Court (including any amendments or supplements thereto). Such documents shall be consistent with the terms of the Restructuring, the Restructuring Term Sheet and the Plan and acceptable in form and substance to the Parties.

(l) "**Required Supporting Noteholders**" means (i) as long as the Ad Hoc Committee controls more than 50% of the principal amount of the Notes, each member of the Ad Hoc Committee, and (ii) if the Ad Hoc Committee controls less than 50% of the principal amount of the Notes, Supporting Noteholders controlling at least 50.1% of the principal amount of the Notes.

(m) "**Secured Noteholder Claim**" means any Claim of the holders of the Notes (each a "**Secured Noteholder**") arising under, derived from, or based upon the Notes, the Indenture, the Notes Guarantees (as defined in the Indenture), or the Security Documents (as defined in the Indenture).

(n) "**Specified Actions**" means (i) authorization of the Restructuring, the Definitive Documents, and all transactions contemplated thereby; (ii) the amendment of any of the Definitive Documents; (iii) incurrences of new debt outside the ordinary course of business, including the refinancing or amendment of existing debt arrangements other than in connection with the proper exercise of rights under Section 10; (iv) all transactions between Gibson Brands, Inc. and its subsidiaries or affiliates outside of the ordinary course of business; (v) all transactions between Gibson Brands, Inc. and Gibson GI Holdings, B.V. or any of its direct or indirect subsidiaries or affiliates; (vi) any mergers, acquisitions, and asset transactions involving the sale or purchase by the Debtors or any of their direct or indirect subsidiaries or affiliates of significant assets or subsidiaries or affiliates, outside the ordinary course of business other than in connection with the proper exercise of rights under Section 10; (vii) changes in the auditor of the Debtor; (viii) removal or amendment of any of the rights, scope of employment or engagement letter of the CRO; (ix) significant changes in the scope of the business; and (x) any other transaction in which total property exchanged has a book value or fair market value in excess of $1 million; *provided that* approval of an Alternative Transaction shall only occur at a board meeting at which the Independent Director is present.

(o) "**Transaction Expenses**" means all fees and expenses of the Secured Notes Trustee, the Ad Hoc Committee, the Supporting Principals, and each of their advisors, that are incurred in connection

with the Restructuring; *provided that* the fees and expenses payable to the Supporting Principals and their professionals will be subject to an aggregate cap of $100,000.

Section 2. Definitive Documentation.

2.01 Incorporation of Exhibits and Schedules. Each of the exhibits and schedules attached hereto, including without limitation the Restructuring Term Sheet and all exhibits thereto, are expressly incorporated by reference and made part of this Agreement as if fully set forth herein. The Restructuring Term Sheet (including each of the exhibits thereto) sets forth the material terms and conditions of the Plan and the Restructuring. Except as otherwise provided herein, neither this Agreement, the Restructuring Term Sheet nor any provision hereof or thereof may be modified, amended, waived or supplemented except in accordance with Section 8.17 hereof.

2.02 Definitive Documents. The Definitive Documents, including any amendments, supplements or modifications thereof, shall contain terms and conditions consistent in all material respects with this Agreement and the Restructuring Term Sheet. The Parties acknowledge and agree that they will each use commercially reasonable efforts to provide advance draft copies of all Definitive Documents and other pleadings to counsel to the other Parties at least three (3) business days prior to the date when any Party intends to file such pleading or other document, if applicable, provided, however, if circumstances reasonably prevent a Party from providing such drafts at least (3) business days prior to filing, no Party shall be precluded from filing such Definitive Document and other pleadings, but such Party shall use commercially reasonable efforts to provide a draft to the other Parties as soon as practicable under the circumstances prior to such filing.

Section 3. Commitments of the Supporting Noteholders.

3.01 Support of Restructuring. From the date hereof and as long as this Agreement has not been terminated pursuant to its terms (such period, the "Effective Period"), subject to the terms of this Agreement (including the terms and conditions set forth in the Restructuring Term Sheet), each Supporting Noteholder severally agrees that it shall:

(a) negotiate in good faith all Definitive Documents, reasonably agree to extensions of the Milestones to the extent required to accommodate the Bankruptcy Court's calendar, and comply with each of its other covenants and commitments set forth in this RSA or the Restructuring Term Sheet;

(b) use commercially reasonable efforts to timely provide to the other Parties draft copies of any Definitive Documents that are drafted primarily by the Ad Hoc Committee and all other documents required in this RSA or the Restructuring Term Sheet;

(c) provide prompt written notice to the Company and the Supporting Principals between the date hereof and the Effective Date of (i) the occurrence, or failure to occur, of any event of which the occurrence or failure to occur would be reasonably likely to cause (A) any representation or warranty of the Supporting Noteholders contained in this Agreement to be untrue or inaccurate in any material respect, (B) any material covenant of the Supporting Noteholders contained in this Agreement not to be satisfied in any material respect, or (C) any condition precedent contained in the Plan or this Agreement not to occur or become impossible to satisfy, (ii) receipt of any written notice from any third party alleging that the consent of such party is or may be required as a condition precedent to consummation of the transactions contemplated by the Restructuring and this Agreement, (iii) receipt of any written notice from any governmental body that is material to the consummation of the transactions contemplated by the Restructuring, (iv) receipt of any written notice of any proceeding commenced or threatened against the Company, or otherwise, that would

otherwise affect in any material respect the transactions contemplated by the Restructuring and this Agreement, including the Releases, (v) any failure of the Supporting Noteholders to comply, in any material respect, with or satisfy any covenant, condition, or agreement to be complied with or satisfied by them hereunder as a condition precedent to the consummation of the transactions contemplated by the Restructuring.

(d) (i) subject to receipt of the Disclosure Statement and other Solicitation Materials approved by the Disclosure Statement Order, timely vote, or cause to be voted, all of its Claims to accept the Plan following the commencement of solicitation of votes for the Plan, by delivering their duly executed and completed ballots accepting the Plan, (ii) refrain from changing, revoking or withdrawing (or causing such change, revocation or withdrawal of) such vote or consent; provided, however, that such vote may be revoked (and, upon such revocation, deemed void *ab initio*) by such Supporting Noteholder at any time following the termination of this Agreement as to such Supporting Noteholder pursuant to the terms hereof; and (iii) not object to, delay, postpone, challenge, reject, oppose or take any other action that would prevent, interfere with, delay or impede, directly or indirectly, the releases and exculpations set forth in the Plan and to the extent it is permitted to elect whether to opt in or opt out of any agreed upon releases or exculpations set forth in the Plan, to elect to opt in, and not to elect to opt out of, the releases set forth in the Plan; provided, however, that such release may be revoked (and, upon such revocation, deemed void *ab initio*) by such Supporting Noteholder at any time following the termination of this Agreement as to such Supporting Noteholder pursuant to the terms hereof;

(e) to the extent that a legal or structural impediment to consummation of the Plan arises outside of the jurisdiction of the Bankruptcy Court, and such legal or structural impediment does not otherwise provide the Supporting Noteholders with a right to terminate this Agreement, negotiate in good faith to address any such impediment;

(f) permit the disclosure of this Agreement, and the aggregate amount of Secured Noteholder Claims held by the Supporting Noteholders; provided, however, that the Company shall not disclose (i) individual Supporting Noteholder Claim amounts held by any Supporting Noteholder to any other party (including to other Supporting Noteholders), or (ii) the identity of any Supporting Noteholder to any other party (including to other Supporting Noteholders) without the prior written consent of such Supporting Noteholder;

(g) not:

(i) object to, delay, postpone, challenge, reject, oppose or take any other action that would prevent, interfere with, delay or impede, directly or indirectly, in any material respect, the approval, acceptance or implementation of the Restructuring on the terms set forth in the Restructuring Term Sheet;

(ii) solicit, negotiate, propose, enter into, consummate, file with the Bankruptcy Court, vote for or otherwise knowingly support, participate in or approve any plan of reorganization, sale, proposal or offer of dissolution, winding up, liquidation, reorganization, merger or restructuring, recapitalization or refinancing of the Company or its indebtedness other than the Plan (each, an "**Alternative Transaction**");

(iii) object to or oppose, or support any other person's efforts to object to or oppose, any motions filed by the Company that are consistent with this Agreement, including any request by the Company to extend its exclusive periods to file the Plan and solicit acceptances thereof;

(iv) object to, or vote to reject, the Plan;

(v) direct the Secured Notes Trustee or any other individual, a partnership, a joint venture, a limited liability company, a corporation, a trust, an unincorporated organization, a group, a governmental or regulatory authority, or any legal entity or other Person to exercise any right or remedy for the enforcement, collection, or recovery of any Claim against, or Equity Interests in, the Company;

(vi) initiate any legal proceeding or enforce rights as holders of Claims, that is inconsistent with, or that would reasonably be expected to prevent or materially delay consummation of, the Restructuring;

(vii) take any actions where such taking would be (A) inconsistent with this Agreement, the Restructuring Term Sheet or the Definitive Documentation, or (B) otherwise inconsistent with, or reasonably expected to prevent, interfere with, delay or impede the implementation or consummation of, the Restructuring; and

(viii) encourage any entity to undertake any action prohibited by this Section 3.01.

3.02 Rights of Supporting Noteholders Unaffected. Nothing contained in this agreement shall limit:

(a) the rights of Supporting Noteholders 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 Bankruptcy Cases, in each case, so long as the exercise of any such right is not inconsistent with such Supporting Noteholder's obligations hereunder;

(b) the ability of a Supporting Noteholder to purchase, sell, or enter into any transactions in connection with its Claims, subject to the terms hereof and applicable law;

(c) the ability to assert or raise any objection expressly permitted under this Agreement in connection with any hearing in the Bankruptcy Court;

(d) any right of a Supporting Noteholder to take or direct any action relating to the maintenance, protection, or preservation of any collateral, provided that such action is not inconsistent with this Agreement;

(e) subject to the terms hereof, any right of a Supporting Noteholder under (x) the Indenture, or constitute a waiver or amendment of any provision of the Indenture or (y) any other applicable agreement, instrument or document that gives rise to a Supporting Noteholder's Claims or interests, as applicable, or constitute a waiver or amendment of any provision of any such agreement, instrument or document;

(f) the ability of a Supporting Noteholder to consult with other Supporting Noteholders or the Company; or

(g) the ability of a Supporting Noteholder to enforce any right, remedy, condition, consent or approval requirement under this Agreement, the DIP Credit Agreement, or any of the other Definitive Documents.

3.03 Transfer of Claims. During the Effective Period, no Party shall sell, contract to sell, give, assign, participate, hypothecate, pledge, encumber, grant a security interest in, offer, sell any option or contract to purchase, or otherwise transfer or dispose of, any economic, voting or other rights in or to, by operation of law or otherwise (each, a "Transfer") any Claims, interests or any other right (voting or otherwise) therein (including granting any proxies, depositing any Claims into a voting trust or entering into a voting agreement with respect to any Claims); provided, however, that any Supporting Party may Transfer any of its Claims to any person or entity (so long as such Transfer is not otherwise prohibited by any order of the Bankruptcy Court) that (i) agrees in writing, in substantially the form attached hereto as Exhibit B (a "Transferee Joinder"), to be bound by the terms of this Agreement (each such transferee, a "Transferee") or (ii) is a Supporting Party, provided, that upon any purchase, acquisition or assumption by any Supporting Party of any Claims, such Claims shall automatically be deemed to be subject to the terms of this Agreement. Subject to the terms and conditions of any order of the Bankruptcy Court limiting a Transfer, the transferring Supporting Party shall provide the Company and its counsel, counsel for the Ad Hoc Committee and the Secured Notes Trustee with a copy of any Transferee Joinder executed by such Transferee within two (2) business days following such execution. In the case of a Transfer to a Person that is not a Supporting Party, the Transfer shall only be effective upon execution and delivery of a Transferee Joinder in which event (A) the Transferee shall be deemed to be a Supporting Party hereunder with respect to all of its owned or controlled Claims and rights (voting or otherwise) and (B) the transferor Party shall be deemed to relinquish its rights (and be released from its obligations) under this Agreement solely to the extent of such transferred Claims. With respect to Claims held by the relevant Transferee upon consummation of a Transfer, such Transferee is deemed to make all of the representations and warranties of a Supporting Party set forth in this Agreement. Any Transfer of any Supporting Party's Claim that does not comply with the foregoing shall be deemed void *ab initio* and the Company and each other Party shall have the right to enforce the voiding of such Transfer.

3.04 Qualified Marketmaker Transfers. Notwithstanding anything herein to the contrary, (i) a Supporting Noteholder may Transfer any right, title, or interest in its Claims to an entity that is acting in its capacity as a Qualified Marketmaker (as defined below) without the requirement that the Qualified Marketmaker be or become a Supporting Noteholder only if such Qualified Marketmaker has purchased such Claims with a view to resale of such Claims (by purchase, sale, assignment, transfer, participation or otherwise) as soon as reasonably practicable, and in no event later than the earlier of (A) three (3) business day prior to any voting deadline with respect to the Plan (solely if such Qualified Marketmaker acquires such Claims prior to such voting deadline) and (B) twenty (20) business days after its acquisition to a Transferee Noteholder that is or becomes a Supporting Noteholder (by executing a Transferee Joinder in accordance with Section 3.03); and (ii) to the extent that a Supporting Noteholder is acting in its capacity as a Qualified Marketmaker, it may Transfer or participate any right, title, or interest in any Claims that the Qualified Marketmaker acquires from a holder of such Claims who is not a Supporting Noteholder without the requirement that the transferee be or become a Supporting Noteholder. Notwithstanding the foregoing, (w) if at the time of a proposed Transfer of any Claim to the Qualified Marketmaker in accordance with the foregoing, the date of such proposed Transfer is on or before two (2) business days before the voting deadline with respect to the Plan, the proposed transferor Supporting Noteholder shall first vote such Claim in accordance with the requirements of Section 3.01(d)]hereof prior to any Transfer or (x) if, after a transfer in accordance with this Section 3.04, a Qualified Marketmaker is holding a Claim on or before two (2) business days before the voting deadline with respect to the Plan, such Qualified Marketmaker shall vote such Claim in accordance with the requirements of Section 3.01(d) hereof. For these purposes, a "Qualified Marketmaker" means an entity that: (1) holds itself out to the market as standing ready in the ordinary course of its business to purchase from customers and sell to customers claims against or interests in the Company or its affiliates (including debt securities or other debt) or enter into with customers long and short positions in claims against the Company or its affiliates (including debt securities or other debt), in its capacity as a dealer or marketmaker in such claims against the Company and its affiliates; and (2) is in fact regularly in the business of making a market in claims against issuers or borrowers (including debt

securities or other debt). A Qualified Marketmaker acting in such capacity may purchase, sell, assign, transfer, or participate any Claims other than Claims held by a Supporting Noteholder without any requirement that the transferee be or become subject to this Agreement.

3.05 Additional Claims. Nothing herein shall be construed to restrict a right to acquire Claims after the date hereof. To the extent any Supporting Party acquires any Claims after the date hereof, each such Supporting Party agrees that such acquired Claims shall be automatically subject to this Agreement and that such Supporting Party shall be bound by and subject to this Agreement with respect to such acquired Claims. A Supporting Party may sell or assign any Claims, subject to Section 3.03, and provided that any such Claims that are sold or assigned shall remain subject to this Agreement.

3.06 Additional Noteholder Parties. Any Secured Noteholder may, at any time after the date hereof, become a party to this Agreement as a Supporting Noteholder (an "Additional Noteholder Party") by executing a joinder agreement substantially in the form attached as Exhibit C hereto, pursuant to which such Additional Noteholder Party shall be bound by the terms of this Agreement as a Supporting Noteholder hereunder.

Section 4. Commitments of the Supporting Principals.

4.01 Commitments of the Supporting Principals. During the Effective Period, subject to the terms of this Agreement (including the terms and conditions set forth in the Restructuring Term Sheet), each Supporting Principal agrees that it shall:

(a) negotiate in good faith all Definitive Documents, reasonably agree to extensions of the Milestones to the extent required to accommodate the Bankruptcy Court's calendar, and comply with each of its other covenants and commitments set forth in this RSA or the Restructuring Term Sheet;

(b) cooperate in terminating and rejecting any shareholders' agreement or employment or consulting agreement, as applicable, with the Company to which it is a party, unless consented to by the Required Supporting Noteholders;

(c) support, and take all actions necessary or reasonably requested by the Company or the Supporting Noteholders to facilitate the confirmation and consummation of the Chapter 11 Plan and the Restructuring consistent with the Restructuring Term Sheet;

(d) use commercially reasonable efforts to timely provide to the other Parties draft copies of any Definitive Documents that are drafted primarily by any Supporting Principal Party and all other documents required in this RSA or the Restructuring Term Sheet;

(e) provide prompt written notice to the Company and the Supporting Noteholders between the date hereof and the Effective Date of (i) the occurrence, or failure to occur, of any event of which the occurrence or failure to occur would be reasonably likely to cause (A) any representation or warranty of either Supporting Principal contained in this Agreement to be untrue or inaccurate in any material respect, (B) any material covenant of the Supporting Principals contained in this Agreement not to be satisfied in any material respect, or (C) any condition precedent contained in the Plan or this Agreement not to occur or become impossible to satisfy, (ii) receipt of any written notice from any third party alleging that the consent of such party is or may be required as a condition precedent to consummation of the transactions contemplated by the Restructuring and this Agreement, (iii) receipt of any written notice from any governmental body that is material to the consummation of the transactions contemplated by the Restructuring, (iv) receipt of any written notice of any proceeding commenced or threatened against the Company, or otherwise, that would

otherwise affect in any material respect the transactions contemplated by the Restructuring and this Agreement, including the Releases, (v) any failure of the Supporting Principals to comply, in any material respect, with or satisfy any covenant, condition, or agreement to be complied with or satisfied by them hereunder as a condition precedent to the consummation of the transactions contemplated by the Restructuring.

(f) not object to, delay, postpone, challenge, reject, oppose or take any other action that would prevent, interfere with, delay or impede, directly or indirectly, the releases and exculpations set forth in the Plan and elect to opt in, and not to elect to opt out of, the releases set forth in the Plan and any related notice of non-voting status; provided, however, that such release may be revoked (and, upon such revocation, deemed void *ab initio*) by such Supporting Principal at any time following the termination of this Agreement as to such Supporting Principal pursuant to the terms hereof;

(g) to the extent that a legal or structural impediment to consummation of the Plan arises outside of the jurisdiction of the Bankruptcy Court, and such legal or structural impediment does not otherwise provide the Supporting Principals with a right to terminate this Agreement, negotiate in good faith to address any such impediment;

(h) permit the disclosure of this Agreement, and the aggregate amount of Equity Interests held such the Supporting Principal;

(i) not:

(i) (and direct any applicable custodian or prime broker, not to) (i) sell, assign, hypothecate, pledge, or otherwise transfer, including by the declaration of a worthless stock deduction for any tax year ending on or prior to the Effective Date, grant a participation interest in or otherwise dispose of, directly or indirectly, its right, title or interest (including, for the avoidance of doubt, certain transfers of and declarations of worthlessness with respect to equity securities in the Company) in respect of any of such Supporting Principal's Existing Equity Interests, as applicable, in whole or in part, or (ii) grant any proxies, deposit any of such Supporting Principal's Interests against the Company, as applicable, into a voting trust, or enter into a voting agreement with respect to any such Existing Equity interests;

(ii) object to, delay, postpone, challenge, reject, oppose or take any other action that would prevent, interfere with, delay or impede, directly or indirectly, in any material respect, the approval, acceptance or implementation of the Restructuring on the terms set forth in the Restructuring Term Sheet;

(iii) take, nor encourage any other person or entity to take, any action that directly or indirectly interferes with or delays the acceptance or implementation of the transactions contemplated by the Restructuring or this Agreement, including, without limitation, initiating or joining any legal proceeding, objecting, directly or indirectly, to the Plan or the Definitive Documents, or directly or indirectly negotiating or soliciting any other plan, sale, proposal or offer of dissolution, winding up, liquidation, reorganization, merger, or restructuring of the Company or any of its subsidiaries that is inconsistent with or that would be reasonably likely to prevent, delay, or impede the consummation of the Restructuring;

(iv) seek or allow the Debtors to seek the payment of any amount pursuant to a key employee incentive plan or other similar payment during the pendency of the Chapter 11 Cases, unless consented to by the Required Supporting Noteholders;

(v) except as specifically set forth in the Plan Term Sheet, assert any claims of any kind or priority against the Company in the Chapter 11 Cases, and waive all such claims;

(vi) solicit, negotiate, propose, enter into, consummate, file with the Bankruptcy Court, vote for or otherwise knowingly support, participate in or approve any Alternative Transaction (other than in such Supporting Principal's capacity as a member of the board of directors of the Company, and consistent with Section 10);

(vii) object to or oppose, or support any other person's efforts to object to or oppose, any motions filed by the Company that are consistent with this Agreement, including any request by the Company to extend its exclusive periods to file the Plan and solicit acceptances thereof;

(viii) object to the Plan;

(ix) initiate any legal proceeding or enforce any right as holders of Interests, that is inconsistent with, or that would reasonably be expected to prevent or materially delay consummation of, the Restructuring;

(x) take any actions where such taking would be (A) inconsistent with this Agreement, the Restructuring Term Sheet or the Definitive Documentation, or (B) otherwise inconsistent with, or reasonably expected to prevent, interfere with, delay or impede the implementation or consummation of, the Restructuring; and

(xi) encourage any entity to undertake any action prohibited by this Section 4.01.

4.02 Rights of Supporting Principals Unaffected. Nothing contained herein shall limit:

(a) the rights of Supporting Principals 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 Bankruptcy Cases, in each case, so long as the exercise of any such right is not inconsistent with such Supporting Principal's obligations hereunder;

(b) the ability to assert or raise any objection expressly permitted under this Agreement in connection with any hearing in the Bankruptcy Court;

(c) any right of a Supporting Principal to take or direct any action relating to the maintenance, protection, or preservation of the Company, *provided that* such action is not inconsistent with this Agreement;

(d) the ability of a Supporting Principal to consult with the other Supporting Principal or the Company; and

(e) the ability of a Supporting Principal to enforce any right, remedy, condition, consent or approval requirement under this Agreement or any of the Definitive Documents.

Section 5. Commitments of the Company.

5.01 Commitments of the Company. During the Effective Period, subject to the terms of this Agreement (including the terms and conditions set forth in the Restructuring Term Sheet), the Company,

jointly and severally, agrees, that it shall, and, to the extent applicable, that it shall direct its direct and indirect subsidiaries to:

(a) (i) use commercially reasonable efforts to seek approval of the Plan and to complete the Restructuring; (ii) prosecute and defend any appeals relating to the Confirmation Order, (iii) support and consummate the Restructuring in a timely manner in accordance with this Agreement, including to negotiate in good faith all Definitive Documents, coordinate its activities with the other Parties hereto in respect of all matters concerning the implementation and consummation of the Restructuring and take any and all necessary and appropriate actions in furtherance of this Agreement, (iv) comply with each Milestone as set forth in Annex D to the Restructuring Term Sheet, including agreeing to the extension of such Milestones as required to accommodate the Bankruptcy Court's calendar; and (v) comply with each of its other covenants and commitments set forth in this RSA or the Restructuring Term Sheet;

(b) provide draft copies of the Plan, the Plan Supplement, the Disclosure Statement, the motion to approve the Disclosure Statement, the Solicitation Materials, any proposed Confirmation Order, the DIP Motion and DIP Orders, any proposed amended version of the Plan or the Disclosure Statement, all "second day" pleadings (including forms of orders thereof), and any other material motions, draft orders, pleadings or briefs (collectively, the "**Three-Day Review Motions**") the Company intends to file with the Bankruptcy Court to counsel to the Ad Hoc Committee at least three (3) business days prior to filing with the Bankruptcy Court, with all other motions, applications, proposed orders, pleadings and briefs (the "**Other Motions**") the Company intends to file with the Bankruptcy Court to be provided to counsel to the Ad Hoc Committee as soon as reasonably practicable prior to filing with the Bankruptcy Court, but in any event no fewer than twenty-four (24) hours prior to filing with the Bankruptcy Court, and in each case consult in good faith with such counsel regarding the form and substance of any such proposed filing with the Bankruptcy Court; provided that (i) the Debtors shall not be required to provide draft copies of any retention applications, any fee statements, or any fee applications to the Ad Hoc Committee, and (ii) if the notice required by this Section 5.01(b) with respect to the Other Motions is not reasonably practicable with respect to any document or pleading, the Debtors may provide such document or pleading as soon as reasonably practicable;

(c) timely file a formal objection to any motion filed with the Bankruptcy Court by any Person seeking the entry of an order directing the appointment of an examiner with expanded powers or a trustee, converting the Bankruptcy Cases to cases under chapter 7 of the Bankruptcy Code, dismissing the Bankruptcy Cases, modifying or terminating the Debtors' exclusive right to file and/or solicit acceptances of a plan of reorganization or for relief that (x) is inconsistent with this Agreement in any material respect or (y) would, or would reasonably be expected to, frustrate the purposes of this Agreement, including by preventing the consummation of the Restructuring;

(d) cooperate with the Ad Hoc Group in connection with their exercise of the Purchase Option (as defined in the Restructuring Term Sheet);

(e) timely file a formal written response in opposition to any objection filed with the Bankruptcy Court by any Person with respect to the DIP Facility (or motion filed by such Person that seeks to interfere with the DIP Facility) or the use of cash collateral or with respect to any of the adequate protection granted to the Secured Noteholders pursuant to the DIP Order or otherwise;

(f) use commercially reasonable efforts to obtain any and all required governmental, regulatory and/or third party approvals necessary or required for the implementation or consummation of the Restructuring;

(g) consult with the Supporting Noteholders with respect to the assumption or rejection of executory contracts and unexpired leases of personal property or non-residential real property;

(h) pay all of the Transaction Expenses consistent with Section 8.15 of this Agreement;

(i) operate its business in the ordinary course in a manner consistent with past practice in all material respects (other than any changes in operations (i) resulting from or relating to the filing or prosecution of the Chapter 11 Cases or (ii) imposed by the Bankruptcy Court) and confer with the Supporting Noteholders and their respective representatives, as reasonably requested, to report on operational matters and the general status of ongoing operations;

(j) maintain good standing and legal existence under the laws of the state or other jurisdiction in which such entity is incorporated, organized or formed;

(k) provide prompt written notice to the Ad Hoc Committee and the Supporting Principals between the date hereof and the Effective Date of (i) the occurrence, or failure to occur, of any event of which the occurrence or failure to occur would be reasonably likely to cause (A) any representation or warranty of the Company contained in this Agreement to be untrue or inaccurate in any material respect, (B) any material covenant of the Company contained in this Agreement not to be satisfied in any material respect, or (C) any condition precedent contained in the Plan or this Agreement not to occur or become impossible to satisfy, (ii) receipt of any written notice from any third party alleging that the consent of such party is or may be required as a condition precedent to consummation of the transactions contemplated by the Restructuring and this Agreement, (iii) receipt of any written notice from any governmental body that is material to the consummation of the transactions contemplated by the Restructuring, (iv) receipt of any written notice of any proceeding commenced or threatened against the Company that would otherwise affect in any material respect the transactions contemplated by the Restructuring and this Agreement, including the Releases, (v) any failure of the Company to comply, in any material respect, with or satisfy any covenant, condition, or agreement to be complied with or satisfied by them hereunder as a condition precedent to the consummation of the transactions contemplated by the Restructuring and (vi) any receipt by such Debtor of an unsolicited proposal or expression of interest with respect to an Alternative Proposal, which notice shall include the material terms of such Alternative Proposal and the identity of the Person(s) involved;

(l) appoint Alan Carr as independent director to the board of directors (the "**Independent Director**") who, so long as the RSA and the DIP Facility have not been terminated, shall remain in office, and not be removed, and while in office whose vote will be required for the Specified Actions, and such approval rights shall not be modified or changed; *provided*, *however*, the Independent Director can be removed for Cause and, if so removed, a replacement independent director with the same rights and powers that is acceptable to the Required Supporting Noteholders shall be appointed;

(m) (i) retain Brian Fox as chief restructuring officer (a "**CRO**"), (ii) provide the Ad Hoc Committee with any agreements relating to such retention, including the engagement letter detailing the scope of the CRO's authority, and not terminate the CRO or modify or reduce the scope of the CRO's authority; *provided*, *however*, the CRO can be terminated from office for Cause and, if so removed, a replacement independent director with the same rights and powers that is acceptable to the Required Supporting Noteholders shall be appointed, and (iii) designate to the CRO ordinary and customary rights, powers, and authority for chief restructuring officers of companies with over $500 million of funded debt, including the ability to oversee the Restructuring and direct the Debtors' employees in furtherance of the Restructuring, the ability to attend and observe meetings of the board of directors, and full and unfettered access to the Companies books and records;

(n) if requested by the Required Supporting Noteholders, retain an operations consultant (the "**Operations Consultant**") selected by the Required Supporting Noteholders, and provide such consultant with full access to the Debtors' books, records, employees, advisors, and management team;

(o) not be in default under the DIP Credit Agreement or the DIP Orders, subject to all applicable grace and cure periods;

(p) use commercially reasonable efforts to obtain commitments for the Exit ABL Facility and an Exit Term Loan Facility on terms and conditions reasonably acceptable to the Company and the Required Supporting Noteholders;

(q) consult weekly with Paul, Weiss and PJT regarding the Debtors' strategic planning, discussions, negotiations, proposals, or agreements with respect to the Restructuring;

(r) unless otherwise agreed by the Required Supporting Noteholders, object to, move to estimate, seek to avoid or otherwise treat in a similar manner acceptable to the Required Supporting Noteholders any alleged claim filed or asserted against any Debtor that is on account of or related to that certain International Term Loan Agreement, dated as of February 15, 2017, among Gibson Innovations Limited, as Borrower, Gibson Brands Inc., as Company, Gibson GI Holding B.V., as Dutch parent, the other guarantors party thereto, Elavon Financial Services Dac. UK Branch, as agent, and the lenders party thereto from time to time or any guaranty, security agreement, or other document related thereto, in each case on a timeline sufficient to resolve such objection, motion, adversary proceeding or other acceptable process in connection with any hearing on Confirmation of the Plan;

(s) subject to appropriate confidentiality agreements, provide information reasonably requested by the Ad Hoc Committee for purposes of (i) effectuating the Restructuring, including, but not limited to, financial information concerning the Debtors and (ii) completing due diligence on the Company, and in the case of this clause (ii), use commercially reasonable efforts to provide all such information prior to commencing solicitation of the Plan; and

(t) subject to appropriate confidentiality agreements, provide to PJT, upon reasonable advance notice to the Debtors, (i) reasonable access (without any material disruption to the conduct of the Debtors' businesses) during normal business hours to the Debtors' books, records, and facilities, and (ii) reasonable access to the respective management and advisors of the Debtors during normal business hours for the purposes of evaluating the Debtors' finances and operations and participating in the Debtors' planning process with respect to the Restructuring;

(u) (i) consult in good faith with the Required Supporting Noteholders regarding, and investigate in good faith, the ability to commence voluntary Bankruptcy Cases for certain foreign non-Debtor subsidiaries, including Qingdao Gibson Musical Instruments, Inc. and Epiphone Qingdao Musical Instrument Co., Ltd., and (ii) commence such cases as expeditiously as possible if the Debtors determine, in consultation with the Required Supporting Noteholders and following such investigation, that there is no legal, regulatory, or practical impediment to commencing such cases that would be reasonably likely to result in a Material Adverse Change, or a material adverse change with respect to such non-Debtor Subsidiary;

(v) not:

(i) object to, delay, postpone, challenge, reject, oppose or take any other action that would prevent, interfere with, delay or impede, directly or indirectly, in any material respect, the

approval, acceptance or implementation of the Restructuring on the terms set forth in the Restructuring Term Sheet;

(ii) solicit, negotiate, propose, enter into, consummate, file with the Bankruptcy Court, vote for or otherwise knowingly support, participate in or approve any Alternative Transaction other than in accordance with Section 10;

(iii) take any actions where such taking would be (A) inconsistent with this Agreement, the Restructuring Term Sheet or the Definitive Documentation, or (B) otherwise inconsistent with, or reasonably expected to prevent, interfere with, delay or impede the implementation or consummation of, the Restructuring;

(iv) seek to amend or modify, or file a pleading seeking authority to amend or modify, the Definitive Documents in a manner that is inconsistent with this Agreement;

(v) seek the payment of any amount pursuant to a key employee incentive plan or other similar payment during the pendency of the Chapter 11 Cases, unless consented to by the Required Supporting Noteholders;

(vi) file or seek authority to file any pleading inconsistent with the Restructuring or the terms of this Agreement; and

(vii) directly or indirectly, encourage any entity to undertake any action prohibited by this Section 5.01.

5.02 Rights of the Company Unaffected. Nothing contained herein shall limit:

(a) the rights of the Company under any applicable bankruptcy, insolvency, 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 Bankruptcy Cases, in each case, so long as the exercise of any such right is not inconsistent with the Company's obligations hereunder;

(b) the ability of the Company to assert or raise any objection expressly permitted under this Agreement in connection with any hearing in the Bankruptcy Court;

(c) any right of the Company to take or direct any action relating to the maintenance, protection, or preservation of the Company, *provided that* such action is not inconsistent with this Agreement;

(d) the ability of the Company to consult with the Supporting Noteholders and the Supporting Principals;

(e) the ability of the Company to enforce any right, remedy, condition, consent or approval requirement under this Agreement or any Definitive Document; and

(f) the ability of the Company to pursue an Alternative Transaction following the exercise of its fiduciary rights under Section 10.

Section 6. Representations, Warranties, and Covenants. Each of the applicable Parties (except where otherwise expressly set forth to the contrary) represents, warrants, and covenants as to itself only, severally and not jointly, to each other Party, as of the date hereof, as follows (each of which is a continuing representation, warranty, and covenant):

6.01 Enforceability. It is validly existing and in good standing under the laws of the state of its organization (but excluding the Supporting Principals for purposes of this clause), and this Agreement is a legal, valid, and binding obligation of such Party, enforceable against it in accordance with its terms, except as may be limited by applicable laws relating to or limiting creditors' rights generally (including the Bankruptcy Code) or by equitable principles or a ruling of the Bankruptcy Court.

6.02 No Consent or Approval. Except as expressly provided in this Agreement or in the Bankruptcy Code (including, with respect to the Company from and after the Petition Date, the approval of the Bankruptcy Court), no registration or filing with, consent or approval of, or notice to, or other action is required by any other person or entity in order for it to carry out the Restructuring in accordance with the Restructuring Term Sheet or to perform its respective obligations under this Agreement.

6.03 Power and Authority. It has all requisite power and authority to enter into this Agreement and, subject to the Company obtaining necessary Bankruptcy Court approvals from and after the Petition Date, to carry out the Restructuring and to perform its respective obligations under this Agreement.

6.04 Authorization. The execution and delivery of this Agreement and the performance of its obligations hereunder have been duly authorized by all necessary actions on its part (subject with respect to the Company from and after the Petition Date, to the approval of the Bankruptcy Court). The Company further represents and warrants that the respective boards of directors (or such other governing body) for the Company and each of the Guarantors has approved, by all requisite action, all of the terms of the Restructuring set forth in the Restructuring Term Sheet.

6.05 No Conflict. The execution, delivery and performance by it of this Agreement does not: (a) violate any provision of law, rule or regulation applicable to it or its certificate of incorporation or by-laws (or other organizational document); 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 is a party.

6.06 Ownership by Parties.

(a) **Supporting Noteholder Representations and Warranties**. Each Supporting Noteholder represents and warrants to each of the other Parties that, as of the date such Party executes this Agreement, a Transferee Joinder or an Additional Party Joinder, as applicable: (i) it either (1) is the sole legal and beneficial owner of the aggregate principal amount of Claims set forth on its signature page, in each case free and clear of any pledge, lien, security interest, charge, claim, proxy, voting restriction, right of first refusal or other limitation on disposition of any kind, in each case that is reasonably expected to adversely affect such Supporting Noteholder's performance of its obligations contained in this Agreement, or (2) has full power and authority to vote the Claims (including Secured Noteholder Claims held through participations or interests or pursuant to outstanding Trades) set forth on its signature page; (ii) it has full power and authority to vote on and consent to all matters concerning the Claims set forth on its signature page and to exchange, assign, and transfer such Claims; provided that, in the case of any Secured Noteholder Claims held pursuant to a participation or pursuant to outstanding Trades, subject to any limitations on voting by Participants imposed by the terms of the Indenture or any customary "reputational out" or comparable carve-out limiting a Secured Noteholder's obligation to vote as directed by the Participant or purchaser in a Trade; (iii) it is either (1) a qualified institutional buyer as defined in Rule 144A of the Securities Act, or (2) an institutional accredited investor as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act (either of clause (1) or clause (2), an "**Accredited Investor**"); (iv) any securities acquired by a Supporting Noteholder in connection with the Restructuring described herein and in the Restructuring Term Sheet will be acquired for investment purposes and not with a view to distribution; and (v) it has made no prior assignment, sale, participation, grant, conveyance or other Transfer of, and has not entered into any other agreement to assign, sell, participate, grant, convey or otherwise Transfer, in whole or in

part, any portion of its right, title, or interests in any Claims that is inconsistent with the representations and warranties of such Supporting Noteholder herein or would render such Supporting Noteholder otherwise unable to comply with this Agreement and perform its obligations hereunder.

(b) **Supporting Principal Representations and Warranties**. Each Supporting Principal represents and warrants to each of the other Parties that, as of the date such Party executes this Agreement: (i) it is the sole legal and beneficial owner of the aggregate principal amount of interests set forth on its signature page, free and clear of any pledge, lien, security interest, charge, claim, proxy, voting restriction, right of first refusal or other limitation on disposition of any kind; (ii) it has full power and authority to vote on and consent to all matters concerning the interests set forth on its signature page and to exchange, assign, and transfer such interests; (iii) it has made no prior assignment, sale, participation, grant, conveyance or other Transfer of, and has not entered into any other agreement to assign, sell, participate, grant, convey or otherwise Transfer, in whole or in part, any portion of its right, title, or interests in any interests that is inconsistent with the representations and warranties of such Supporting Principal herein or would render such Supporting Principal otherwise unable to comply with this Agreement and perform its obligations hereunder; and (iv) it is not relying on the Company for any legal or financial advice.

Section 7. Termination.

7.01 Mutual Termination. This Agreement and the obligations hereunder may be terminated by mutual written consent to terminate this Agreement among: (i) the Company, (ii) the Required Supporting Noteholders, and the (iii) Supporting Principals.

7.02 Supporting Noteholder Termination. This Agreement and the obligations hereunder shall automatically terminate three (3) business days (or such other notice period as specifically set forth below) following the delivery of written notice from the Required Supporting Noteholders to the other Parties any time after and during the continuance of any of the following events (each, a "Supporting Noteholder Termination Event"), which Supporting Noteholder Termination Event may be waived in accordance with Section 8.17 hereof:

(a) the breach in any material respect by the Company or Supporting Principals, of any of the undertakings or covenants of the Company or Supporting Principals set forth herein and, to the extent such breach is susceptible to cure, such breach remains uncured for a period of three (3) business days after the receipt of notice of such breach;

(b) any representation or warranty in this Agreement made by the Company or Supporting Principals shall have been untrue in any material respect when made or shall have become untrue in any material respect and, if such breach is susceptible to cure, such breach remains uncured for a period of three (3) business days after receipt of notice thereof;

(c) any Debtor or any non-Debtor Subsidiary shall pay or cause to be paid any amount outside the ordinary course of business, including with respect to executive compensation or benefits, including without limitation any amount contemplated by or in connection with any incentive, retention, bonus or similar plan, in each case without the consent of the Required Supporting Noteholders;

(d) the Bankruptcy Court shall have entered an order dismissing one or more of the Chapter 11 Cases or converting any of the Chapter 11 Cases to a case or cases under chapter 7 of the Bankruptcy Code;

(e) an order denying confirmation of the Plan shall have been entered by the Bankruptcy Court or the Confirmation Order shall have been reversed, vacated or otherwise materially modified in a manner inconsistent with this Agreement or the Plan without the prior written consent of the Required Supporting Noteholders;

(f) any of the Debtors move to assume any executory contracts or unexpired leases without the consent of the Required Supporting Noteholders, such consent not to be unreasonably withheld;

(g) any court of competent jurisdiction or governmental authority, including any regulatory authority, shall have entered a final, non-appealable judgment or order declaring the Restructuring, this Agreement, or any material portion hereof to be unenforceable or illegal or enjoining the consummation of a material portion of the Restructuring and such judgment or order is not stayed, dismissed, vacated or modified within three (3) business days following notice thereof to the Company by the Required Supporting Noteholders; provided, however, that (i) if such entry has been made at the request of the Required Supporting Noteholders, then a Supporting Noteholder Termination Event shall not be deemed to have occurred with respect to such judgment or order and (ii) in the case of a stay, upon such judgment or order becoming unstayed and three (3) business days' notice thereof to the Company by the Required Supporting Noteholders, a Supporting Noteholder Termination Event shall be deemed to have occurred;

(h) the Company fails to comply with or achieve the Milestones set forth in Annex D to the Restructuring Term Sheet; *provided, however*, the Company shall not have failed to comply with or achieve the Milestones set forth in Annex D to the extent that an extension of such Milestones is required to accommodate the Bankruptcy Court's calendar;

(i) the filing by the Company or any Supporting Principal of any motion or pleading with the Bankruptcy Court that is inconsistent in any material respects with this Agreement and the Restructuring Term Sheet;

(j) the Bankruptcy Court grants relief that is inconsistent in any material respect with this Agreement or the Restructuring and such inconsistent relief is not dismissed, vacated or modified to be consistent with this Agreement and the Restructuring within three (3) business days following notice thereof to the Company by the Required Supporting Noteholders;

(k) the occurrence of an "Event of Default" (as defined in the DIP Credit Agreement) under the DIP Facility that has not been waived or timely cured in accordance therewith; provided, however, that if such occurrence is the result of a breach by any Supporting Noteholder, then the Supporting Noteholders shall not be entitled to exercise the Supporting Noteholder Termination Event with respect to such occurrence;

(l) any of the following shall have occurred: (a) the Company or any affiliate of the Company shall have filed any motion, application, adversary proceeding or cause of action (1) challenging the validity, enforceability, perfection or priority of, or seeking avoidance or subordination of any Claims (in any capacity) of the Secured Noteholders or the liens securing such Claims, or (2) otherwise seeking to impose liability upon or enjoin the Secured Noteholders (in any capacity); or (b) the Company or any affiliate of the Company shall have supported any adversary proceeding or cause of action referred to in the immediately preceding clause (a) filed by a third party, or consents (without the consent of the Required Supporting Noteholders) to the standing of any such third party to bring such application, adversary proceeding or cause of action;

(m) the Company (a) withdraws or revokes the Plan or files, propounds or otherwise supports any chapter 11 plan other than the Plan; (b) files, publicly proposes, announces or otherwise supports, any (i) Alternative Transaction or (ii) amendment or modification to the Restructuring containing any terms that are materially inconsistent with the implementation of, and the terms set forth in, the Restructuring Term Sheet unless such amendment or modification is otherwise consented to in accordance with Section 8.18 hereof or (c) agrees to pursue (including, for the avoidance of doubt, as may be evidenced by a term sheet, letter of intent, court filing, or similar document) an Alternative Transaction;

(n) on or after the date hereof, the Company consummates or pursues any merger, consolidation, disposition, acquisition, investment, dividend, incurrence of indebtedness or other similar transaction outside the ordinary course of business, other than: (i) the commencement of the Bankruptcy Cases; (ii) following the Petition Date, as permitted under the DIP Facility; or (iii) with the consent of the Required Supporting Noteholders;

(o) the Definitive Documents and any amendments, modifications or supplements thereto include terms that are inconsistent in any material respect with this Agreement or the Restructuring Term Sheet and such inconsistency has not been corrected within three (3) business days after notice thereof has been given by the Required Supporting Noteholders to the Company;

(p) the material breach by the Company or any Supporting Principal of any of the undertakings, representations, warranties or covenants of the Company or any Supporting Principal set forth in this Agreement, and such breach shall continue unremedied for a period of three (3) business days after notice thereof has been given by the Required Supporting Noteholders to the Company or the relevant Supporting Principal, as applicable;

(q) the Bankruptcy Court shall have entered an order pursuant to Section 1104 of the Bankruptcy Code appointing a trustee, receiver or an examiner to operate and manage any of the Company's businesses;

(r) the Bankruptcy Court grants relief terminating, annulling, or modifying the automatic stay (as set forth in section 362 of the Bankruptcy Code) with regard to material assets of the Debtors without the consent of the Required Supporting Noteholders;

(s) the Debtors or the Bankruptcy Court remove, limit or modify the rights of the Independent Director or the CRO except as otherwise provided for herein;

(t) the occurrence of a Material Adverse Change;

(u) any Supporting Noteholder has transferred all (but not less than all) of its Claims in accordance with Section 3.03 (provided that this Agreement shall terminate only with respect to such Supporting Noteholder on the date of such transfer and shall remain in effect as to the other Supporting Noteholders);

(v) the Company loses the exclusive right to file and solicit acceptances of a chapter 11 plan; or

(w) the failure of the Company to pay the fees and expenses of the Ad Hoc Committee in accordance with Section 8.15 of this Agreement, the Restructuring Term Sheet, and the DIP Orders.

The Company hereby acknowledges and agrees that the termination of this Agreement and the obligations hereunder as a result of a Supporting Noteholder Termination Event, and the delivery of any notice by the

Required Supporting Noteholder pursuant to any of the provisions of this Section 7.02 shall not violate the automatic stay imposed in connection with the Bankruptcy Cases.

7.03 Supporting Principal Termination. This Agreement and the obligations, hereunder may be terminated by the Supporting Principals upon three (3) business days advance written notice thereof to the Company and Supporting Noteholders upon the occurrence of any of the following events (each, a "Principal Termination Event") unless (i) to the extent curable, such Principal Termination Event has been cured during such three business day notice period, or (ii) such Principal Termination Event is waived in accordance with Section 8.17 hereof:

(a) the breach in any material respect by the Company or Supporting Noteholders, of any of the undertakings or covenants of the Company or Supporting Noteholders set forth herein and, to the extent such breach is susceptible to cure, such breach remains uncured for a period of five (5) business days after the receipt of notice of such breach; *provided however* that no Supporting Principal shall be entitled to terminate this Agreement as a result of any breach by the Company of any of the undertakings or covenants set forth herein caused, directly or indirectly, in whole or in part, by any action or inaction of a Supporting Principal;

(b) any representation or warranty in this Agreement made by the Company or Supporting Noteholders shall have been untrue in any material respect when made or shall have become untrue in any material respect and, if such breach is susceptible to cure, such breach remains uncured for a period of five (5) business days after receipt of notice thereof;

(c) the issuance by any governmental authority, including any regulatory authority or court of competent jurisdiction, of any ruling or order enjoining the consummation of a material portion of the Restructuring or this Agreement or any material portion hereof, and such ruling, judgment or order has not been stayed, reversed, or vacated within twenty-five (25) calendar days after such issuance.

(d) the Bankruptcy Court shall have entered an order dismissing one or more of the Chapter 11 Cases or converting any of the Chapter 11 Cases to a case or cases under chapter 7 of the Bankruptcy Code;

(e) an order denying confirmation of the Plan shall have been entered by the Bankruptcy Court or the Confirmation Order shall have been reversed, vacated or otherwise materially modified in a manner inconsistent with this Agreement or the Plan without the prior written consent of the Supporting Principals;

(f) any court of competent jurisdiction or governmental authority, including any regulatory authority, shall have entered a final, non-appealable judgment or order declaring the Restructuring, this Agreement, or any material portion hereof to be unenforceable or illegal or enjoining the consummation of a material portion of the Restructuring and such judgment or order is not stayed, dismissed, vacated or modified within three (3) business days following notice thereof to the Company by the Supporting Principals; provided, however, that (i) if such entry has been made at the request of the Supporting Principals, then a Principal Termination Event shall not be deemed to have occurred with respect to such judgment or order and (ii) in the case of a stay, upon such judgment or order becoming unstayed and three (3) business days' notice thereof to the Company by the Supporting Principals, a Principal Termination Event shall be deemed to have occurred;

(g) the Supporting Noteholders fail to provide an extension of any of the Milestones as required to accommodate the Bankruptcy Court's calendar;

(h) the filing by the Company or any Supporting Noteholder of any motion or pleading with the Bankruptcy Court that is inconsistent in any material respects with this Agreement and the Restructuring Term Sheet; or

(i) the Bankruptcy Court grants relief that is inconsistent in any material respect with this Agreement or the Restructuring and such inconsistent relief is not dismissed, vacated or modified to be consistent with this Agreement and the Restructuring within three (3) business days following notice thereof to the Company by the Supporting Principals.

7.04 Company Termination. This Agreement and the obligations, hereunder may be terminated by the Company upon three (3) business days advance written notice thereof to the Supporting Noteholders upon the occurrence of any of the following events (a "Company Termination Event") unless (i) to the extent curable, such Company Termination Event has been cured by the applicable Supporting Noteholders during such three business day notice period, or (ii) such Company Termination Event is waived in accordance with Section 8.17 hereof:

(a) the breach in any material respect by the Supporting Noteholders, of any of the undertakings or covenants of the Company set forth herein and, to the extent such breach is susceptible to cure, such breach remains uncured for a period of five (5) business days after the receipt of notice of such breach;

(b) any representation or warranty in this Agreement made by the Supporting Noteholders shall have been untrue in any material respect when made or shall have become untrue in any material respect and, if such breach is susceptible to cure, such breach remains uncured for a period of five (5) business days after receipt of notice thereof;

(c) any court of competent jurisdiction or governmental authority, including any regulatory authority, enters a final, non-appealable judgment or order declaring the Restructuring, this Agreement, or any material portion hereof to be unenforceable or illegal or enjoining the consummation of a material portion of the Restructuring and such judgment or order is not dismissed, vacated or modified within twenty-five (25) calendar days following entry thereof;

(d) any of the covenants of the Supporting Noteholders in this Agreement is breached in any material respect by (i) any Supporting Noteholder and such breach has a material adverse effect on the Company or the ability to consummate the Restructuring or (ii) Supporting Noteholders holding in the aggregate more than 50% of the aggregate principal amount of the Notes held by the Supporting Noteholders, and, in each case, such breach is not cured within five (5) business days after receipt of notice from the Company to the Supporting Noteholders of such breach;

(e) the Supporting Noteholders fail to provide an extension of any of the Milestones as required to accommodate the Bankruptcy Court's calendar;

(f) the filing by the Supporting Noteholders of any motion or pleading with the Bankruptcy Court that is inconsistent in any material respect with this Agreement and the Restructuring Term Sheet; or

(g) the Bankruptcy Court grants relief that is inconsistent in any material respect with this Agreement or the Restructuring and such inconsistent relief is not dismissed, vacated or modified to be consistent with this Agreement and the Restructuring within three (3) business days following notice thereof to the Supporting Noteholders by the Company.

7.05 Termination Upon Effective Date of Plan or Outside Date. This Agreement shall terminate automatically without further required action or notice upon the sooner to occur of (i) the date that the Plan becomes effective (the "Effective Date") and (ii) October 24, 2018 at 11:59 p.m. Eastern Standard Time (the "**Outside Date**").

Effect of Termination. Upon termination of this Agreement, (a) this Agreement shall be of no further force and effect and each Party shall be released from its commitments, undertakings and agreements under or related to this Agreement, and shall have all the rights and remedies that it would have had it not entered into this Agreement, and shall be entitled to take all actions, whether with respect to the Restructuring 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, *provided*, *however*, that the rights and obligations of the Parties under Section 8.16, if applicable, with respect to the payment of fees and expenses incurred up to such date of termination shall survive such termination and all rights and remedies with respect to such claims shall not be prejudiced in any way; and (b) to the extent Bankruptcy Court permission shall be required for a Supporting Noteholder to change or withdraw (or cause to be changed or withdrawn) its vote in favor of the Plan or any release, no Party to this Agreement shall oppose any attempt by such Party to change or withdraw (or cause to be changed or withdrawn) such vote or release. Nothing in this Section 7.06 shall relieve any Party from (i) liability for such Party's breach of such Party's obligations hereunder or (ii) obligations under this Agreement that expressly survive termination of this Agreement pursuant to Section 8.26 hereof.

Section 8. Miscellaneous.

8.01 Agreement Effective Time. This Agreement shall become effective and binding upon each of the Parties as of the date when counterpart signatures pages to this Agreement are executed and delivered by (i) the Company, (ii) the holders of more than 50% of the aggregate principal amount of the Notes outstanding, and (iii) Supporting Principals.

8.02 No Solicitation. This Agreement is not and shall not be deemed to be a solicitation for votes for the acceptance of the Plan (or any other chapter 11 plan) for the purposes of sections 1125 and 1126 of the Bankruptcy Code or otherwise or a solicitation to tender or exchange any securities. The acceptance of the Plan by the Supporting Noteholders will not be solicited until the Supporting Noteholders have received the Disclosure Statement and related ballots.

8.03 Purpose of Agreement. Each of the Parties acknowledges and agrees that this Agreement is being executed in connection with negotiations concerning the Restructuring.

8.04 Complete Agreement. This Agreement is the entire agreement between the Parties with respect to the subject matter hereof and supersedes any prior agreements and all other prior negotiations between and among the Company, the Supporting Noteholders and the Supporting Principals (and their respective advisors), oral or written, between the Parties with respect thereto, to the maximum extent they relate in any way to the subject matter hereof; provided that the Parties acknowledge that any confidentiality agreements (if any) heretofore executed between the Company and any Supporting Noteholders (and their advisors) shall continue in full force and effect in accordance with and only to the extent of their respective terms. No claim of waiver, modification, consent or acquiescence with respect to any provision of this Agreement shall be made against any Party, except on the basis of a written instrument executed by or on behalf of such Party.

8.05 Admissibility of this Agreement. Each Party agrees that this Agreement, the Restructuring Term Sheet and all documents, agreements and negotiations relating thereto (including any prior drafts of any of the foregoing) shall not, pursuant to Rule 408 of the Federal Rules of Evidence, any applicable state rules

of evidence and any other applicable law, foreign or domestic, be admissible into evidence or constitute an admission or agreement in any proceeding involving a Party; provided, however, that the final execution versions of this Agreement and the Exhibits thereto may be admissible into evidence or constitute an admission or agreement in any proceeding to enforce the terms of this Agreement and/or support the solicitation, confirmation and consummation of the Restructuring.

8.06 Representation by Counsel. Each Party acknowledges that it has been represented by counsel (or had the opportunity to be so represented and waived its right to do so) in connection with this Agreement and the transactions contemplated by this Agreement. 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. This Agreement is the product of arms' length negotiations among the Parties and its provisions shall be interpreted in a neutral manner and one intended to effect the intent of the Parties. None of the Parties shall have any term or provision construed against such Party solely by reason of such Party having drafted the same.

8.07 Independent Due Diligence and Decision-Making. Each Party confirms that its decision to execute this Agreement has been based upon its independent investigation of the operations, businesses, financial and other conditions and prospects of the Company.

8.08 No Liability. Each of the Company and the Supporting Principals acknowledges and agrees that none of the Supporting Noteholders shall have any liability to any of the Supporting Principals as a result of a breach by any Supporting Noteholder of any term of this Agreement, or by any action or failure to take any action by or on behalf of any Supporting Noteholders in connection with this Agreement. Further, each of the Company and the Supporting Noteholders acknowledges and agrees that none of the Supporting Principals shall have any liability to any of the Supporting Noteholders as a result of a breach by any Supporting Principal of any term of this Agreement, or by any action or failure to take any action by or on behalf of any Supporting Principal in connection with this Agreement. For the avoidance of doubt, the provisions of this Section 8.08 only address the rights and obligations as between the Supporting Noteholders, on the one hand, and the Supporting Principals, on the other hand, and nothing in this Section 8.08 shall limit, impair or release any liability of the Supporting Noteholders or the Supporting Principals, as applicable, to the Company as a result of a breach by any Supporting Noteholders or Supporting Principal, as applicable, of any term of this Agreement, or by any action or failure to take any action by or on behalf of any Supporting Noteholders or Supporting Principal, as applicable, in connection with this Agreement, and all such rights and remedies of the Company are fully reserved.

8.09 Several, Not Joint Obligations. The agreements, representations, and obligations of the Supporting Noteholders under this Agreement are, in all respects, several and not joint. No prior history, pattern, or practice of sharing confidences among or between the Parties shall in any way affect or negate this Agreement.

8.10 Parties, Succession and Assignment. This Agreement shall be binding upon, and inure to the benefit of, the Parties and their respective successors, assigns, heirs, executors, estates, administrators and representatives. No rights or obligations of any Party under this Agreement may be assigned or transferred to any other person or entity except as otherwise expressly provided herein. Nothing in this Agreement, express or implied, shall give to any person or entity, other than the Parties (and those permitted assigns under Section 3.03), any benefit or any legal or equitable right, remedy or claim under this Agreement.

8.11 No Waiver of Participation and Reservation of Right. Except as expressly provided in this Agreement or the Plan, nothing herein is intended to, nor does, in any manner waive, limit, impair, or restrict any right of any Party or the ability of each of the Parties to protect and preserve its rights, remedies and interests, including without limitation, Claims against and interests in the Company. If the

Restructuring is not consummated, or following the occurrence of a Supporting Noteholder Termination Event, a Company Termination Event, a Principals Termination Event, or the termination of this Agreement, nothing herein shall be construed as a waiver by any Party of any or all of such Party's rights, and the Parties expressly reserve any and all of their respective rights.

8.12 No Third-Party Beneficiaries. This Agreement shall not confer any rights or remedies upon any person other than the Parties and their respective successors and permitted assigns, except as expressly set forth in this Agreement.

8.13 Specific Performance. Each Party hereto recognizes and acknowledges that a breach by it of any covenants or agreements contained in this Agreement would cause the other Parties to sustain damages for which such Parties would not have an adequate remedy at law for money damages, and therefore each Party hereto agrees that in the sole event of any breach, the other Parties shall be entitled to seek the remedy of specific performance and injunctive or other equitable relief (including attorney's fees and costs) to enforce such covenants and agreements, in addition to any other remedy to which such nonbreaching Party may be entitled, at law or in equity, 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. Each Party further agrees that no other Party or any other person shall be required to obtain, furnish or post any bond or similar instrument in connection with or as a condition to obtaining any remedy referred to in this Section 8.13, and each Party (a) irrevocably waives any right it may have to require the obtaining, furnishing or posting of any such bond or similar instrument and (b) shall cooperate fully in any attempt by the other Party to obtain such equitable relief.

8.14 Remedies Cumulative. All rights, powers, and remedies provided under this Agreement or otherwise available in respect hereof at law or in equity shall be cumulative and not alternative, and the exercise of any right, power, or remedy thereof by any Party shall not preclude the simultaneous or later exercise of any other such right, power, or remedy by such Party.

8.15 Transaction Expenses. The Debtors shall pay (a) one (1) business day prior to the Petition Date, (b) on the date of Plan Confirmation, (c) on the Effective Date, and (d) otherwise in accordance with the terms of any applicable fee letters and court orders during the pendency of the Chapter 11 Cases, all accrued and unpaid fees, costs and expenses of the Ad Hoc Committee in connection with the Restructuring (*provided that* the amount paid pursuant to (a) above shall be agreed by the Debtors and the Ad Hoc Committee and shall be less than the total amount of accrued and unpaid expenses owing to the Ad Hoc Committee as of such date) without the need to file any application with, or obtain any order from, the Bankruptcy Court, including, without limitation, the fees, costs and expenses of (i) Paul, Weiss, Rifkind, Wharton & Garrison LLP ("Paul, Weiss"), (ii) Young Conaway Stargatt & Taylor, LLP ("Young Conaway"), (iii) Anderson Mori & Tomotsune, (iv) PJT Partners Inc. ("PJT"), and (v) any other professionals that may be retained by the Ad Hoc Committee, including the Operations Consultant retained by the Debtors, in connection with the Restructuring, (e) all accrued and unpaid fees, costs and expenses of one primary counsel and one local counsel for each of the Pre-Petition Agent (as defined in the Prepetition Indenture), the DIP Agent and the Secured Notes Trustee, and (f) all accrued and unpaid fees and expenses of Pillsbury Winthrop Shaw Pittman LLP and one local counsel to the Supporting Principals; *provided that* the fees and expenses payable to the Supporting Principals and their professionals will be subject to an aggregate cap of $100,000. The Debtors shall also enter into ordinary and customary fee letters with the foregoing professionals and fund the retainers and other amounts required thereunder as a Condition Precedent to the effectiveness of the RSA.

8.16 Counterparts. This Agreement may be executed and delivered in any number of counterparts, each of which, when executed and delivered, shall be deemed an original, and all of which together shall constitute the same agreement. Delivery of an executed copy of this Agreement shall be deemed to be a

certification by each person executing this Agreement on behalf of a Party that such person and Party has been duly authorized and empowered to execute and deliver this Agreement and each other Party may rely on such certification. Delivery of any executed signature page of this Agreement by telecopier, facsimile or electronic mail shall be as effective as delivery of a manually executed signature page of this Agreement.

8.17 Amendments and Waivers.

(a) Any amendment or modification of any term or provision of this Agreement or the Restructuring and any waiver of any term or provision of this Agreement or of the Restructuring or of any default, misrepresentation, or breach of warranty or covenant hereunder shall not be valid unless the same shall be in writing and signed by the Company, the Supporting Principals and the Required Supporting Noteholders or (ii) confirmed by email by both counsel to the Company, the Supporting Principals and Paul, Weiss representing that it is acting with the authority of the Company, the Supporting Principals and the Required Supporting Noteholders, respectively.

(b) In determining whether any consent or approval has been given or obtained by the Required Supporting Noteholders, the Required Supporting Noteholders shall at all times be comprised of members who constituted Required Supporting Noteholders, and any Notes held by any then-existing Supporting Noteholder, as applicable, that is in material breach of its covenants, obligations or representations under this Agreement shall be excluded from such determination, and the Notes held by such Supporting Noteholder, as applicable, shall be treated as if they were not outstanding.

(c) Any waiver shall not be deemed to extend to any prior or subsequent default, misrepresentation, or breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent default, misrepresentation, or breach of warranty or covenant.

(d) The failure of any Party to exercise any right, power or remedy provided under this Agreement or otherwise available in respect hereof at law or in equity, or to insist upon compliance by any other Party with its obligations hereunder shall not constitute a waiver by such Party of its right to exercise any such or other right, power or remedy or to demand such compliance.

(e) Notwithstanding anything to the contrary in this Section 8.17, no amendment, modification or waiver of any term or provision of this Agreement or the Restructuring shall be effective with respect to any Supporting Noteholder without such Supporting Noteholder's prior written consent to the extent such amendment, modification or waiver materially affects such Supporting Noteholder (in its capacity as a Secured Noteholder) in a manner that is disproportionately adverse to such Supporting Noteholder in relation to the other Supporting Noteholders.

(f) No amendment or waiver of the Outside Date shall be effective as to any Supporting Party without such Supporting Party's prior written consent. In the event that the Parties properly amend or waive the Outside Date, this Agreement shall terminate on the Outside Date that existed under this Agreement immediately prior to such amendment or waiver with respect to each Party that did not expressly consent in writing to such amendment or waiver.

(g) Notwithstanding the foregoing provisions of this Section 8.17, no written waiver shall be required of the Company in the case of a waiver of a Supporting Noteholder Termination Event.

8.18 Notices. All notices (including, without limitation, any notice of termination or breach) hereunder shall be in writing and delivered by email, facsimile, courier or registered or certified mail (return receipt requested) to the email address, address or facsimile number (or at such other address or facsimile number

as shall be specified by like notice) as set forth on Exhibit D hereto. Any notice, if mailed and properly addressed with postage prepaid or if properly addressed and sent by pre-paid courier service, shall be deemed given when received; any notice, if transmitted by facsimile or email, shall be deemed given when sent, *provided that* if such notice or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been given at the opening of business on the next business day for the recipient.

8.19 Construction. Unless otherwise specified, references in this Agreement to any Section or clause refer to such Section or clause as contained in this Agreement. The words "herein," "hereof" and "hereunder" and other words of similar import in this Agreement refer to this Agreement as a whole, and not to any particular Section or clause contained in this Agreement. Wherever from the context it appears appropriate, each term stated in either the singular or plural shall include the singular and the plural, and pronouns stated in the masculine, feminine or neuter gender shall include the masculine, feminine and neuter genders. The words "including," "includes" and "include" shall be deemed to be followed by the words "without limitation".

8.20 Severability. Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction the remaining terms and provisions hereof.

8.21 Headings. The headings of all sections of this Agreement are inserted solely for the convenience of reference and are not a part of and are not intended to govern, limit or aid in the construction or interpretation of any term or provision hereof and shall not affect in any way the meaning or interpretation of this Agreement.

8.22 WAIVER OF TRIAL BY JURY. EACH PARTY HERETO IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING, WHETHER IN CONTRACT, TORT OR OTHERWISE, ARISING OUT OF OR RELATING TO OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED BETWEEN ANY OF THEM IN CONNECTION WITH THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY. INSTEAD, ANY LEGAL PROCEEDINGS SHALL BE RESOLVED IN A BENCH TRIAL WITHOUT A JURY.

8.23 Submission to Jurisdiction. By its execution and delivery of this Agreement, subject to the commencement of the Bankruptcy Cases, each of the Parties hereby irrevocably and unconditionally submits to the exclusive jurisdiction of the Bankruptcy Court for purposes of any action, suit or proceeding arising out of or relating to this Agreement or any of the transactions contemplated hereby. At any time prior to the filing of the Bankruptcy Cases, each of the Parties hereby irrevocably and unconditionally submits to the exclusive jurisdiction of the state or federal courts located within in the Borough of Manhattan, the City of New York in the State of New York for purposes of any action, suit or proceeding arising out of or relating to this Agreement or any of the transactions contemplated hereby. Each Party irrevocably waives, to the fullest extent permitted by applicable laws, any objection it may have now or hereafter to the venue of any action, suit or proceeding brought in such courts or to the convenience of the forum.

8.24 GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO ANY CHOICE OR CONFLICT OF LAW PROVISION OR RULE (WHETHER OF THE STATE OF NEW YORK OR ANY OTHER JURISDICTION)

THAT WOULD CAUSE THE APPLICATION OF THE LAWS OF ANY JURISDICTION OTHER THAN THE STATE OF NEW YORK.

8.25 Conflicts. In the event the terms and conditions set forth in the Restructuring Term Sheet and in this Agreement are inconsistent, the Restructuring Term Sheet shall control. In the event of any conflict among the terms and provisions of the Plan, this Agreement and the Restructuring Term Sheet, the terms and provisions of the Plan shall control. In the event of any conflict among the terms and provisions of the Confirmation Order, the Plan, this Agreement and the Restructuring Term Sheet, the terms of the Confirmation Order shall control. Notwithstanding the foregoing, nothing contained in this Section 8.25 shall affect, in any way, the requirements that the Plan and the Confirmation Order be in all material respects materially consistent with this Agreement and the Restructuring Term Sheet and the requirements set forth herein for the amendment of this Agreement.

8.26 Survival. Notwithstanding the termination of this Agreement pursuant to Section 7 hereof, the agreements and obligations of the Parties in this Section 8 and Section 7.06 shall survive such termination and shall continue in full force and effect for the benefit of the Parties in accordance with the terms hereof; provided, however, that any liability of a Party for failure to comply with the terms of this Agreement shall survive such termination.

Section 9. Disclosure. The Supporting Noteholders hereby consent to the disclosure of the execution and contents of this Agreement by the Company in the Plan, the Disclosure Statement, the other documents required to implement the Restructuring and any filings by the Company with the Bankruptcy Court or as required by law or regulation; provided, however, that the Company shall not, without the applicable Supporting Noteholder's prior consent, (a) use the name of any Supporting Noteholder or its controlled affiliates, officers, directors, managers, stockholders, members, employees, partners, representatives and agents in any press release or public filing [(except that the names of the signatories to this Agreement may be disclosed)] or (b) disclose the holdings of any Supporting Noteholder to any person; provided, further, that the Company shall redact any such information set forth in the foregoing clauses (a) and (b) of every Party to this Agreement; provided, further, that, the Company shall be permitted to disclose at any time the aggregate principal amount of, and aggregate percentage of, the Claims, and the aggregate amount and percentage of interests, held by the Supporting Noteholders and the Supporting Principals. Counsel to the Company and to the Ad Hoc Committee shall (a) consult with each other before issuing any press release or otherwise making any public statement or filing with respect to the transactions contemplated by this Agreement, (b) provide to the other for review a copy of any such press release or public statement or filing and (c) not issue any such press release or make any such public statement or filing prior to such consultation and review, unless required by applicable law or regulations of any applicable stock exchange or governmental authority, in which case, the Party required to issue the press release or make the public statement or filing shall, prior to issuing such press release or making such public statement or filing, use its commercially reasonable efforts to allow the other Party reasonable time to comment on such press release or public statement or filing to the extent practicable. The Company shall cause the signature pages attached to this Agreement to be redacted so as to exclude the amount of Claims held by each Supporting Noteholder [(but not their identities)] to the extent this Agreement is filed on the docket maintained in the Bankruptcy Cases, posted on the Company's website(s), or otherwise made publicly available. Within 24 hours of the date hereof, the Company shall deliver to the Secured Notes Trustee for circulation to all Secured Noteholders a true and correct copy of this Agreement (such copy to be in form and substance redacted in a manner consistent with this Section 9).

Section 10. Fiduciary Duty. Nothing in this Agreement shall require the Company or any directors, officers, or members of the Company, each in their capacity as such, to take any action, or to refrain from taking any action, to the extent that doing so would be inconsistent with its fiduciary obligations under applicable law (as determined by it after consultation with outside legal counsel), *provided that* within one

day of board approval of any material action related to an Alternative Transaction, the Company shall provide written notice to Paul, Weiss on behalf of the Ad Hoc Group (which may be provided by email).

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first written above.

[Signature Pages Follow]

Debtors' Signature Page to
the Restructuring Support Agreement

GIBSON BRANDS, INC.

By: _____
Name:
Title:

GIBSON INTERNATIONAL SALES LLC

By: _____
Name:
Title:

GIBSON PRO AUDIO CORP.

By: _____
Name:
Title:

GIBSON INNOVATIONS USA, INC.

By: _____
Name:
Title:

GIBSON EUROPE B.V.

By: _____
Name: David H. Berryman
Title: Managing Director

Debtors' Signature Page to
the Restructuring Support Agreement

GIBSON BRANDS, INC.

By:_____
Name:
Title:

GIBSON INTERNATIONAL SALES LLC

By: _____
Name:
Title:

GIBSON PRO AUDIO CORP.

By: _____
Name:
Title:

GIBSON INNOVATIONS USA, INC.

By: _____
Name:
Title:

GIBSON EUROPE B.V.

By: */s/ David H. Berryman*__
Name: David H. Berryman
Title: Managing Director

Debtors' Signature Page to
the Restructuring Support Agreement

CONSOLIDATED MUSICAL INSTRUMENTS, INC.

By: _____
Name:
Title:

GIBSON CAFÉ & GALLERY, INC.

By: _____
Name:
Title:

GIBSON HOLDINGS, INC.

By: _____
Name:
Title:

CAKEWALK, INC.

By: _____
Name:
Title:

NEAT AUDIO ACQUISITION CORP.

By: _____
Name:
Title:

Debtors' Signature Page to
the Restructuring Support Agreement

BALDWIN PIANO, INC.

By: _____
Name:
Title:

WURLITZER CORP.

By: _____
Name:
Title:

Supporting Noteholders' Signature Page to the Restructuring Support Agreement

SUPPORTING NOTEHOLDERS:

Funds and/or accounts managed, advised or controlled by Silver Point Capital, L.P.

By: _____
Name: Michael A. Gatto
Title: Authorized Signatory

Aggregate Amount of Secured Noteholder Claims (whether owned directly by such Supporting Noteholder or for which such Supporting Noteholder has investment or voting discretion or control):

$[redacted]

2 Greenwich Plaza, 1st Floor
Attention: Credit Administration
Fax: 201-719-2157
Email: CreditAdmin@silverpointcapital.com

Supporting Noteholders' Signature Page to the Restructuring Support Agreement

SUPPORTING NOTEHOLDERS:

Funds and/or accounts managed, advised or controlled by Melody Capital Partners LP or a subsidiary/affiliate thereof.

By: _____

Name: Terri Lecamp
Title: Authorized Signatory

Aggregate Amount of Secured Noteholder Claims (whether owned directly by such Supporting Noteholder or for which such Supporting Noteholder, has investment or voting discretion or control):

$ [redacted]

717 Fifth Avenue
Floor 12
New York, NY 10022
Attention: Max Islinger
Fax: 212-583-8777
Email: max@melody.com

Supporting Noteholders' Signature Page to the Restructuring Support Agreement

SUPPORTING NOTEHOLDERS:

Presidio Investors Limited

By: _____

Name: Nicole J. Macarchuk
Title: Authorized Signatory

Aggregate Amount of Secured Noteholder Claims (whether owned directly by such Supporting Noteholder or for which such Supporting Noteholder, has investment or voting discretion or control):

$[redacted]

c/o KKR Credit Advisors (US) LLC
555 California Street, 50th Floor
San Francisco, CA 94104
Attention: General Counsel
Fax: 415-391-3330
Email: creditlegal@kkr.com

Supporting Noteholders' Signature Page to the Restructuring Support Agreement

SUPPORTING NOTEHOLDERS:

KKR Global Credit Opportunities Master Fund L.P.

By: _____
Name: Nicole J. Macarchuk
Title: Authorized Signatory

Aggregate Amount of Secured Noteholder Claims (whether owned directly by such Supporting Noteholder or for which such Supporting Noteholder, subject to Section 5.06 of this Agreement, has investment or voting discretion or control):

_$[redacted]

c/o KKR Credit Advisors (US) LLC
555 California Street, 50th Floor
San Francisco, CA 94104
Attention: General Counsel
Fax: 415-391-3330
Email: creditlegal@kkr.com

Supporting Noteholders' Signature Page to the Restructuring Support Agreement

SUPPORTING NOTEHOLDERS:

Spruce Investors II Limited Partnership

By: _____
Name: Nicole J. Macarchuk
Title: Authorized Signatory

Aggregate Amount of Secured Noteholder Claims (whether owned directly by such Supporting Noteholder or for which such Supporting Noteholder, subject to Section 5.06 of this Agreement, has investment or voting discretion or control):

_$[redacted]

c/o KKR Credit Advisors (US) LLC
555 California Street, 50th Floor
San Francisco, CA 94104
Attention: General Counsel
Fax: 415-391-3330
Email: creditlegal@kkr.com

Supporting Noteholders' Signature Page to the Restructuring Support Agreement

SUPPORTING NOTEHOLDERS:

Tactical Value SPN - Global Credit Opportunities L.P.

By: _____
Name: Nicole J. Macarchuk
Title: Authorized Signatory

Aggregate Amount of Secured Noteholder Claims (whether owned directly by such Supporting Noteholder or for which such Supporting Noteholder, subject to Section 5.06 of this Agreement, has investment or voting discretion or control):

_$[redacted]

c/o KKR Credit Advisors (US) LLC
555 California Street, 50th Floor
San Francisco, CA 94104
Attention: General Counsel
Fax: 415-391-3330
Email: creditlegal@kkr.com

Supporting Noteholders' Signature Page to the Restructuring Support Agreement

SUPPORTING NOTEHOLDERS:

KKR - NYC Credit B L.P.

By: _____
Name: Nicole J. Macarchuk
Title: Authorized Signatory

Aggregate Amount of Secured Noteholder Claims (whether owned directly by such Supporting Noteholder or for which such Supporting Noteholder, subject to Section 5.06 of this Agreement, has investment or voting discretion or control):

_$[redacted]

c/o KKR Credit Advisors (US) LLC
555 California Street, 50th Floor
San Francisco, CA 94104
Attention: General Counsel
Fax: 415-391-3330
Email: creditlegal@kkr.com

Supporting Noteholders' Signature Page to the Restructuring Support Agreement

SUPPORTING NOTEHOLDERS:

KKR-Jesselton HIF Credit Partners Sub L.P.

By: _____
Name: Nicole J. Macarchuk
Title: Authorized Signatory

Aggregate Amount of Secured Noteholder Claims (whether owned directly by such Supporting Noteholder or for which such Supporting Noteholder, subject to Section 5.06 of this Agreement, has investment or voting discretion or control):

_$[redacted]

c/o KKR Credit Advisors (US) LLC
555 California Street, 50th Floor
San Francisco, CA 94104
Attention: General Counsel
Fax: 415-391-3330
Email: creditlegal@kkr.com

Supporting Noteholders' Signature Page to the Restructuring Support Agreement

SUPPORTING NOTEHOLDERS:

Funds and/or accounts managed, advised or controlled by Grantham, Mayo, Van Otterloo & Co., LLC or a subsidiary/affiliate thereof.

By: _____
Name: Tim Lang
Title: Authorized Trader

Aggregate Amount of Secured Noteholder Claims (whether owned directly by such Supporting Noteholder or for which such Supporting Noteholder, has investment or voting discretion or control):

$[redacted]

40 Rowes Wharf
Boston, MA
02110
Attention: Tim Lang
Fax: 617.310.4415
Email: tim.lang@gmo.com

Supporting Principals' Signature Page to the Restructuring Support Agreement

SUPPORTING PRINCIPAL:

Henry E. Juszkiewicz

By: _____

Aggregate Amount of Existing Equity Interests:

Shares: 1,913,732 Class A Shares, 2,175,704 Class B Shares
Percentage of Outstanding Existing Equity Interests: 36%

4607 Franklin Pike
Nashville, TN 37220
Email: Henry.Juszkiewicz@gibson.com

Supporting Principals' Signature Page to the Restructuring Support Agreement

SUPPORTING PRINCIPAL:

Berryman Limited Partnership, LP

By: */s/ David H. Berryman*
Name: David Berryman

Aggregate Amount of Existing Equity Interests:

Shares:2,822,920 Class A Shares, 2,822,920 Class B Shares
Percentage of Outstanding Existing Equity Interests: 49%

Berryman Limited Partnership, L.P. 1314 King Street
c/o Christiana Bank & Trust Co.
Wilmington, DE 19801
Email: dave.berryman@gibson.com

Exhibit A

Restructuring Term Sheet

GIBSON BRANDS, INC.

RESTRUCTURING TERM SHEET

April 30, 2018

THIS TERM SHEET IS FOR DISCUSSION PURPOSES ONLY AND DOES NOT CONSTITUTE (NOR SHALL IT BE CONSTRUED AS) AN OFFER FOR THE PURCHASE OR SALE OF ANY SECURITIES OR A SOLICITATION OF ACCEPTANCES OR REJECTIONS WITH RESPECT TO A CHAPTER 11 PLAN OF REORGANIZATION. IT DOES NOT CONTAIN ALL OF THE TERMS OF A PROPOSED PLAN OF REORGANIZATION. THIS TERM SHEET SHALL NOT BE CONSTRUED AS (I) AN OFFER CAPABLE OF ACCEPTANCE; (II) A BINDING AGREEMENT OF ANY KIND; (III) A COMMITMENT TO ENTER INTO, OR OFFER TO ENTER INTO, ANY AGREEMENT; OR (IV) AN AGREEMENT TO FILE ANY CHAPTER 11 PLAN OF REORGANIZATION OR DISCLOSURE STATEMENT, CONSUMMATE ANY TRANSACTION, OR TO VOTE FOR OR OTHERWISE SUPPORT ANY PLAN OF REORGANIZATION.

This term sheet (this "**Term Sheet**") describes certain of the principal terms of a proposed restructuring (the "**Restructuring**") with respect to Gibson Brands, Inc. ("**Gibson**") and certain of its subsidiaries listed on **Annex A** hereto (collectively, with Gibson, the "**Debtors**") to be implemented pursuant to a "pre-negotiated" plan of reorganization (the "**Plan**") consistent in all material respects with this Term Sheet to be filed expeditiously by the Debtors in connection with commencing cases (the "**Chapter 11 Cases**") in the United States Bankruptcy Court for the District of Delaware (the "**Bankruptcy Court**") under chapter 11 of title 11 of the United States Code (the "**Bankruptcy Code**").

This Term Sheet does not purport to summarize all of the terms, conditions, representations, warranties, and other provisions with respect to the Restructuring, which will be subject to the completion of Definitive Documents (as defined in the RSA) in accordance with the terms of the RSA.

Implementation of Restructuring	The Restructuring set forth in this Term Sheet shall be effectuated through (i) the execution of a restructuring support agreement (the "**RSA**") among (a) the Debtors, (b) holders of at least 66 2/3% (the "**Consenting Secured Noteholders**") in principal amount of the 8.875% Senior Secured Notes due 2018 (the "**Secured Notes**") and (c) Henry Juszkiewicz and David Berryman (together, the "**Consenting Principals**"); and (ii) the solicitation and confirmation of the Plan, which shall be in all material respects consistent with this Term Sheet and the RSA.

	The parties to the RSA shall negotiate in good faith the Definitive Documentation to implement the Restructuring consistent with the terms described in this Term Sheet and any related documentation, including, without limitation, the RSA, the DIP Facility Term Sheet (as defined below), the Plan, and the disclosure statement describing the Plan (the "**Disclosure Statement**").
Plan Financing	The Debtors will be financed during the Chapter 11 Cases through (i) following the entry of interim and final orders, as applicable, the consensual use of cash collateral, and (ii) a $[•] million new-money investment in the form of a postpetition term loan financing (the "**DIP Facility**") on the terms and conditions set forth in the term sheet attached hereto as **Annex B** (the "**DIP Facility Term Sheet**"). Participation in the DIP Facility will be open to all holders of the 8.875% Senior Secured Notes due 2018 (the "**Secured Noteholders**," and those Secured Noteholders that elect to participate in the DIP Facility, the "**DIP Lenders**"), and shall be fully backstopped by the DIP Backstop Parties (as defined in the DIP Facility Term Sheet) on the terms and conditions set forth in the DIP Facility Term Sheet.
Exit Financing	On and after the Effective Date, the reorganized Debtors shall be financed with the proceeds of: (a) an asset-based loan facility (the "**Exit ABL Facility**") with total commitments of not more than an amount to be set forth in the Disclosure Statement, which is expected to be undrawn on the Effective Date and will be available for working capital purposes; and (b) a term loan facility (the "**Exit Term Loan Facility**") in an amount necessary to repay the DIP Obligations (as defined in the DIP Facility Term Sheet) in full in cash on the Effective Date; *provided that* at their election or if, following the exercise of their commercially reasonable efforts, the Debtors are unable to obtain an Exit Term Loan Facility in an amount sufficient to repay the DIP Obligations in full in cash on terms and conditions reasonably acceptable to the Debtors and the Required Lenders (as defined in the DIP Facility Term Sheet), the Required Lenders shall elect, in their sole discretion after consulting with the Debtors, to either (i) refinance all of the remaining DIP Obligations with exit "takeback paper" secured by liens junior to the Exit ABL Facility and any Exit Term Loan Facility on terms and conditions to be described in the Disclosure Statement, (ii) convert all of the remaining DIP Obligations to New Equity Interests (as defined below) at a price per share equal to 80% of Plan Value (as defined below) subject to dilution by any new Equity Interests issued (A) upon exercise of any warrants contemplated by the Plan, (B) to holders of General Unsecured Claims in accordance with the terms of the

	Plan, (C) in accordance with the terms of the Management Incentive Plan, and (iv) to the DIP Backstop Parties on account of the Backstop Fee (as defined in the DIP Facility Term Sheet)in lieu of repayment and/or satisfaction through the incurrence of additional debt; or (iii) elect to satisfy all of the remaining DIP Obligations through a combination of (i) and (ii) above.
Plan Value	Plan Value shall be set forth in the Disclosure Statement approved by the Bankruptcy Court.
Purchase Option Exercise	On or after the entry of the Interim Order, the Consenting Secured Noteholders shall deliver, or cause to be delivered, a "Purchase Notice" to Gibson and the administrative agent under that certain loan agreement (the "**ABL Facility**"), dated as of February 15, 2017, by and among the Company, Gibson International Sales LLC, and Gibson Pro Audio Corp., as borrowers, the guarantors party thereto, the lenders party thereto from time to time, and Bank of America, N.A., as administrative agent (the "**ABL Agent**") in accordance with (and as defined in) Section 8.21 of the Intercreditor Agreement (as defined in the ABL Facility). As soon as reasonably practicable thereafter, the Consenting Secured Noteholders shall exercise the Purchase Option described in the Purchase Notice in accordance with the terms of the Intercreditor Agreement. The Interim DIP Order shall provide (among other things) that (i) subject to approval and payment in full of all fees set forth in the DIP Facility Term Sheet, the Consenting Secured Noteholders shall waive all rights to payment of any prepayment premium on account of any of the ABL Obligations acquired pursuant to their exercise of the Purchase Option, (ii) immediately upon the closing of the Purchase Option, all ABL Obligations shall be immediately deemed to be refinanced by the DIP Facility and to be DIP Obligations under the DIP Documents (other than Letters of Credit, which shall remain cash collateralized in accordance with the terms of the Intercreditor Agreement), (iii) all fees described in the DIP Facility Term Sheet shall be immediately approved with respect to the entire amount of the DIP Commitments, notwithstanding any "roll-up" or refinancing of the ABL Facility pursuant to the Purchase Option, and (iv) all lenders and the Administrative Agent under the ABL Facility are authorized and directed to consummate the Purchase Option in accordance with the terms of the Intercreditor Agreement. Until the closing of the Purchase Option, (i) no DIP Obligations shall prime any liens held by the Collateral Agent on the ABL Priority Collateral (as defined in the ABL Facility) under the ABL Facility, and (ii) all proceeds of the ABL Priority

	Collateral (as defined in the Intercreditor Agreement) shall be applied to reduce the DIP obligations on a daily basis in accordance with Section 4.1 of the Intercreditor Agreement.
Treatment of Administrative and Priority Claims *Unclassified – Non-voting* *Allowed Amount of Claims $[•]*	Upon the effective date of the Plan (the "**Effective Date**"), each holder of an allowed administrative expense, priority tax claim, or other priority claim will receive from its respective Debtor (i) payment in full, in cash, or (ii) such other treatment as is consistent with the provisions of section 1129(a)(9) of the Bankruptcy Code and acceptable to the Consenting Secured Noteholders.
Treatment of DIP Financing Claims *Unclassified – Non-voting* *Allowed Amount of Claims $[•]*	Upon the Effective Date, holders of claims arising under or related to the DIP Facility (the "**DIP Facility Claims**") shall receive, in full and final satisfaction of such DIP Facility Claims, payment of such DIP Facility Claims in full in cash except to the extent that the Required Lenders elect to satisfy all or any portion of the DIP Obligations by refinancing such DIP Obligations with "takeback paper" or through conversion into New Equity Interests at a price per share equal to 80% of Plan Value, in either case, in accordance with the Section titled "Exit Financing" above.
Treatment of ABL Revolver Claims *Unimpaired – Not Entitled to Vote* *Allowed Amount of Claims $0.00*	100% of the outstanding principal amount of the ABL Revolver Claims (as defined below), together with accrued and unpaid interest thereon, shall be paid by the Debtors from the proceeds of the DIP Facility following the closing of the Purchase Option. ABL Revolver Claims shall be Allowed in the amount of $0.00. Upon the Effective Date of the Plan, ABL Revolver Claims shall be discharged in exchange for no additional consideration. All prepetition letters of credit outstanding on the Effective Date shall be refinanced with new letters of credit issued under the Exit ABL Facility. As used in this Term Sheet, "**ABL Revolver Claims**" means any and all claims arising under or relating to revolving loans extended under the ABL Facility.
Treatment of Domestic Term Loan Claims *Unimpaired – Not Entitled to Vote* *Allowed Amount of Claims $0.00*	100% of the outstanding principal amount of the Domestic Term Loan Claims (as defined below), together with accrued and unpaid interest thereon, shall be paid by the Debtors from the proceeds of the DIP Facility following the closing of the Purchase Option. Domestic Term Loan Claims shall be Allowed in the amount of $0.00. Upon the Effective Date of the Plan, Domestic Term Loan Claims shall be discharged in exchange for no additional consideration.

	As used in this Term Sheet, "**Domestic Term Loan Claims**" means any and all claims arising under or relating to term loans extended under the ABL Facility.
Treatment of Secured Noteholder Claims *Impaired – Entitled to Vote* *Allowed Amount of Claims $[●]*	Secured Noteholder Claims (as defined below) shall be impaired under the Plan and holders of Secured Noteholder Claims shall be entitled to vote to accept or reject the Plan. Upon the Effective Date of the Plan, the Secured Noteholders shall receive, in full and final satisfaction of their allowed secured claims (the "**Secured Noteholder Claims**") arising under that certain Indenture (as it may be amended or modified from time to time) (the "**Prepetition Indenture**") by and among Gibson, the guarantors party thereto, and Wilmington Trust, N.A. as successor trustee (the "**Secured Notes Trustee**"), their *pro rata* share of 100% of the equity in reorganized Gibson (the "**New Equity Interests**"), subject to dilution by any new Equity Interests issued (i) upon exercise of any warrants contemplated by the Plan, (ii) to holders of General Unsecured Claims in accordance with the terms of the Plan, (iii) in accordance with the terms of the Management Incentive Plan, (iv) in satisfaction of any DIP Obligations, and (v) to the DIP Backstop Parties on account of the Backstop Fee (as defined in the DIP Facility Term Sheet). All unpaid fees and expenses of the Ad Hoc Committee (as defined in the RSA) and the Secured Notes Trustee (including, without limitation, the payment of all fees and expenses of their legal and financial advisors) shall be paid in full in cash on the Effective Date, without the need to file any application with, or obtain any order from, the Bankruptcy Court.
Treatment of General Unsecured Claims other than General Unsecured Claims Against Gibson Holdings, Inc. *Impaired – Entitled to Vote* *Allowed Amount of Claims $[●]*	General Unsecured Claims (as defined below) that are not otherwise paid during the pendency of the Chapter 11 Cases as critical vendor claims, 503(b)(9) claims, foreign vendor claims, or other claims permitted to be paid by order of the Bankruptcy Court, and that are not classified as Convenience Class Claims (defined below), shall be impaired under the Plan and holders of allowed General Unsecured Claims shall be entitled to vote to accept or reject the Plan. Except to the extent that a holder of an allowed General Unsecured Claim agrees to a different treatment of such claim, including by opting into the convenience class, on the Effective Date or as soon as reasonably practicable thereafter, holders of allowed General Unsecured Claims for each Debtor (except for any Excluded Subsidiaries) shall receive, in a form to be agreed upon by the Ad Hoc Committee and the Debtors, their *pro rata* share (with respect to such Debtor) of a distribution of value in an amount equal to at least the amount necessary to satisfy the requirements of Section 1129(a)(7) of the Bankruptcy Code.

	To the extent that any holders of General Unsecured Claims receive a recovery in the form of New Equity Interests, such New Equity Interests shall be subject to dilution by any new Equity Interests issued (i) upon exercise of any warrants contemplated by the Plan, (ii) in accordance with the terms of the Management Incentive Plan, (iii) in satisfaction of any DIP Obligations, and (iv) to the DIP Backstop Parties on account of the Backstop Fee. As used in this Term Sheet, "**General Unsecured Claims**" means all prepetition non-priority unsecured claims of a Debtor other than Convenience Class Claims (as defined below); *provided that* any prepetition claims of the Consenting Principals shall be voluntarily waived and receive no distribution; *provided further, however*, that such claims shall be preserved solely to the extent necessary to preserve D&O insurance coverage for such Consenting Principals, and solely to the extent of such D&O insurance coverage.
Treatment of General Unsecured Claims Against Gibson Holdings, Inc. *Impaired – Entitled to Vote* *Allowed Amount of Claims $[●]*	Holders of General Unsecured Claims against Gibson Holdings, Inc. shall receive deferred annual cash payments over [-] years with a present value equal to their *pro rata* share of the value of Gibson Holdings, Inc.'s unencumbered assets, if any, after giving effect to the payment of secured, priority and administrative claims against Gibson Holdings, Inc.
Treatment of Convenience Class Claims *Impaired – Entitled to Vote, provided that if the aggregate amount of all allowed Convenience Class Claims is less than or equal to the Convenience Class Cap, then the Debtors reserve the right to assert that the holders of Convenience Class Claims are Unimpaired.*	Unless a holder of an allowed Convenience Class Claim (as defined below) agrees to lesser treatment, on or as soon as reasonably practicable following the Effective Date, each holder of an allowed Convenience Class Claim will receive, in full and final satisfaction, compromise, settlement, release, and discharge of and in exchange for such allowed Convenience Class Claim, cash in an amount equal to 100% of the allowed Convenience Class Claims; *provided* that cash distributions to holders of allowed Convenience Class Claims shall not exceed an aggregate cap to be set forth in the Disclosure Statement (the "**Convenience Class Cap**") without the prior written consent of the Required Supporting Noteholders (as defined in the RSA). As used in this Term Sheet, a "**Convenience Class Claim**" means a General Unsecured Claim of Gibson Brands, Inc. that is either (a) equal to or less than a per claim cap to be set forth in the Disclosure Statement (the "**Convenience Claimholder Cap**") or (b) greater than the Convenience Claimholder Cap , but with respect to which the holder thereof voluntarily reduces the aggregate amount of such claim to the Convenience Claimholder Cap pursuant to an election by the claimholder made on the ballot provided for voting on the Plan by the voting deadline.
Intercompany Claims	Upon the Effective Date of the Plan, all intercompany claims shall be either reinstated or discharged in exchange for no

Unimpaired – Not entitled to vote; conclusively deemed to accept	consideration at the option of the Debtors, with the consent of the Required Supporting Noteholders.
Treatment of Existing Equity Interests in Gibson *Impaired – Deemed to Reject*	Upon the Effective Date of the Plan, all equity interests of any kind in Gibson, including common and preferred stock, options, warrants, and other agreements or rights to acquire the same (including any arising under or in connection with any employment agreement, incentive plan, benefit plan or the like) (collectively, the "**Existing Equity Interests**") existing prior to the consummation of the Restructuring, shall be cancelled without any further action, and each holder of an allowed Existing Equity Interest shall receive no consideration in exchange therefor.
Intercompany Interests other than Interests in Excluded Subsidiaries *Unimpaired – Not entitled to vote; conclusively deemed to accept*	Upon the Effective Date of the Plan, all outstanding equity interests in Gibson's subsidiaries and affiliates other than Gibson Innovations USA, Inc. and other non-operating subsidiaries to be agreed by the Required Supporting Noteholders and the Debtors and disclosed in the Plan Supplement (together, the "**Excluded Subsidiaries**") shall be reinstated.
Intercompany Interests in Excluded Subsidiaries *Impaired – Deemed to Reject*	Upon the Effective Date of the Plan, all outstanding equity interests of any kind, including common and preferred stock, options, warrants, and other agreements or rights to acquire the same, in the Excluded Subsidiaries shall be (a) cancelled and discharged, and each holder of Intercompany Interests in the Excluded Subsidiaries shall receive no consideration in exchange therefor, or (b) if an Excluded Subsidiary is not a Debtor all equity interests in such Excluded Subsidiary shall be finally and forever relinquished, waived, eliminated, extinguished, of no further force or effect, abandoned and deemed to be abandoned in accordance with Section 554 of the Bankruptcy Code and, in each case, the assets, if any, of the Excluded Subsidiaries, will not revest in the reorganized Debtors and shall be deemed to be abandoned to, and assigned for the benefit of, any creditors of the relevant Excluded Subsidiary.
Key Contracts and Leases	The Debtors will seek to assume or reject, pursuant to section 365 of the Bankruptcy Code, executory contracts and unexpired leases of nonresidential real property in each case in consultation with, and with the consent of, the Required Supporting Noteholders.
Revesting of Property	All property of the Debtors (except for the Excluded Subsidiaries) including any and all potential or actual claims or causes of action of the Debtors that are not released pursuant to the Plan and all intercompany claims against non-Debtors, shall vest in and be

	owned by reorganized Gibson or its subsidiaries, as applicable, upon the Effective Date of the Plan except as otherwise provided herein or in the Plan, including the Releases and Exculpations set forth below.
Board of Directors/Corporate Governance	The size and membership of the board of reorganized Gibson shall be determined by the Required Supporting Noteholders in its sole discretion and disclosed in the Plan Supplement (as defined in the RSA). On and after the Effective Date, reorganized Gibson will be a private company and all parties receiving distributions of New Equity Interests, any person receiving any rights exercisable for New Equity Interests in the form of warrants or pursuant to the Management Incentive Plan, and all persons to whom any such parties may sell their New Equity Interests (or rights exercisable for New Equity Interests) in the future and all persons who purchase or acquire New Equity Interests in future transactions shall be required to become parties to an equityholders' agreement in form and substance satisfactory to the Required Supporting Noteholders in its sole discretion. A copy of the equityholders' agreement shall be contained in the Plan Supplement.
Issuance of New Equity Interests	Any "securities" as defined in section 2(a)(1) of the Securities Act of 1933 issued under the Plan, including the New Equity Interests, shall be exempt from registration under U.S. state and federal securities laws pursuant to section 1145 of the Bankruptcy Code.
Employee Matters	Except as otherwise specified herein, matters with respect to management and employees (including retention and incentive plans) in connection with the Restructuring are to be determined by the Required Supporting Noteholders in its sole discretion. On the Effective Date, reorganized Gibson shall enter into the agreements described on **Annex C** hereto. No further changes to the Debtors' employee headcount shall be made without the prior written consent of the Required Supporting Noteholders (which consent shall not be unreasonably withheld). The Debtors shall consult with the Ad Hoc Committee regarding (i) its recent headcount reductions and (ii) the re-hiring of certain individuals. During the pendency of the Chapter 11 Cases, if requested by the Required Supporting Noteholders, the Debtors shall retain an operations consultant selected by the Required Supporting Noteholders and shall provide such operations consultant with full access to the Debtors' books, records, employees, advisors, and management team.

Management Incentive Plan	The order approving the Plan shall provide that on the Effective Date reorganized Gibson will implement a new management equity incentive plan (the "**Management Incentive Plan**") that shall provide for grants of options and/or restricted units/equity reserved for management, directors, and employees in an amount of up to [-]% of the New Equity Interests. The primary participants of the Management Incentive Plan, including the amount, form, exercise price, allocation and vesting of such equity-based awards with respect to such primary participants, shall be determined by the new board of directors of reorganized Gibson.
D&O Insurance	Pursuant to the Plan, the Debtors will assume all D&O policies in favor of current and former directors and officers in place immediately prior to the commencement of the Chapter 11 Cases. On the Effective Date, the Debtors will enter into a customary 6-year D&O tail policy covering all such current and former directors and officers materially consistent with the existing D&O policies and the coverage provided prior to the commencement of the Chapter 11 Cases.
Tax-Related Issues	The parties shall use good-faith efforts to structure the Restructuring to the maximum extent possible in a tax-efficient and cost-effective manner for the benefit of the parties to the RSA. Notwithstanding the forgoing, the Required Supporting Noteholders shall have sole discretion over the structure of the Restructuring and the Plan to the extent it relates to the treatment of the DIP Facility Claims and the Secured Noteholder Claims, or issuance of the New Equity Interests (consistent, however, with the agreements described on **Annex C**); provided, however, that such tax structuring shall not be materially adverse to the Debtors.
Conditions Precedent to Confirmation of the Plan	Confirmation of the Plan shall be subject to such conditions to confirmation as are customary in restructurings of this type, including, without limitation, the following conditions precedent; provided that any condition may be waived by the Debtors with the consent of the Required Supporting Noteholders: • the RSA shall not have been terminated and shall remain in full force and effect in accordance with its terms; • the Bankruptcy Court shall have entered the order approving the Disclosure Statement in form and substance consistent with this Term Sheet and the RSA, and acceptable to the Required Supporting Noteholders and the Debtors; • all outstanding Transaction Expenses (as defined in the RSA), including the fees and expenses of the Ad Hoc Committee, the Secured Notes Trustee and the Consenting Principals, *provided that* the Transaction Expenses of the Consenting Principals will be subject to an aggregate cap of $100,000 (as set forth in the "***Fees and Expenses***" section below) shall

	have been paid in full, in cash without the need to file any application with, or obtain any order from, the Bankruptcy Court; and • the Debtors shall not be in default under the DIP Facility or any order of the Bankruptcy Court approving the DIP Facility (the "**DIP Orders**").
Conditions Precedent to Effective Date	The occurrence of the Effective Date shall be subject to such conditions to effectiveness as are customary in restructurings of this type, including without limitation the following conditions precedent; provided that any condition may be waived by the Debtors with the consent of the Required Supporting Noteholders: • the RSA shall not have been terminated and shall remain in full force and effect in accordance with its terms; • the Bankruptcy Court shall have entered an order confirming the Plan pursuant to section 1129 of the Bankruptcy Code and approving the transactions contemplated thereby (the "**Confirmation Order**") in form and substance consistent with this Term Sheet and the RSA, and acceptable to the Required Supporting Noteholders and the Debtors; • the Debtors shall not be in default under the DIP Facilities or the DIP Orders; • all outstanding Transaction Expenses (as defined in the RSA), including the fees and expenses of the Ad Hoc Committee, the Secured Notes Trustee and the Consenting Principals, *provided that* the Transaction Expenses of the Consenting Principals will be subject to an aggregate cap of $100,000 (as set forth in the "***Fees and Expenses***" section below) shall have been paid in full, in cash without the need to file any application with, or obtain any order from, the Bankruptcy Court; • a customary professional fee reserve shall be provided for in the Plan and shall be funded in accordance with the Plan and in an amount that is consistent with any applicable fee letters and court orders; • the Definitive Documents (as defined in the RSA) shall be in form and substance consistent with this Term Sheet and the RSA, and acceptable to the parties with consent rights over such documents pursuant to the terms of the RSA; and • all requisite governmental and regulatory approvals, if any, shall have been obtained.
Milestones	The Restructuring will be achieved in accordance with the Milestones set forth in **Annex D** hereto.

Definitive Documentation/Due Diligence	All documentation prepared in connection with the Restructuring, including without limitation, the Plan, the Plan Supplement, the Confirmation Order, and any documents, agreements, motions, pleadings, or orders prepared or filed in connection with the Chapter 11 Cases, the Plan, the Plan Supplement and the Restructuring (including all exhibits or other appendices to any of the foregoing) shall be in form and substance acceptable to parties with consent rights over such documents pursuant to the terms of the RSA.
Releases/Exculpation	The Plan will provide for the releases and related provisions set forth in **Annex E** hereto.
Fees & Expenses	The Debtors shall pay (a) one (1) business day prior to the Petition Date, (b) on the date of Plan Confirmation, (c) on the Effective Date, and (d) otherwise in accordance with the terms of any applicable fee letters and court orders during the pendency of the Chapter 11 Cases, all accrued and unpaid fees, costs and expenses of the Ad Hoc Committee in connection with the Restructuring (*provided that* the amount paid pursuant to (a) above shall be agreed by the Debtors and the Ad Hoc Committee and shall be less than the total amount of accrued and unpaid expenses owing to the Ad Hoc Committee as of such date) without the need to file any application with, or obtain any order from, the Bankruptcy Court, including, without limitation, the fees, costs and expenses of (i) Paul, Weiss, Rifkind, Wharton & Garrison LLP ("**Paul, Weiss**"), (ii) Young Conaway Stargatt & Taylor, LLP ("**Young Conaway**"), (iii) Anderson Mori & Tomotsune, (iv) PJT Partners Inc. ("**PJT**"), and (v) any other professionals that may be retained by the Ad Hoc Committee, including the Operations Consultant retained by the Debtors, in connection with the Restructuring and (e) all accrued and unpaid fees, costs and expenses of one primary counsel and one local counsel for each of the Pre-Petition Agent (as defined in the Prepetition Indenture), the DIP Agent and the Secured Notes Trustee, and (f) all accrued and unpaid fees and expenses of Pillsbury Winthrop Shaw Pittman LLP and one local counsel to the Consenting Principals; *provided that* the fees and expenses payable to the Consenting Principals and their professionals will be subject to an aggregate cap of $100,000. The Debtors shall also enter into ordinary and customary fee letters with the foregoing professionals and fund the retainers and other amounts required thereunder as a Condition Precedent to the effectiveness of the RSA.
No Admission	Nothing in the Term Sheet is or shall be deemed to be an admission of any kind.

Annex A

Baldwin Piano, Inc.

Cakewalk, Inc.

Consolidated Musical Instruments, LLC

Gibson Café & Gallery, LLC

Gibson Holdings, Inc.

Gibson Innovations USA, Inc.

Gibson International Sales LLC

Gibson Pro Audio Corp.

NEAT Audio Acquisition Corp.

Wurlitzer Corp.

Annex B

DIP Facility Term Sheet

Gibson Brands, Inc.
$135,000,000
Debtor-in-Possession Term Loan Facility
Summary of Terms and Conditions

THIS TERM SHEET IS PROVIDED FOR DISCUSSION PURPOSES ONLY AND DOES NOT CONSTITUTE AN OFFER, AGREEMENT OR COMMITMENT TO ENTER INTO THE DEFINITIVE DIP DOCUMENTS (AS DEFINED BELOW). NOTHING IN THIS TERM SHEET IS INTENDED TO REPRESENT A COMMITMENT ON THE PART OF THE DEBTORS OR ANY OF THEIR AFFILIATES OR ANY OF THE LENDERS TO ENTER INTO THE DIP FACILITY OR ANY OTHER DEFINITIVE AGREEMENT WITH ANY PERSON.

The statements contained in this Term Sheet and all discussions between and among the parties in connection herewith constitute privileged communications that shall not be disclosed or introduced pursuant to Federal Rule of Evidence 408 and/or other applicable law, unless otherwise required by judicial order or applicable law. All assumptions, principles and numbers are based upon and subject to continuing due diligence and are subject to change as the parties' positions develop further.

Borrower:	Gibson Brands, Inc. (the "**Borrower**", as a debtor and debtor-in-possession in a prenegotiated case (together with the cases of certain of its affiliated debtors and debtors-in-possession, the "**Cases**", and such affiliated debtors, together with the Borrower, the "**Debtors**")) under chapter 11 of title 11 of the United States Bankruptcy Code (the "**Bankruptcy Code**") commenced in the United States Bankruptcy Court for the District of Delaware (the "**Bankruptcy Court**") on May 1, 2018 (the "**Petition Date**").[1]
Guarantors:	(a) Each of the Borrower's existing and future, direct and indirect domestic or foreign subsidiaries that are debtors and debtors-in-possession in the Cases, including all existing obligors under either (i) the Prepetition Indenture (as defined below) or (ii) the ABL Facility (as defined in the Restructuring Term Sheet to which this Term Sheet is attached (the "**Restructuring Term Sheet**")) that are Debtors or become Debtors; (b) Baldwin Piano Inc.; and (c) Wurlitzer Corp. (collectively, the "**Guarantors**" and, together with the Borrower, the "**Loan Parties**"). All obligations of the Borrower under the DIP Facility (as defined below) will be unconditionally guaranteed on a joint and several basis by the Guarantors.[2]
DIP Administrative and Collateral Agent	Cortland Capital Market Services, LLC (in such capacity, the "**DIP Agent**").

[1] Any on-lending arrangements with non-Debtors shall be acceptable in all respects to the DIP Lenders (as defined below) and authorized by the Bankruptcy Court.

[2] The DIP Lenders (as defined below) reserve the right to obtain guarantees from non-debtor foreign subsidiaries subject to legal and practical difficulties (including material adverse tax effects), with all such foreign subsidiaries that are not so required being referred to herein as the "**Excluded Foreign Subsidiaries**."

DIP Lenders:	All holders of the Prepetition Secured Notes as of April 30, 2018 shall be entitled to participate *pro rata* in the DIP Facility; *provided* that it shall be a condition to such participation that any such holder becomes a party to the RSA (as defined below); *provided further* that the initial lenders (the "**Initial Lenders**") shall be comprised of the DIP Backstop Parties (as defined below). Following the Initial Draw, the Initial Lenders shall assign (either directly or through participations) the DIP Loans (including the benefits of the premiums described below, other than the Backstop Premium (as defined below)) and the DIP Commitments on a *pro rata* basis based upon the principal amount of the Prepetition Secured Notes held as of April 30, 2018 to such other holders of the Prepetition Secured Notes that elect in writing to subscribe for such interests in the DIP Loans following entry of the Interim Order (but prior to approval of the Final Order) and execute and deliver the necessary documentation, including a joinder to the RSA (as defined below) (such assignees, together with the Initial Lenders, collectively, the "**DIP Lenders**").
Required Lenders:	Shall mean the Majority DIP Backstop Parties (as defined below) prior to completion of the syndication of the DIP Loan, and thereafter DIP Lenders holding at least 50.1% of the outstanding DIP Commitments and DIP Loans under the DIP Facility (the "**Required Lenders**").
DIP Backstop Parties:	Funds and/or accounts managed, advised or controlled by KKR Credit Advisors (US) LLC, Melody Capital Partners, L.P., Grantham, Mayo, Van Otterloo & Co., LLC, and Silver Point Capital Fund, L.P. or a subsidiary/affiliate of any of the foregoing.
Majority DIP Backstop Parties:	DIP Backstop Parties holding in the aggregate at least 50.1% in aggregate principal amount of the DIP Loans and DIP Commitments held by all of the DIP Backstop Parties.
Type and Amount of the DIP Facility:	A non-amortizing super-priority senior secured term loan facility (the "**DIP Facility**", the definitive documentation evidencing such facility, the "**DIP Documents**") in an aggregate principal amount not to exceed $135 million (the DIP Lenders' commitments under the DIP Facility, the "**DIP Commitments**"; the draws under the DIP Commitments being the Initial Draw, the Deemed Draw and the Final Draw (each as defined below), and the loans under the DIP Facility, the "**DIP Loans**"). The borrowing of DIP Loans shall permanently decrease the DIP Commitments, and DIP Loans repaid may not be reborrowed.
Initial Availability:	On the date after the Bankruptcy Court's entry of the Interim Order (as defined below) upon which all other applicable conditions precedent described below have been satisfied (the "**Closing Date**"), the Borrower shall make an initial single draw of DIP Loans in an amount of $25 million (the "**Initial Draw**"). Upon consummation of the Purchase Option (as defined in the Restructuring Term Sheet), the Deemed Draw (as defined below)

shall be made and available as described below.

Full Availability: Upon entry of the Final Order (as defined below) by the Bankruptcy Court and satisfaction of all other applicable conditions precedent, the full remaining amount of the DIP Facility shall be available to the Debtors, subject to compliance with the terms, conditions and covenants described in the DIP Documents, in a final single draw of DIP Loans in an amount not to exceed the then undrawn DIP Commitments (the "**Final Draw**").

Maturity: All DIP Obligations (as defined below) will be due and payable in full in cash (or such other form of consideration as the Required Lenders may agree in their sole discretion) on the earliest of (i) the date that is nine (9) months after the Petition Date; (ii) the effective date of any chapter 11 plan with respect to the Borrower or any other Debtor (a "**Plan**"); (iii) the consummation of any sale or other disposition of all or substantially all of the assets of the Debtors pursuant to section 363 of the Bankruptcy Code (a "**Sale**"); (iv) the date of the acceleration of the DIP Loans and the termination of the DIP Commitments in accordance with the DIP Documents; and (v) 35 days after the Petition Date (or such later date as agreed to by the Required Lenders), unless the Final Order (as defined below) has been entered by the Bankruptcy Court on or prior to such date (such earliest date, the "**DIP Termination Date**").

Interest Rate: All amounts outstanding under the DIP Facility will bear interest at a rate per annum equal to LIBOR + 9.0 % (subject to a LIBOR Floor of 2%) and shall be payable monthly in arrears, at the Required Lenders' (as defined below) election, either (i) in cash on demand or (ii) in kind.

Notwithstanding the foregoing, after the occurrence and during the continuance of an event of default, all overdue amounts under the DIP Documents will bear interest at an additional rate per annum of 2% and shall be payable, at the Required Lenders' election, either (i) in cash on demand or (ii) in kind.

DIP Agent Fee: $35,000 agency fee, together with any other amounts payable to the DIP Agent under its engagement letter with the Debtors.

Backstop Premium: Upon entry of the Interim Order, the DIP Backstop Parties will earn and be entitled to receive a non-refundable premium upon the effective date of any Plan or a Sale, equal to 5.0% of the DIP Commitments held by them on the entry of the Interim Order, which shall be payable in cash upon the effectiveness of such Plan or Sale; *provided* that, with respect to a Plan, any DIP Backstop Party may elect in writing by no later than five (5) business days prior to the Effective Date to be paid its *pro rata* portion of such premium in common stock of the reorganized Company at a price per share equal

to 80% of Plan Value (defined below). Such payment shall be structured in the most tax efficient manner for the DIP Backstop Parties, in their sole discretion, *provided*, however, such tax structuring shall not be adverse in any material respect to the Borrower and Guarantors. The Backstop Premium will be fully earned upon entry of the Interim Order.

Upfront Premium: An upfront premium of 3.0% of the total amount of the DIP Commitments shall be payable from the initial draw, in the form of an original issue discount, under the DIP Facility. Such payment shall be structured in the most tax efficient manner for the DIP Lenders, *provided*, however, such tax structuring shall not be adverse in any material respect to the Borrower and Guarantors. The Upfront Premium will be fully earned and payable with respect to the total amount of the DIP Commitments upon entry of the Interim Order.

Exit Premium: Upon repayment or satisfaction of the DIP Facility in whole or in part, the Borrower will pay to the DIP Lenders a premium in cash equal to 2.0% of the DIP Loans or DIP Commitments being repaid, reduced or satisfied in cash, other than a reduction of the DIP Commitments as a result of a draw; *provided* that, in connection with a Plan, any DIP Lender may elect in writing by no later than five (5) business days prior to the Effective Date to be paid its *pro rata* portion of such premium in common stock of the reorganized Company at a price per share equal to 80% of Plan Value. Such payment shall be structured in the most tax efficient manner for the DIP Lenders, *provided*, however, such tax structuring shall not be adverse in any material respect to the Borrower and Guarantors.

Plan Value The value of the new common stock of the reorganized Company on the effective date of a Plan (the "**Plan Value**") shall be included in the solicitation materials approved by the Bankruptcy Court. As previously noted, each DIP Lender shall be permitted to elect, in writing, to receive its *pro rata* portion of the Backstop Premium or the Exit Premium in new common stock of the reorganized Company at a price per share equal to 80% of Plan Value by no later than five (5) business days prior to the effective date of such Plan.

Use of Proceeds: The proceeds of the DIP Loans under the DIP Facility, together with the Debtors' cash on hand, will be used only for the following purposes and, in the case of payments pursuant to clauses (i) and (ii) below, subject to the Budget (subject to permitted variances as set forth below): (i) working capital and other general corporate purposes of the Borrower and the Guarantors and certain of their subsidiaries; (ii) any adequate protection payments in accordance with the Orders (as defined below); (iii) the professional fees and expenses of administering the Cases to the extent the Bankruptcy Court authorizes payment (including payments benefiting from the Carve-Out (as defined below) and any Investigation (as defined below)), including allowed professional fees subject to the terms and conditions set forth

in this Term Sheet (and including fees incurred prior to the Closing Date); (iv) repayment in full in cash via a "roll-up" (or pursuant to the Deemed Draw (as defined below)) of the ABL Facility (including the FILO facility thereunder); (v) fees and expenses payable under the DIP Facility; and (vi) interest and other amounts payable under the DIP Facility.

As described in more detail in the Restructuring Term Sheet, upon consummation of the Purchase Option (as defined in the Restructuring Term Sheet), the DIP Loans shall be deemed to have been advanced (the "**Deemed Draw**") in an amount equal to the amount required to repurchase all amounts outstanding under the ABL Facility. Until the closing of the Purchase Option, (i) no DIP Obligations shall prime, to the extent such liens are senior to the Prepetition Secured Notes Liens under the Intercreditor Agreement, any liens held by the Collateral Agent under the ABL Facility, and (ii) all cash proceeds of the ABL Priority Collateral (as defined in the Intercreditor Agreement) received by the Debtors shall be applied forthwith to reduce the prepetition ABL obligations on a daily basis.

Notwithstanding the foregoing, the use of the proceeds of the DIP Loans, the Carve-Out and the Debtor Collateral (as defined below) shall be subject to further restrictions, including with respect to limitations on investigating and challenging liens and claims of the holders of the 8.875% Senior Secured Notes due 2018 (the "**Prepetition Secured Notes**") issued by the Borrower under that certain Indenture (as it may be amended or modified from time to time) by and among the Borrower, the guarantors party thereto, and Wilmington Trust, N.A., as successor trustee (the "**Prepetition Indenture**," the holders thereunder, the "**Prepetition Secured Noteholders**," and Wilmington Trust, N.A., as successor trustee thereunder, the "**Prepetition Trustee**" and, together with the Prepetition Secured Noteholders, the "**Prepetition Secured Notes Parties**" and, together with the Prepetition ABL Parties (as defined below), the "**Prepetition Secured Parties**").

Notwithstanding any other provision of this Term Sheet, from and after the Closing Date, no DIP Loans, Debtor Collateral (as defined below), Collateral (as defined in the Prepetition Indenture (the "**Prepetition Collateral**", including cash Collateral, the "**Cash Collateral**")), or any portion of the Carve-Out may be used directly or indirectly by any Debtor, any Guarantor, any official committee appointed in the Cases, or any trustee appointed in the Cases or any successor cases, including any chapter 7 cases, or any other person, party or entity (i) in connection with the investigation, initiation or prosecution of any claims, causes of action, adversary proceedings or other litigation (a) against any of the DIP Agent, the DIP Lenders, or the Prepetition Secured Parties, or their respective predecessors-in-interest, agents, affiliates, representatives, attorneys, or advisors, or

any action purporting to do the foregoing in respect of the Obligations (as defined in the Prepetition Indenture (the "**Prepetition Obligations**"), liens on the Prepetition Collateral, DIP Obligations, DIP Liens (as defined below), DIP Claims (as defined below), and/or the adequate protection obligations, adequate protection liens and superpriority claims granted to the Prepetition Secured Parties under the Interim Order or the Final Order, as applicable, or (b) challenging the amount, validity, perfection, priority or enforceability of or asserting any defense, counterclaim or offset to, the Prepetition Obligations, the DIP Obligations and/or the liens, claims, rights, or security interests granted under the Orders, the DIP Documents or the Indenture Documents (as defined in the Prepetition Indenture), including, in each case, without limitation, for lender liability or pursuant to section 105, 510, 544, 547, 548, 549, 550, or 552 of the Bankruptcy Code, applicable non-bankruptcy law or otherwise; (ii) to prevent, hinder, or otherwise delay the Prepetition Secured Notes Parties', the DIP Agent's or the DIP Lenders', as applicable, enforcement or realization on the Prepetition Obligations, Prepetition Collateral, DIP Obligations, Debtor Collateral, and the liens, claims and rights granted to such parties under the Orders, each in accordance with the DIP Documents and the Orders; (iii) to seek to modify any of the rights and remedies granted to the Prepetition Secured Notes Parties, the DIP Agent or the DIP Lenders under the Orders (other than with the consents contemplated thereunder), the Indenture Documents or the DIP Documents, as applicable; (iv) to apply to the Bankruptcy Court for authority to approve superpriority claims or grant liens (other than the liens permitted pursuant to the DIP Documents) or security interests in the Debtor Collateral or any portion thereof that are senior to, or on parity with, the DIP Liens, DIP Claims, adequate protection liens and superpriority claims and liens granted to the Prepetition Secured Notes Parties, unless permitted under the DIP Documents or unless all DIP Obligations, Prepetition Obligations, adequate protection obligations, and claims granted to the DIP Agent, DIP Lenders or Prepetition Secured Parties under the Interim Order or the Final Order, as applicable, have been refinanced or paid in full in cash (including the cash collateralization of any letters of credit) or otherwise agreed to in writing by the Majority DIP Backstop Parties; or (v) to seek to pay any amount on account of any claims arising prior to the Petition Date unless such payments are permitted under the DIP Documents or otherwise agreed to in writing by the Majority DIP Backstop Parties, and in each case, included in the Budget, or otherwise approved pursuant to an order of the Bankruptcy Court.

Mandatory Prepayments: Mandatory prepayments under the DIP Facility and DIP Commitment reductions shall be required with 100% of the net cash proceeds from sales or other dispositions (including casualty events) of any assets of the Debtors (excluding sales of inventory in the ordinary course of business and other customary exceptions to be mutually agreed), excluding the cash proceeds of ABL Priority Collateral as described

above.

Call Protection The DIP Loans will not be callable prior to the Maturity Date.

Conditions Precedent to Closing: Conditions precedent customarily found in loan documents for similar debtor-in-possession financings and other conditions precedent deemed by the Required Lenders appropriate to the specific transaction, including, without limitation: (i) execution and delivery by the Debtors, the Consenting Principals (as defined in the Restructuring Term Sheet), and the DIP Backstop Parties of a restructuring support agreement (the "**RSA**"), including a restructuring term sheet, which shall be in form and substance acceptable to such parties; (ii) execution and delivery of a credit agreement (the "**DIP Credit Agreement**") and other DIP Documents evidencing the DIP Facility, in each case, which shall be in form and substance substantially consistent with this Term Sheet and otherwise in form and substance acceptable to the Required Lenders and the Borrower and the Guarantors; (iii) the Petition Date shall have occurred, and each Borrower and each Guarantor shall be a debtor and a debtor-in-possession; (iv) all "first day orders" and all related pleadings to be entered at the time of commencement of the Cases or shortly thereafter shall have been reviewed in advance by the Required Lenders or their counsel and shall be in form and substance reasonably acceptable to the Required Lenders; (v) entry of the Interim Order; (vi) delivery of the Initial Budget and any subsequent Budget as applicable; (vii) no trustee, examiner, or receiver shall have been appointed or designated with respect to the Debtors' business, properties or assets and no motion shall be pending seeking similar relief or any other relief, which, if granted, would result in a person other than the Debtors exercising control over the Debtors' assets; (viii) all orders entered by the Bankruptcy Court pertaining to cash management and adequate protection and all motions and documents in connection therewith, shall be in form and substance reasonably acceptable to the Required Lenders and filed on the Petition Date with such changes as reasonably acceptable to the Required Lenders; (ix) all fees, expenses (including, without limitation, legal fees and expenses) payable under the DIP Documents or RSA or otherwise to be paid to the DIP Agent, the DIP Lenders, or the RSA parties on or before the Closing shall have been paid; (x) the Debtors shall have appointed one (1) an independent director to the board of directors (the "**Independent Director**"), and following the Debtors' compliance with applicable corporate requirements, whose vote will be required for certain specified actions; (xi) the Debtors shall have retained Brian Fox from Alvarez & Marsal as chief restructuring officer (a "**CRO**"), with the terms of appointment and scope of authority shall be acceptable to the Majority DIP Backstop Parties; and (xii) the Debtors shall have retained an appraiser reasonably acceptable to the Majority DIP Backstop Parties (the "**Inventory Appraiser**"), for the purpose of conducting an inventory appraisal and providing such appraisal to the Debtors, the

DIP Agent and the DIP Lenders.

Conditions Precedent to Full Availability of DIP Loans:

Conditions precedent customarily found in loan documents for similar debtor-in-possession financings and including: (i) not later than 35 days following the Petition Date, the Final Order as to the DIP Facility shall have been entered by the Bankruptcy Court, which Final Order shall be in the form of the Interim Order with such changes as are customary for a final order and in all cases are acceptable to the Required Lenders; (ii) the Final Order shall be in full force and effect, and shall not (in whole or in part) have been reversed, modified, amended, stayed, vacated, appealed, or subject to a stay pending appeal; (iii) the Debtors shall be in compliance in all respects with the Final Order and the DIP Documents; (iv) no default or event of default shall have occurred and be continuing ; (v) accuracy of representations and warranties in all material respects; (vi) no order has been entered reversing, amending, staying, vacating, terminating or otherwise modifying in any manner adverse to the DIP Agent and DIP Lenders the Interim Order or the Final Order, as applicable; (vii) delivery of a notice of borrowing; (viii) all costs, fees, expenses (including, without limitation, legal fees and expenses) set forth in the DIP Documents or RSA or otherwise to be paid to the DIP Agent, the DIP Lenders, or any RSA parties on or before the Final Draw shall have been paid; and (ix) the DIP Agent and the DIP Lenders shall have received copies of the "second day" pleadings and orders (if any), on at least three (3) days' notice prior to filing, and the relief requested in such "second day" pleadings and orders shall be reasonably acceptable in form and substance to the Required Lenders.

Representations and Warranties:

The DIP Documents will contain representations and warranties found in loan documents for similar debtor-in-possession financings and as are acceptable to the Borrower and the Required Lenders.

Affirmative Covenants:

The DIP Documents will contain affirmative covenants as are usual and customary for debtor-in-possession credit facilities, and shall reflect the terms set forth herein, and shall be acceptable to the Required Lenders and the Debtors, including, but not limited to:

a. Financial statements, reports, etc.

b. Certificates and other information.

c. Notices.

d. Payment of tax and other post-petition obligations (as provided for in the Budget or approved by order of the Bankruptcy Court).

e. Preservation of existence.

f. Maintenance of properties (as provided for in the Budget).

g. Maintenance of insurance (as provided for in the Budget).

h. Compliance with laws.

i. Books and records.

j. Inspection rights.

k. Use of proceeds in accordance with the Budget and the Carve-Out.

l. Litigation and other notices.

m. Additional collateral; additional Guarantors.

n. Compliance with environmental laws.

o. Further assurances.

p. Certain bankruptcy matters.

q. Satisfaction of the Milestones (as defined below).

r. Compliance with the RSA.

s. Company shall have used its reasonable best efforts to enter into the DIP Documents.

t. Appointment of the Independent Director.

u. Appointment of the CRO.

v. Retention of the Inventory Appraiser.

w. The DIP Agent shall be permitted to conduct field examinations and inventory appraisals (at the expense of the Borrower) during normal business hours , on a monthly basis, unless facts and circumstances require more than one monthly filed audit as determined by the DIP Agent in its reasonable judgment.

Negative Covenants: The DIP Documents will contain negative covenants as are usual and customary for debtor-in-possession credit facilities, and shall reflect the terms set forth herein, and shall be acceptable to the Required Lenders and the Debtors, but shall be consistent in all respects with the Budget and the Carve-Out and shall allow for the Debtors'

ordinary course of business operations consistent with its cash management system and "first day" and "second day" orders, including, but not limited to:

a. Limitations on liens.

b. Limitations on investments.

c. Limitations on indebtedness.

d. Limitations on fundamental changes, including mergers and transfers of all or substantially all assets.

e. Limitations on asset dispositions (including dispositions to non-loan parties).

f. Limitations on restricted payments (including (i) payments on account of equity interests and (ii) restricted investments).

g. Limitations on material changes in business.

h. Limitations on transactions with affiliates.

i. Limitations on burdensome agreements.

j. Limitations on use of proceeds and budget compliance (including with respect to margin regulations and anti-corruption, sanctions and terrorism laws).

k. Limitations on accounting changes.

l. Limitations on prepayments of junior or subordinated debt

m. Limitations on payment of prepetition obligations.

n. Limitations on superpriority claims.

Financial Covenant / DIP Budget: Prior to the Petition Date, the DIP Agent and DIP Lenders shall receive a 18-week budget commencing with the week during which the Petition Date occurs, containing line items of sufficient detail to reflect the consolidated operating cash flow of the Debtors for such 18-week period, which initial budget (the "**Initial Budget**") is attached hereto as **Exhibit A** (and all modifications to the Initial Budget shall be in form and substance reasonably satisfactory to the Required Lenders with such budget, as supplemented from time to time in accordance herewith, the "**Budget**"), shall be the Budget approved by the Interim Order and shall govern for the period through the entry of the Final Order. For the avoidance of doubt, each Budget, other than the Initial Budget shall be a 13-week budget, but otherwise shall be substantially in the form attached hereto as

Exhibit A. For the avoidance of doubt, the Budget will not include operating cash flows in respect of non-Debtor subsidiaries, but will include any projected inter-company transfers including those to non-Debtor subsidiaries.

The Budget shall be updated in connection with the Final Order (and such updated Budget shall be approved as part of the Final Order) and thereafter by the Borrower every four weeks and provided to the Required Lenders by 5:00 p.m. New York City time on the Thursday of such week with such updated Budget extending the term thereof and the Required Lenders, in their reasonable discretion, shall have the right to approve any such updates (or any amendments) by providing the Borrower specific notice thereof within four (4) business days after the delivery by the Borrower of any such update or amendment; *provided* that, (i) to the extent the Required Lenders do not provide notice within such four business day period, such update or amendment shall be deemed approved and consented to by the Required Lenders and shall be deemed to constitute the updated approved Budget ("**Updated Budget**") upon the expiration of such four business day period and, (ii) to the extent the Required Lenders do provide such approval notice or deemed approval within such four business day period, the then existing Budget shall continue to constitute the applicable Budget until such time as an update or amendment is approved by the Required Lenders.

The Borrower shall, beginning on the third business day of the third full week following the week during which the Petition Date occurs, and on a bi-weekly basis thereafter (by 5:00 p.m. New York City time on the fourth business day of each second week), deliver to the DIP Lenders a variance report for the bi-weekly period since ended (except for the first such variance report shall be for the period from the Petition Date through the end of the applicable week) comparing: (x) total receipts for such period to total receipts for such period as set forth in the Budget on a cumulative for week rolling basis; (y) total disbursements for such period to total disbursements for such period as set forth in the Budget on a cumulative four week rolling basis; together with a statement certifying compliance with the Permitted Variances (as defined below) for such period (each a "**Measuring Period**") and explaining in reasonable detail all material variances (each such report, a "**Variance Report**," which shall be in a form satisfactory to the DIP Agent).

For purposes of each Measuring Period, the Debtors shall calculate: (x) the numerical difference between total receipts for such period to total receipts for such period as set forth in the Budget on a cumulative four-week rolling basis, and to the extent the difference is a negative number, the percentage such difference (as an absolute amount) is of the cumulative budgeted amount for receipts for such period (the "**Receipts Variance**"); and (y) the numerical difference

between total disbursements for such period to total disbursements for such period as set forth in the Budget on a cumulative four-week rolling basis, and to the extent the difference is a positive number, the percentage such difference is of the cumulative budgeted amount for disbursements for such period; *provided*, however, the disbursements shall not include any amounts in the Budget related to professional fees (the "**Disbursements Variance**").

For purposes herein, a "**Permitted Variance**" shall mean: (x) with respect to the Receipts Variance: (i) for the first three Measuring Periods following the Petition Date, the Receipts Variance shall not be greater than a 20%; and (ii) for the following Measuring Periods, the Receipts Variance shall not be greater than 15%; and (y) with respect to the Disbursements Variance, for any Measuring Period, the Receipts Variance shall not be greater than 15%.

The DIP Documents shall also include a minimum liquidity covenant acceptable to the DIP Backstop Parties.

Interim Order: The interim order approving the DIP Facility, which shall be in form and substance acceptable to the Required Lenders (the "**Interim Order**"), shall, among other things, authorize and approve (i) the Interim Draw and the Deemed Draw, (ii) the making of the DIP Loans, (iii) the granting of the super-priority claims and liens against the Debtors and their assets in accordance with this Term Sheet and the DIP Documents with respect to the Debtor Collateral, (iv) the payment of all fees and expenses (including the fees and expenses of outside counsel and financial advisors) required to be paid to the DIP Agent and the DIP Lenders as described herein under the heading "*Indemnification and Reimbursement of Expenses*" by the Debtors, and to the plan support parties pursuant to the RSA, (v) the use of Cash Collateral, provided that the Prepetition Secured Parties shall be granted the Adequate Protection (as defined below), and (vi) the payment of the DIP Agent Fee, the Backstop Premium, the Upfront Premium and the Exit Premium, which payments shall not be subject to reduction, setoff or recoupment, and shall be fully earned upon entry of the Interim Order. The Interim Order shall also include provisions relating to the Purchase Option (as defined in the Restructuring Term Sheet), including the immediate "roll-up" or refinancing of the ABL Facility (as defined in the Restructuring Term Sheet) upon consummation of the Purchase Option, as further described in the Restructuring Term Sheet.

Final Order: The final order approving the DIP Facility, which shall be substantially in the same form as the Interim Order (with such modifications as are necessary to convert the Interim Order into a final order) and otherwise in form and substance acceptable to the Required Lenders (the "**Final Order**" and together with the Interim Order, the "**Orders**"), shall, among other things, authorize and

approve the DIP Facility on a final basis, and the Final Draw.

Priority and Collateral Under DIP Facility:

The DIP Facility will, subject to the Carve-Out, be secured by substantially all of the assets of the Debtors, excluding any causes of action under Bankruptcy Code sections 502(d), 544, 545, 547, 548, 549, 550 or 553 or any other avoidance actions under the Bankruptcy Code or applicable non-bankruptcy law, provided that, upon the entry of the Final Order, the DIP Obligations shall be secured by the proceeds thereof (all such assets, the "**Debtor Collateral**"), in accordance with the following:

The liens securing the DIP Facility (the "**DIP Liens**") shall constitute:

(i) with respect to the Notes Priority Collateral (as defined in the Prepetition Indenture), a fully-perfected non-avoidable, automatically and properly perfected first priority priming lien on, and security interest in, such Notes Priority Collateral;

(ii) upon the entry of the Interim Order, with respect to the equity interests held by Gibson Holdings, Inc. in TEAC Corp. (the "**TEAC Shares**") a fully perfected first priority pledge over the TEAC Shares. Upon the Deemed Draw, the DIP Lien on the ABL Priority Collateral shall also become a first priority lien;

(iii) with respect to Debtor Collateral not otherwise subject to any prepetition lien at the time of the commencement of the Cases, a fully-perfected non-avoidable, automatically and properly perfected first priority lien on, and security interest in, such Debtor Collateral; *provided*, however, with respect to any unencumbered equity interests in any foreign subsidiaries of the Borrower that are Guarantors, in lieu of such lien, the DIP Agent may elect to take a grant of a non-avoidable, automatically vested, senior and first priority right to, the value of such unencumbered equity interest, which value shall not be allocated, distributed, or realized by any party until the payment in cash in full of the DIP Obligations (as defined herein); and

(iv) with respect to Debtor Collateral that is subject to any other valid, perfected, and unavoidable lien (other than those liens referred to in clause (i) and (ii) above), a fully-perfected non-avoidable, automatically and properly perfected junior priority security interest on such Debtor Collateral, *provided* that DIP Liens shall be senior to any prepetition non-avoidable liens that were junior to the liens securing the Prepetition Secured Notes.

All obligations of the Borrower and the Guarantors to the DIP

Lenders and to the DIP Agent under the DIP Documents, including, without limitation, all principal, accrued interest, costs, fees and premiums provided for therein (collectively, the "**DIP Obligations**"), shall constitute claims entitled to the benefits of Bankruptcy Code section 364(c)(1), having a super-priority over any and all administrative expenses and claims, of any kind or nature whatsoever, including, without limitation, the superpriority claims granted to the Prepetition Secured Parties under the Interim Order and the Final Order, and the administrative expenses of the kinds specified in or ordered pursuant to Bankruptcy Code sections 105, 326, 327, 328, 330, 331, 361, 362, 363, 364, 365, 503, 506, 507(a), 507(b), 546, 552, 726, 1113 and 1114, and any other provision of the Bankruptcy Code ("**DIP Claims**"), subject only to the Carve-Out.

Carve out*:** The "**Carve-Out**" shall be usual and customary for similar debtor-in-possession financings and shall be in an amount equal to: (i) all fees required to be paid to the Clerk of the Bankruptcy Court and to the U.S. Trustee, (ii) all reasonable fees and expenses incurred by a chapter 7 trustee under section 726(b) of the Bankruptcy Code in an amount not to exceed $50,000, and (iii) to the extent allowed by the Bankruptcy Court at any time, and whether allowed before or after delivery of a Trigger Notice (as defined below), (A) all allowed and unpaid claims for fees, costs, disbursements and expenses of professionals retained by the Debtors, and any statutory committee(s) under section 327 or 1103(a) of the Bankruptcy Code (collectively, the "**Professional Fees**"), as provided in the Budget for any period of time whether before, or after, the date of the Trigger Notice but incurred at any time on or prior to the delivery of a Trigger Notice, ***plus (B) Professional Fees incurred after the delivery of a Trigger Notice in an amount not to exceed $500,000 (the "**Carve-Out Cap**"), in each case subject to the limits imposed by the Orders or otherwise on Professional Fees of any statutory committee permitted to be incurred in connection with any investigation of the claims, liens and defenses against any Prepetition Secured Party, which for the avoidance of doubt, shall not exceed $50,000, (the "**Investigation**").

"**Trigger Notice**" shall mean a written notice delivered by the DIP Agent describing the event of default that is alleged to continue under the DIP Documents (or after the payment in full of the DIP Obligations, the Prepetition Trustee under the Prepetition Indenture describing the reason for termination of the use of Cash Collateral). Immediately upon delivery of a Trigger Notice, and prior to (and not conditioned upon, or subject to any delay on account of) the payment to any of the DIP Agent, DIP Lenders or the Prepetition Secured Parties on account of the DIP Obligations, the Prepetition Obligations, any adequate protection obligations, claims or liens, or otherwise, the Debtors shall immediately, and be authorized and required to, deposit, as soon as reasonably practicable, in a

segregated account not subject to the control of the DIP Agent or the Prepetition Trustee (the "**Carve-Out Account**"), an amount equal to the Carve-Out Cap. The funds on deposit in the Carve-Out Account shall be available only to satisfy obligations benefitting from the Carve-Out, and the DIP Agent and the Prepetition Trustee, each on behalf of itself and the relevant secured parties, (i) shall not sweep or foreclose on cash of the Debtors necessary to fund the Carve-Out Account, (ii) shall subordinate their security interests and liens in the Carve-Out Account to the payment of the allowed Professional Fees, but subject to the Carve-Out Cap, and shall only have a security interest upon, and shall only have a right of enforcement against, any residual interest in the Carve-Out Account available following satisfaction in full in cash of all obligations benefitting from the Carve-Out; and (iii) waive, and agree not to assert, any right of disgorgement with respect to the payment of the allowed Professional Fees.

Notwithstanding the delivery and effectiveness of a Trigger Notice, the Borrower and the Guarantors shall be entitled to use Cash Collateral to pay payroll expenses that have accrued through the date of the Trigger Notice and trust fund taxes that were included in the Budget but remain unpaid.

Adequate Protection: Pursuant to Sections 361, 363(e) and 364(d)(1) of the Bankruptcy Code, to the extent of any diminution in the value of the Prepetition Collateral, as protection in respect of, among other things, (x) the incurrence of the DIP Facility, (y) the imposition of the automatic stay, and (z) the Debtors' use of the Prepetition Collateral including Cash Collateral, the Debtors and the DIP Lenders agree, subject to Bankruptcy Court approval, to all of the following forms of adequate protection for the Prepetition Secured Note Parties (the "**Adequate Protection**"):

(a) the payment of all accrued and unpaid fees and disbursements owed to, or otherwise incurred by, the Prepetition Trustee, including all fees and expenses of counsel and other professionals of the Prepetition Trustee, including, but not limited to, Pryor Cashman LLP and any local counsel retained by the Prepetition Trustee (collectively, "**Local Counsel**") incurred since the commencement of their engagements prior to the Petition Date without the need to file any application with or obtain any order from the Bankruptcy Court;

(b) the payment of all accrued and unpaid fees and disbursements owed to, or otherwise incurred by, the ad hoc committee of Prepetition Secured Noteholders (the "**Ad Hoc Committee**"), including all fees and expenses of counsel and other professionals of the Ad Hoc Committee, including, but not limited to, Paul, Weiss, Rifkind, Wharton & Garrison LLP, PJT Partners LP, and any local counsel retained by the Ad Hoc Committee (collectively, "**Local Counsel**"), incurred since the commencement

of their engagements prior to the Petition Date without the need to file any application with or obtain any order from, the Bankruptcy Court;

(c) any other fees and expenses of professionals retained by the Ad Hoc Committee and required to be paid by the Debtors under the RSA;

(d) replacement or, if applicable, new continuing, valid, binding, enforceable, non-avoidable and automatically perfected post-petition security interests in and liens on the Debtor Collateral (including, for the avoidance of doubt, the proceeds of avoidance actions upon the entry of the Final Order) pursuant to sections 361, 363(e) and 364(d) of the Bankruptcy Code that are junior to the liens securing the DIP Facility, subject to and junior to the Carve-Out;

(e) upon the entry of the Interim Order, a fully perfected junior priority pledge over the TEAC Shares;

(f) with respect to Baldwin Piano Inc. and Wurlitzer Corp. (together, the "**Other Subsidiaries**"), the Other Subsidiaries shall unconditionally guarantee, and on a fully perfected second priority basis, all of the Debtors' Prepetition Obligations under the Prepetition Indenture;

(g) financial reporting and other ordinary and customary reports and notices delivered by the Borrower under the DIP Facility;

(h) to the extent permitted under the Bankruptcy Code, allowed superpriority claims as provided for in sections 503(b) and 507(b) of the Bankruptcy Code that are junior to the superpriority claims of the DIP Lenders; and

(i) until the closing of the Purchase Option, on ABL Priority Collateral (as defined in the Intercreditor Agreement) (i) no DIP Obligations shall prime any Prepetition ABL Liens and (ii) and the Debtors shall apply all proceeds of the ABL Priority Collateral (the "ABL Priority Collateral Cash") received by the Debtors to reduce the Prepetition ABL Obligations.

In addition, the Orders shall provide for customary prepetition secured lender protections, including, but not limited to, waivers regarding section 506(c), the "equities of the case" under section 552(b) of the Bankruptcy Code (in the Final Order only) and the equitable doctrine of marshaling, as well as limitations on the use of collateral and stipulations in respect of the validity of prepetition liens and obligations, in each case, as such may pertain to the claims and liens of the Prepetition Secured Parties.

Adequate protection shall also be provided to the lenders and agent

under the ABL Facility (as defined in the Restructuring Term Sheet), including replacement liens on Debtor Collateral, as further described in the Interim Order until the closing of the Purchase Option. Interest, fees and expenses payable under the ABL Facility will be paid in connection with the Purchase Option.

Events of Default: The DIP Loan Documents will contain Events of Default (which can be waived by the Required Lenders) consistent with this Term Sheet and customary for debtor-in-possession financing facilities of this type, including, without limitation:

(a) The entry of the Final Order shall have not occurred within 35 days after the Petition Date.

(b) Any of the Cases shall be dismissed or converted to a case under chapter 7 of the Bankruptcy Code, or any filing by the Debtors or a motion or other pleading seeking entry of such an order.

(c) Any Debtor files a motion in the Cases without the express written consent of Required Lenders, to obtain additional financing from a party other than the DIP Lenders under Section 364(d) of the Bankruptcy Code that is *pari passu* or senior to the DIP Obligations or to use cash collateral of the DIP Lenders or the Prepetition Secured Notes Parties pursuant to section 363 of the Bankruptcy Code other than as permitted by the Orders or the DIP Facility.

(d) The making of any material payments in respect of prepetition obligations other than (i) as permitted by the Interim Order or the Final Order, (ii) as permitted by any "first day" or "second day" orders reasonably satisfactory to the DIP Agent, (iii) as permitted by any other order of the Bankruptcy Court reasonably satisfactory to the DIP Agent, (iv) as permitted under the DIP Documents, or (iv) as otherwise agreed to by the DIP Agent.

(e) Noncompliance, subject to any applicable grace and/or cure periods, by any Loan Party or any of its subsidiaries with the terms of the DIP Documents, the Interim Order or the Final Order.

(f) The entry of an order staying, reversing, vacating or otherwise modifying the Interim Order or the Final Order, in each case without the consent of the DIP Agent and the Required Lenders, or the filing by the Debtors of an application, motion or other pleading seeking entry of such an order.

(g) A trustee, responsible officer or an examiner having expanded powers (beyond those set forth under Sections 1106(a)(3) and

(4) of the Bankruptcy Code) under Bankruptcy Code section 1104 (other than a fee examiner) is appointed or elected in the Cases, the Debtors apply for, consent to, or acquiesce in, any such appointment, or the Bankruptcy Court shall have entered an order providing for such appointment, in each case without the prior written consent of the Required Lenders in their sole discretion.

(h) The entry of an order in any of the Cases denying or terminating use of cash collateral by the Debtors.

(i) The entry of an order in any of the Cases granting relief from any stay or proceeding (including, without limitation, the automatic stay) so as to allow a third party to proceed with foreclosure against any material assets of the Loan Parties in excess of $250,000.

(j) The entry of an order in the Cases (i) charging any of the Debtor Collateral under Section 506(c) of the Bankruptcy Code against the DIP Lenders the commencement of other actions by the Debtors that challenge the rights and remedies of the DIP Agent or the DIP Lenders under the DIP Facility in any of the Cases or inconsistent with the applicable DIP Documents, (ii) avoiding or requiring disgorgement by the DIP Lenders of any amounts received in respect of the obligations under the DIP Facility or (iii) resulting in the marshaling of any Debtor Collateral.

(k) The entry of an order in the Cases (i) charging any of the Prepetition Collateral under Section 506(c) of the Bankruptcy Code against the Prepetition Secured Noteholders or the commencement of other actions by the Debtors that challenge the rights and remedies of the Prepetition Trustee or the Prepetition Secured Noteholders under the Prepetition Indenture in any of the Cases or inconsistent with the applicable documents governing the Prepetition Indenture, the Prepetition Collateral, and the Prepetition Secured Notes (other than the use of cash collateral on a non-consensual basis), (ii) avoiding or requiring disgorgement by the Prepetition Secured Parties of any amounts received in respect of the obligations under the Prepetition Indenture and the Prepetition Secured Notes or (iii) resulting in the marshaling of any Prepetition Collateral.

(l) Entry of an order by the Bankruptcy Court terminating or modifying the exclusive right of any Debtor to file a chapter 11 plan pursuant to section 1121 of the Bankruptcy Code, without the prior written consent of the Required Lenders.

(m) (i) The Debtors shall seek to, or shall support any other person's motion to, (w) disallow in whole or in part the DIP Obligations,

(x) challenge the validity and enforceability of the DIP Liens or the liens in favor of the Prepetition Secured Noteholders or Prepetition Trustee, or (y) contest any material provision of any DIP Document, (ii) the DIP Liens and/or the super-priority claims of the DIP Agent and the DIP Lender shall otherwise cease to be valid, perfected and enforceable in all respects or (iii) any material provision of any DIP Document shall cease to be effective.

(n) Except as permitted under the DIP Facility, (i) the Debtors shall file any pleading or proceeding seeking relief which could reasonably be expected to result in a material impairment of the rights or interests of the DIP Agent or DIP Lenders or (ii) the Bankruptcy Court shall enter an order with respect to a pleading or proceeding brought by any other person which results in a material impairment of the rights or interests of the DIP Agent or DIP Lenders.

(o) Any Debtor shall fail to execute and deliver to the DIP Agent any agreement, financing statement, trademark filing, copyright filing, mortgages, notices of lien or similar instruments or other documents that the DIP Agent may reasonably request from time to time to more fully evidence, confirm, validate, perfect, preserve and enforce the DIP Liens created in favor of the DIP Agent.

(p) The failure to satisfy any of the Milestones within the timeframe outlined below; *provided* that the DIP Lenders shall agree to a reasonable extension of the Milestones to the extent required to accommodate the Bankruptcy Court's calendar.

(q) The Debtors (i) terminate the CRO, or (ii) modify or reduce the scope of the CRO's authority, or modify the person(s) to whom the CRO reports, without the prior written consent of the Majority DIP Backstop Parties; except for Cause.

(r) The Debtors (i) remove the Independent Director, or (ii) modify the Independent Director's approval rights over certain specified actions; except for Cause.

(s) Such other usual and customary Events of Default for debtor-in-possession facilities of this type that are reasonably requested by the DIP Agent and the DIP Lenders.

(t) A breach by the Debtors of the RSA or termination of the RSA (other than as a result of a breach by the Supporting Noteholders (as defined in the RSA) or with mutual consent of the RSA Parties (as defined by in the RSA); *provided* that certain covenants thereunder to be agreed upon shall survive

termination.

For purposes hereof, "**Cause**" means (A) being convicted of, or pleading guilty or nolo contendere to, a felony (other than a traffic violation); (B) material breach of any obligations; (C) willful misconduct that results in material harm to the Debtors; (D) fraud with regard to the Debtors; (E) willful, material violation of any reasonable written rule, regulation or policy of the Debtors that results in material harm to the Debtors; or (F) willful and substantial failure to make reasonable attempts in good faith to substantially perform material duties (other than by reason of illness or disability) (it being understood that, for this purpose, the manner and level of performance shall not be determined based on the financial performance of the Debtors. For clarity, no act or failure to act, shall be considered "willful," unless done, or omitted to be done, in bad faith and without reasonable belief that an action or omission was in, or not opposed to, the best interest of the Debtors, and, in addition, conduct shall not be considered "willful" with respect to any action taken or not taken based on the advice of the Debtors' inside or outside legal counsel.

Milestones:

The DIP Documents shall require compliance with the following milestones (the "**Milestones**"):

(a) the Debtors shall commence the Cases by filing voluntary petitions under chapter 11 of the Bankruptcy Code with the Bankruptcy Court by May 1, 2018;

(b) the Bankruptcy Court shall enter the Interim Order by the date that is no later than three (3) business days following the Petition Date;

(c) the Debtors shall file with the Bankruptcy Court a motion requesting an extension of the date by which they must assume or reject unexpired leases of non-residential real property by no later than ten (10) days following the Petition Date;

(d) the Bankruptcy Court shall enter orders approving the Debtors' motion requesting an extension of the date by which they must assume or reject unexpired leases of non-residential by no later than the hearing on the "second day" motions;

(e) the Bankruptcy Court shall enter the Final Order approving the DIP Facility on a final basis by no later than thirty-five (35) days following the Petition Date; and

(f) the Debtors shall file with the Bankruptcy Court by no later than June 4, 2018, a Plan, a Disclosure Statement (each as defined in the Restructuring Term Sheet), and a motion to approve the Plan, the Disclosure Statement and the related solicitation materials, dates

and deadlines.

Remedies: The DIP Agent (acting at the direction of the Required Lenders) and the DIP Lenders shall have customary remedies, including, without limitation, the right (after providing five (5) business days' prior notice to counsel to the Debtors, counsel to any statutory committee, and the United States Trustee) to realize on all Debtor Collateral, including Cash Collateral.

Subject to the notice period referred to above, the automatic stay pursuant to Bankruptcy Code section 362 shall be automatically terminated on the DIP Termination Date, without further notice or order of the Bankruptcy Court, unless the DIP Agent (at the direction of the Required Lenders) elects otherwise in a written notice to the Debtors, and the DIP Agent (at the direction of the Required Lenders) shall be permitted to exercise all rights and remedies, including with respect to the Debtor Collateral, set forth in the Interim Order or the Final Order, as applicable, and the DIP Documents, and as otherwise available at law without further order or application or motion to the Bankruptcy Court, and without restriction or restraint by any stay under Bankruptcy Code sections 362 or 105 or otherwise.

In the event any party requests a hearing (after providing no less than two (2) business days' prior notice) seeking to prevent the DIP Agent or the DIP Lenders from exercising any of their rights and remedies that arise after an event of default, the sole issue before the Bankruptcy Court at such hearing shall be whether an event of default has occurred and has not been cured or waived. No other issue or argument shall be relevant to any opposition to enforcement of the DIP Agent's and the DIP Lenders' rights; *provided*, however, the Bankruptcy Court may consider any proposals to pay the DIP Obligations in cash in full by no later than five (5) business days after any such hearing. Such hearing may be held on shortened notice.

Indemnification and Reimbursement of Expenses: The DIP Documents will contain provisions for payment of expenses and indemnification of (i) one primary and one local counsel for the DIP Agent and (ii) one financial advisor, one primary, and one local counsel for each applicable jurisdiction for the DIP Backstop Parties, collectively.

Assignment and Participations: The DIP Documents shall include rights of assignment, subject to the DIP Agent's consent (not to be unreasonably withheld or delayed) and participation rights.

Governing Law: State of New York (and, to the extent applicable, the Bankruptcy Code).

Miscellaneous: The DIP Documents will include standard yield protection provisions (including, without limitation, provisions relating to compliance with risk based capital guidelines, increased costs and payments free and clear of withholding taxes).

Counsel to the DIP Backstop Parties:	Paul, Weiss, Rifkind, Wharton & Garrison LLP
Counsel to the DIP Agent:	Arnold & Porter Kaye Scholer LLP

EXHIBIT A

Annex C

Certain Employment Agreements

On the Effective Date, reorganized Gibson shall enter into the following agreements in exchange for the provision of management, consulting, and transition services, as applicable and as set forth in the definitive agreements, by certain members of existing management:

1. Employment Agreement between reorganized Gibson and David Berryman

Salary:	$1.25 million in salary payable consistent with the reorganized Debtors' regular payroll cycle, and a $2.10 million signing bonus, payable in equal quarterly installments on the three month anniversary of the Effective Date, the six month anniversary of the Effective Date, the nine month anniversary of the Effective Date and the 12 month anniversary of the Effective Date.
Warrant Package	5 year warrants exercisable for up to 2.25% of the New Equity Interests (subject to dilution by the MIP), with a strike price that implies a par-plus-accrued recovery on the Secured Notes with interest continuing to accrue at 8.875% per annum as though the Secured Notes continued to remain outstanding through the date of exercise of the warrants. The warrants shall be distributed in equal quarterly installments on the three month anniversary of the Effective Date, the six month anniversary of the Effective Date, the nine month anniversary of the Effective Date and the 12 month anniversary of the Effective Date. The warrants will provide for customary and reasonable protections, consistent with market practice, including standard anti-dilution protections, protections requiring that, upon a merger, a sale of substantially all of the reorganized Debtors' assets, or other change of control that would either extinguish the New Equity Interests granted under the Plan or otherwise impair the exercise of the Warrants, the reorganized Debtors shall pay each warrant holder an amount, in cash, equal to the aggregate value of such holder's warrants as of such transaction date, using the same Black-Scholes valuation methodology that was used in connection with the negotiations of the warrants (the "**Warrant Protections**").
Benefits:	Reorganized Gibson shall provide Mr. Berryman with health insurance coverage and other reasonable, ordinary and customary employee benefits that are consistent with the historical provision of such benefits to Mr. Berryman.
Term:	One year

2. Consulting Agreement between reorganized Gibson and Henry Juszkiewicz

Salary:	$2.1 million annually payable in equal quarterly installments on the three month anniversary of the Effective Date, the six month anniversary of the Effective Date, the nine month anniversary of the Effective Date and the 12 month anniversary of the Effective Date.
Warrant Package:	5 year warrants exercisable for up to 2.25% of the New Equity Interests (subject to dilution by the MIP), with a strike price that implies a par-plus-accrued recovery on the Secured Notes with interest continuing to

	accrue at 8.875% per annum as though the Secured Notes continued to remain outstanding through the date of exercise of the warrants. The warrants shall be distributed in equal quarterly installments on the three month anniversary of the Effective Date, the six month anniversary of the Effective Date, the nine month anniversary of the Effective Date and the 12 month anniversary of the Effective Date. The warrants will be subject to the Warrant Protections.
TEAC Profits Interest:	In exchange for his assistance in monetizing Reorganized Gibson's indirect interest in TEAC Corp. (the "Owned TEAC Shares), Mr. Juszkiewicz shall receive a profits interest in a number of the Owned TEAC Shares equal to the number of Owned TEAC Shares that have a value of $1.5 million based on the last trading value of TEAC Shares on the Effective Date (the "Profits Interest"). The proceeds of the Profits Interest shall be payable in full in cash within 10 business days of reorganized Gibson's receipt of the proceeds from any liquidity event resulting from a sale or other monetization of all or substantially all of the Owned TEAC Shares.
Benefits:	Reorganized Gibson shall provide Mr. Juszkiewicz with health insurance coverage and other reasonable, ordinary and customary employee benefits that are consistent with the historical provision of such benefits to Mr. Juszkiewicz.
Term:	One year

Annex D
MILESTONES

MILESTONE	**DEADLINE**
The Company shall have executed the fee letters of Paul, Weiss, PJT and Young Conaway, funded any retainers received thereunder, and paid all the agreed fees.	The RSA Effective Date
The Debtors shall commence the Cases by filing voluntary petitions under chapter 11 of the Bankruptcy Code with the Bankruptcy Court.	May 1, 2018 (the "Petition Date")
The Bankruptcy Court shall have entered the Interim DIP Order in form and substance acceptable to the Ad Hoc Committee.	By no later than three business days following the Petition Date
The Debtors shall file with the Bankruptcy Court a motion requesting an extension of the date by which they must assume or reject unexpired leases of non-residential real property.	By no later than ten days following the Petition Date
The Debtors shall file with the Bankruptcy Court the Plan, the Disclosure Statement, and a motion to approve the Plan and Disclosure Statement and establish various dates and deadlines and approve related solicitation procedures.	June 4, 2018
The Bankruptcy Court shall enter an order approving the Debtors' motion requesting an extension of the date by which they must assume or reject unexpired leases of non-residential real property	By no later than thirty days following the Petition Date
The Bankruptcy Court shall enter the Final Order approving the DIP Facility in form and substance acceptable to the Required Supporting Noteholders.	By no later than thirty-five days following the Petition Date
The Bankruptcy Court shall enter an order approving the Disclosure Statement in form and substance acceptable to the Ad Hoc Committee and the Debtor shall commence solicitation of votes on the Plan.	By no later than July 13, 2018
The Bankruptcy Court shall enter the Confirmation Order in form and substance acceptable to the Required Supporting Noteholders.	By no later than September 7, 2018
The Plan Effective Date shall occur.	By no later than September 24, 2018

Annex E

RELEASES AND EXCULPATION

Definitions	"**Claim**" means a "claim," as defined in section 101(5) of the Bankruptcy Code, as against any Debtor. "**Confirmation Order**" means the order of the Bankruptcy Court confirming the Plan pursuant to section 1129 of the Bankruptcy Code and approving the transactions contemplated thereby. "**Estates**" means individually or collectively, the estate or estates of a Debtor created under section 541 of the Bankruptcy Code. "**Final Order**" means an order or judgment of a court of competent jurisdiction that has been entered on the docket maintained by the clerk of such court, which has not been reversed, vacated or stayed and as to which (a) the time to appeal, petition for certiorari, or move for a new trial, reargument or rehearing has expired and as to which no appeal, petition for certiorari, or other proceedings for a new trial, reargument, or rehearing will then be pending, or (b) if an appeal, writ of certiorari, new trial, reargument, or rehearing thereof has been sought, such order or judgment will have been affirmed by the highest court to which such order was appealed, or certiorari will have been denied, or a new trial, reargument, or rehearing will 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, reargument, or rehearing will have expired; provided, however, that no order or judgment will fail to be a "Final Order" solely because of the possibility that a motion under Rules 59 or 60 of the Federal Rules of Civil Procedure or any analogous Bankruptcy Rule (or any analogous rules applicable in another court of competent jurisdiction) or sections 502(j) or 1144 of the Bankruptcy Code has been or may be filed with respect to such order or judgment "**Interest**" means any equity security (as defined in section 101(16) of the Bankruptcy Code) of a Debtor, including all shares, common stock, preferred stock, or other instrument evidencing any fixed or contingent ownership interest in any Debtor, whether or not transferable, and any option, warrant, or other right, contractual or otherwise, to acquire any such interest in a Debtor, whether fully vested or vesting in the future, including, without limitation, equity or equity-based incentives, grants, or other instruments issued, granted or promised to be granted to current or former employees, directors, officers, or contractors of the Debtor, to acquire any such interests in a Debtor that existed immediately before the Effective Date. "**Impaired**" means, with respect to a Claim, Interest, or Class of Claims or Interests, "impaired" within the meaning of sections 1123(a)(4) and 1124 of the Bankruptcy Code.

	"**Released Parties**" means, collectively: (a) the Debtors; (b) the Ad Hoc Committee; (c) the individual members of the Ad Hoc Committee; (d) each of the Consenting Secured Noteholders; (e) the DIP Agent; (f) the DIP Lenders; (g) the Secured Notes Trustee (and any of its predecessor trustees under the Prepetition Indenture); (h) the Consenting Principals; (i) with respect to each of the foregoing entities in clauses (a) through (h), each of their current and former affiliates; and (j) with respect to each of the foregoing entities in clauses (a) through (i), such entities' predecessors, successors and assigns, subsidiaries, affiliates, managed accounts or funds, and all of their respective current and former officers, directors, principals, shareholders, members, partners, employees, agents, advisory board members, financial advisors, attorneys, accountants, investment bankers, consultants, representatives, management companies, fund advisors and other professionals, and such persons' respective heirs, executors, estates, servants and nominees. "**Releasing Parties**" means, collectively, (a) the Debtors; (b) the Ad Hoc Committee; (c) the individual members of the Ad Hoc Committee; (d) each of the Consenting Secured Noteholders; (e) the DIP Agent; (f) the DIP Lenders; (g) the Secured Notes Trustee (and any of its predecessor trustees under the Prepetition Indenture); (h) the Consenting Principals; (i) with respect to each of the foregoing parties under (a) through (h), each of their current and former affiliates; (j) with respect to each of the foregoing entities in clauses (a) through (i), such entities' predecessors, successors and assigns, subsidiaries, affiliates, managed accounts or funds, and all of their respective current and former officers, directors, principals, shareholders, members, partners, employees, agents, advisory board members, financial advisors, attorneys, accountants, investment bankers, consultants, representatives, management companies, fund advisors and other professionals, and such persons' respective heirs, executors, estates, servants and nominees; and (k) without limiting the foregoing, each holder of a Claim against or interest in the Debtors that (1) voted to accept the Plan, (2) is deemed to accept the Plan, (3) is deemed to reject the Plan and did not indicate that they opt to not grant the releases provided in the Plan; (4) whose vote to accept or reject the Plan was solicited but who does not vote either to accept or to reject the Plan and, further, did not indicate that they opt to not grant the releases provided in the Plan, or (5) voted to reject the Plan and did not indicate that they opt to not grant the releases provided in the Plan. For the avoidance of doubt, the Releasing Parties shall not include any holder of a Claim against or interest in the Debtors that was entitled to vote on the Plan, voted to reject the Plan, and elected to opt-out of the releases provided for in the Plan (an "Excluded Releasing Party"); "**Reorganized Debtors**" means the Debtors as reorganized pursuant to the Plan.
Releases	Releases by the Debtors: As of the Effective Date, except for the rights that remain in effect from and after the Effective Date to enforce the Plan and the Definitive Documents, including the preserved causes of action, for good and valuable consideration, the adequacy of which is

	hereby confirmed, including, without limitation, the service of the Released Parties to facilitate the reorganization of the Debtors and the implementation of the Restructuring, and except as otherwise provided in the Plan or in the Confirmation Order, the Released Parties will be deemed forever released and discharged, to the maximum extent permitted by law, by the Debtors, the Reorganized Debtors, the Estates, all affiliates or subsidiaries managed or controlled by the foregoing, and each of their predecessors, successors and assigns, subsidiaries, and affiliates, and all of their respective current and former officers, directors, principals, shareholders, members, partners, employees, agents, advisory board members, financial advisors, attorneys, accountants, investment bankers, consultants, representatives, and other professionals, and such persons' respective heirs, executors, estates, servants and nominees, from any and all Claims, Interests or causes of action whatsoever, including any derivative Claims asserted or that could have been 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, relating to, or arising from, in whole or in part, directly or indirectly, in any manner whatsoever, the Debtors, the assets, liabilities, operations or business of the Debtors, the 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 before or during the Chapter 11 Cases, the negotiation, formulation, preparation, or consummation of the DIP Orders, the Plan, this Term Sheet, the RSA, the Definitive Documents, or any related agreements, instruments, or other documents, or the solicitation of votes with respect to the Plan, in all cases based upon any act or omission, transaction, agreement, event or other occurrence taking place on or before the Effective Date; <u>provided</u> <u>that</u> nothing in the Plan shall be construed to release the Released Parties from willful misconduct or intentional fraud as determined by a Final Order. <u>Third Party Releases:</u> The Plan and Confirmation Order shall provide that, effective as of the Effective Date, the Releasing Parties conclusively, absolutely, unconditionally, irrevocably, and forever discharge and release (and each entity so discharged and released shall be deemed discharged and released by the Releasing Parties) the Released Parties and their respective property from any and all Claims, Interests, obligations, rights, suits, damages, causes of action, remedies, and liabilities whatsoever, including any derivative claims asserted or assertable on behalf of the Debtors, the Reorganized Debtors, or their Estates, any Claims or causes of action asserted on behalf of any Holder of any Claim or any Interest or that any Holder of a Claim or an Interest would have been legally entitled to assert, whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, in law, equity, or otherwise, that such Releasing Party would have been legally entitled to

	assert in their own right (whether individually or collectively), based on or relating to, or in any manner arising prior to the Effective Date from, in whole or in part, directly or indirectly, in any manner whatsoever, the Debtors, the assets, liabilities, operations or business of the Debtors, the Restructuring, the Chapter 11 Cases, or the RSA, the purchase, sale, transfer or rescission of any debt, security, asset, right, or interest of the Debtors or the Reorganized Debtors, the subject matter of, or the transactions or events giving rise to, any Claim against or Interest in the Debtors that is treated in the Plan, the business or contractual arrangements between any Debtor and any Released Party, the negotiation, formulation, or preparation of the Restructuring documents or related agreements, instruments or other documents, including the DIP Orders, the Plan, this Term Sheet, the RSA, the Definitive Documents, or any related agreements or instruments, or the solicitation of votes with respect to the Plan, or any other act or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date, provided that nothing in the Plan shall be construed to release the Released Parties from any claims based upon willful misconduct or intentional fraud as determined by a Final Order (the "Third Party Release").
Exculpation	The Plan will provide that "**Exculpated Parties**" will have the same meaning as Released Parties. The Plan will contain exculpation provisions with language substantially to the effect of the following: To the maximum extent permitted by applicable law, no Exculpated Party will have or incur, and each Exculpated Party is hereby released and exculpated from, any claim, obligation, suit, judgment, damage, demand, debt, right, cause of action, remedy, loss, and liability for any claim in connection with or arising out of the administration of the Chapter 11 Cases; the negotiation and pursuit of the Disclosure Statement, the RSA, the Plan, or the solicitation of votes for, or confirmation of, the Plan; the funding or consummation of the Plan; the occurrence of the Effective Date; the administration of the Plan or the property to be distributed under the Plan; the issuance of securities under or in connection with the Plan; or the transactions in furtherance of any of the foregoing; except for fraud or willful misconduct, as determined by a Final Order. This exculpation will be in addition to, and not in limitation of, all other releases, indemnities, exculpations and any other applicable law or rules protecting such Exculpated Parties from liability.
Injunction	The Plan will provide for an injunction solely with respect to any Claim or Interest extinguished, discharged, or released pursuant to the Plan, with language substantially to the effect of the following: (a) Upon entry of the Confirmation Order, all holders of Claims and Interests and other parties in interest, along with their respective present or former employees, agents, officers, directors, principals, and affiliates, shall be enjoined from taking any actions to interfere with the

	implementation or consummation of the Plan in relation to any Claim extinguished, discharged, or released pursuant to the Plan. (b) Except as expressly provided in the Plan, the Confirmation Order, or a separate order of the Bankruptcy Court or as agreed to by the Debtors and a holder of a Claim against or Interest in a Debtor, all Entities that have held, hold, or may hold Claims against or Interests in the Debtors whether or not such parties have voted to accept or reject the Plan and other parties in interest, along with their respective present or former employees, agents, officers, directors, principals, and affiliates are permanently enjoined, on and after the Effective Date, solely with respect to any Claims, Interests, and causes of action that will be or are extinguished, discharged, or released pursuant to the Plan from (i) commencing, conducting, or continuing in any manner, directly or indirectly, any suit, action, or other proceeding of any kind (including, without limitation, any proceeding in a judicial, arbitral, administrative or other forum) against or affecting the Released Parties or the property of any of the Released Parties, (ii) enforcing, levying, attaching (including, without limitation, any prejudgment attachment), collecting, or otherwise recovering by any manner or means, whether directly or indirectly, any judgment, award, decree, or order against the Released Parties or the property of any of the Released Parties, (iii) creating, perfecting, or otherwise enforcing in any manner, directly or indirectly, any encumbrance of any kind against the Released Parties or the property of any of the Released Parties, (iv) asserting any right of setoff, directly or indirectly, against any obligation due the Released Parties or the property of any of the Released Parties, except as contemplated or Allowed by the Plan; and (v) acting or proceeding in any manner, in any place whatsoever, that does not conform to or comply with the provisions of the Plan. (c) The injunctions in the Plan shall extend to any successors of the Debtors and the Reorganized Debtors and their respective property and interests in property.

Exhibit B

Transferee Joinder

The undersigned ("**Transferee**") hereby (i) acknowledges that it has read and understands the RESTRUCTURING SUPPORT AGREEMENT (the "**Agreement**"), dated as of April 30, 2018 among Gibson Brands, Inc. ("**Gibson**"), on behalf of itself and each of its subsidiaries listed on Annex A to the Restructuring Term Sheet,[2] the Supporting Principals, and the Supporting Noteholders, and (ii) agrees to be bound by the terms and conditions thereof to the extent and in the same manner as if Transferee was a Supporting Noteholder thereunder, and shall be deemed a "Supporting Noteholder" and a "Party" under the terms of the Agreement.

Date Executed: _____, [____]

[Transferee's name]

By:_____
Name:
Title:

Aggregate amount of [Secured Noteholder Claims] (whether owned directly by such Transferee or for which such Transferee, has investment or voting discretion or control):

_____

Total principal amount of any other Claims (whether owned directly by such Transferee or for which such Transferee, has investment or voting discretion or control):

[Address]
Attention: [●]
Fax: [●]
Email: [●]

[2] Terms used herein and not otherwise defined have the meanings ascribed to them in the Agreement.

Exhibit C

Additional Party Joinder

The undersigned ("**Additional Party**") hereby (i) acknowledges that it has read and understands the RESTRUCTURING SUPPORT AGREEMENT (the "**Agreement**"), dated as of April 30, 2018 among Gibson Brands, Inc. ("**Gibson**"), on behalf of itself and each of its subsidiaries listed on Annex A to the Restructuring Term Sheet,[3] the Supporting Principals, and the Supporting Noteholders, and (ii) agrees to be bound by the terms and conditions thereof to the extent and in the same manner as if Additional Party was a Supporting Noteholder thereunder, and shall be deemed a "Supporting Noteholder" and a "Party" under the terms of the Agreement.

Date Executed: _____, [____]

[Additional Party's name]

By:_____
Name:
Title:

Aggregate amount of Secured Notes Claims (whether owned directly by such Additional Party or for which such Additional Party, has investment or voting discretion or control):

_____

Total principal amount of any other Claims (whether owned directly by such Additional Party or for which such Additional Party, has investment or voting discretion or control):

_____

[Address]
Attention: [●]
Fax: [●]
Email: [●]

[3] Terms used herein and not otherwise defined have the meanings ascribed to them in the Agreement.

Exhibit D

Notice Provisions

If to the Company:

Gibson Brands, Inc.
309 Plus Park Boulevard
Nashville, TN 37217
Attention: General Counsel

with a copy to (which shall not constitute notice):

Goodwin Proctor
620 Eighth Avenue
New York, NY 10018
Attention: Gregory Fox (gfox@goodwin.com) and
Michael Goldstein (mgoldstein@goodwinlaw.com)

If to the Ad Hoc Committee:

To the holder set forth on each Supporting Noteholder Signature Page

with a copy to (which shall not constitute notice):

Paul, Weiss, Rifkind, Wharton & Garrison LLP
1285 Avenue of the Americas
New York, New York 10019
Attention: Brian S. Hermann (bhermann@paulweiss.com) and
Robert Britton (rbritton@paulweiss.com)

If to the Supporting Principals:

To the holder set forth on each Supporting Principal Signature Page

with a copy to (which shall not constitute notice):

Pillsbury Winthrop Shaw Pittman LLP
1540 Broadway
New York, New York 10036
Attention: Andrew M. Troop (andrew.troop@pillsburylaw.com)

THIS RESTRUCTURING SUPPORT AGREEMENT DOES NOT CONSTITUTE (NOR SHALL IT BE CONSTRUED AS) AN OFFER WITH RESPECT TO ANY SECURITIES OR A SOLICITATION OF ACCEPTANCES OR REJECTIONS AS TO ANY PLAN OF REORGANIZATION, IT BEING UNDERSTOOD THAT SUCH A SOLICITATION, IF ANY, ONLY WILL BE MADE IN COMPLIANCE WITH APPLICABLE PROVISIONS OF SECURITIES, BANKRUPTCY, AND/OR OTHER APPLICABLE LAWS.

FIRST AMENDMENT TO RESTRUCTURING SUPPORT AGREEMENT

This FIRST AMENDMENT TO RESTRUCTURING SUPPORT AGREEMENT, dated as of May 4, 2018 (together with all exhibits, schedules and attachments hereto) (the "**First RSA Amendment**"), is entered into among the Parties to the Restructuring Support Agreement, dated as of April 30, 2018, (the "**RSA**") and amends such Restructuring Support Agreement as provided for herein (as so amended hereby and as may be amended, supplemented or otherwise modified from time to time in accordance with the terms hereof, the "**Amended RSA**").

RECITALS

WHEREAS, on May 1, 2018, the Company commenced a case under the Bankruptcy Code.

WHEREAS, this First RSA Amendment is the product of arm's-length, good faith negotiations among the Parties.

WHEREAS, certain beneficial holders of Notes desire to execute a joinder to the Amended RSA as an Additional Party and become a Supporting Noteholder and have requested certain modifications to the RSA which the Parties have negotiated and have agreed to modify the RSA by this First Amendment.

NOW, THEREFORE, in consideration of the promises and mutual covenants and agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties covenant and agree as follows:

AGREEMENT

Section 1. Amendment of Exhibit A Restructuring Term Sheet. The term sheet annexed as Exhibit A to the RSA (the "**Restructuring Term Sheet**") shall be, and hereby is, amended (the "**First Amended Restructuring Term Sheet**") to modify the following provision:

Board of Directors/Corporate Governance	The size and membership of the board of reorganized Gibson shall be determined by the Required Supporting Noteholders in its sole discretion and disclosed in the Plan Supplement (as defined in the RSA). On and after the Effective Date, reorganized Gibson will be a private company and all parties receiving distributions of New Equity Interests, any person receiving any rights exercisable for New Equity Interests in the form of warrants or pursuant to the Management Incentive Plan, and all persons to whom any such parties may sell their New Equity Interests (or rights exercisable for New Equity Interests) in the future and all persons who

	purchase or acquire New Equity Interests in future transactions shall be required to become parties to an equityholders' agreement in form and substance satisfactory to the Required Supporting Noteholders in its sole discretion. A copy of the equityholders' agreement shall be contained in the Plan Supplement.

by deleting it and replacing it entirely with the following provision (added language underlined):

Board of Directors/Corporate Governance	The size and membership of the board of reorganized Gibson shall be determined by the Required Supporting Noteholders in its sole discretion and disclosed in the Plan Supplement (as defined in the RSA). On and after the Effective Date, reorganized Gibson will be a private company and all parties receiving distributions of New Equity Interests, any person receiving any rights exercisable for New Equity Interests in the form of warrants or pursuant to the Management Incentive Plan, and all persons to whom any such parties may sell their New Equity Interests (or rights exercisable for New Equity Interests) in the future and all persons who purchase or acquire New Equity Interests in future transactions shall be required to become parties to an equityholders' agreement in form and substance satisfactory to the Required Supporting Noteholders in its sole discretion. Such equityholders' agreement and other governing documents of reorganized Gibson will provide for reasonable and customary protections of minority shareholders (with customary exceptions). The Supporting Noteholders (as defined in the RSA) party to the original RSA shall negotiate such minority protection provisions with the noteholders identified in the verified 2019 statement filed with the Bankruptcy Court at Docket No. 51 in good faith, *provided that* such noteholders each execute and deliver to the Debtors an Additional Party Joinder (as defined in the RSA). A copy of the equityholders' agreement shall be contained in the Plan Supplement.

The First Amended Restructuring Term Sheet, dated as of May 4, 2018, annexed hereto as Exhibit A, shall be, and hereby is, deemed to be Exhibit A to the Amended RSA, and shall substitute and replace Exhibit A to the RSA.

Section 2. Effectiveness of Amendment. Pursuant to Section 8.17(a) of the RSA, this First RSA Amendment shall be effective upon confirmation by email by counsel to the Company, the Supporting Principals and Paul, Weiss, each representing that it is acting with the authority of the Company, the Supporting Principals and the Required Supporting Noteholders, respectively, to consent to this First RSA Amendment.

Exhibit A

First Amended Restructuring Term Sheet

GIBSON BRANDS, INC.

FIRST AMENDED RESTRUCTURING TERM SHEET

May 4, 2018

THIS TERM SHEET IS FOR DISCUSSION PURPOSES ONLY AND DOES NOT CONSTITUTE (NOR SHALL IT BE CONSTRUED AS) AN OFFER FOR THE PURCHASE OR SALE OF ANY SECURITIES OR A SOLICITATION OF ACCEPTANCES OR REJECTIONS WITH RESPECT TO A CHAPTER 11 PLAN OF REORGANIZATION. IT DOES NOT CONTAIN ALL OF THE TERMS OF A PROPOSED PLAN OF REORGANIZATION. THIS TERM SHEET SHALL NOT BE CONSTRUED AS (I) AN OFFER CAPABLE OF ACCEPTANCE; (II) A BINDING AGREEMENT OF ANY KIND; (III) A COMMITMENT TO ENTER INTO, OR OFFER TO ENTER INTO, ANY AGREEMENT; OR (IV) AN AGREEMENT TO FILE ANY CHAPTER 11 PLAN OF REORGANIZATION OR DISCLOSURE STATEMENT, CONSUMMATE ANY TRANSACTION, OR TO VOTE FOR OR OTHERWISE SUPPORT ANY PLAN OF REORGANIZATION.

This first amended term sheet (this "**Term Sheet**") describes certain of the principal terms of a proposed restructuring (the "**Restructuring**") with respect to Gibson Brands, Inc. ("**Gibson**") and certain of its subsidiaries listed on **Annex A** hereto (collectively, with Gibson, the "**Debtors**") to be implemented pursuant to a "pre-negotiated" plan of reorganization (the "**Plan**") consistent in all material respects with this Term Sheet to be filed expeditiously by the Debtors in connection with commencing cases (the "**Chapter 11 Cases**") in the United States Bankruptcy Court for the District of Delaware (the "**Bankruptcy Court**") under chapter 11 of title 11 of the United States Code (the "**Bankruptcy Code**").

This Term Sheet does not purport to summarize all of the terms, conditions, representations, warranties, and other provisions with respect to the Restructuring, which will be subject to the completion of Definitive Documents (as defined in the RSA) in accordance with the terms of the RSA.

Implementation of Restructuring	The Restructuring set forth in this Term Sheet shall be effectuated through (i) the execution of a restructuring support agreement (the "**RSA**") among (a) the Debtors, (b) holders of at least 66 2/3% (the "**Consenting Secured Noteholders**") in principal amount of the 8.875% Senior Secured Notes due 2018 (the "**Secured Notes**") and (c) Henry Juszkiewicz and David Berryman (together, the "**Consenting Principals**"); and (ii) the solicitation and confirmation of the Plan, which shall be in all material

	respects consistent with this Term Sheet and the RSA. The parties to the RSA shall negotiate in good faith the Definitive Documentation to implement the Restructuring consistent with the terms described in this Term Sheet and any related documentation, including, without limitation, the RSA, the DIP Facility Term Sheet (as defined below), the Plan, and the disclosure statement describing the Plan (the "**Disclosure Statement**").
Plan Financing	The Debtors will be financed during the Chapter 11 Cases through (i) following the entry of interim and final orders, as applicable, the consensual use of cash collateral, and (ii) a $[•] million new-money investment in the form of a postpetition term loan financing (the "**DIP Facility**") on the terms and conditions set forth in the term sheet attached hereto as **Annex B** (the "**DIP Facility Term Sheet**"). Participation in the DIP Facility will be open to all holders of the 8.875% Senior Secured Notes due 2018 (the "**Secured Noteholders**," and those Secured Noteholders that elect to participate in the DIP Facility, the "**DIP Lenders**"), and shall be fully backstopped by the DIP Backstop Parties (as defined in the DIP Facility Term Sheet) on the terms and conditions set forth in the DIP Facility Term Sheet.
Exit Financing	On and after the Effective Date, the reorganized Debtors shall be financed with the proceeds of: (a) an asset-based loan facility (the "**Exit ABL Facility**") with total commitments of not more than an amount to be set forth in the Disclosure Statement, which is expected to be undrawn on the Effective Date and will be available for working capital purposes; and (b) a term loan facility (the "**Exit Term Loan Facility**") in an amount necessary to repay the DIP Obligations (as defined in the DIP Facility Term Sheet) in full in cash on the Effective Date; *provided that* at their election or if, following the exercise of their commercially reasonable efforts, the Debtors are unable to obtain an Exit Term Loan Facility in an amount sufficient to repay the DIP Obligations in full in cash on terms and conditions reasonably acceptable to the Debtors and the Required Lenders (as defined in the DIP Facility Term Sheet), the Required Lenders shall elect, in their sole discretion after consulting with the Debtors, to either (i) refinance all of the remaining DIP Obligations with exit "takeback paper" secured by liens junior to the Exit ABL Facility and any Exit Term Loan Facility on terms and conditions to be described in the Disclosure Statement, (ii) convert all of the remaining DIP Obligations to New Equity Interests (as

	defined below) at a price per share equal to 80% of Plan Value (as defined below) subject to dilution by any new Equity Interests issued (A) upon exercise of any warrants contemplated by the Plan, (B) to holders of General Unsecured Claims in accordance with the terms of the Plan, (C) in accordance with the terms of the Management Incentive Plan, and (iv) to the DIP Backstop Parties on account of the Backstop Fee (as defined in the DIP Facility Term Sheet)in lieu of repayment and/or satisfaction through the incurrence of additional debt; or (iii) elect to satisfy all of the remaining DIP Obligations through a combination of (i) and (ii) above.
Plan Value	Plan Value shall be set forth in the Disclosure Statement approved by the Bankruptcy Court.
Purchase Option Exercise	On or after the entry of the Interim Order, the Consenting Secured Noteholders shall deliver, or cause to be delivered, a "Purchase Notice" to Gibson and the administrative agent under that certain loan agreement (the "**ABL Facility**"), dated as of February 15, 2017, by and among the Company, Gibson International Sales LLC, and Gibson Pro Audio Corp., as borrowers, the guarantors party thereto, the lenders party thereto from time to time, and Bank of America, N.A., as administrative agent (the "**ABL Agent**") in accordance with (and as defined in) Section 8.21 of the Intercreditor Agreement (as defined in the ABL Facility). As soon as reasonably practicable thereafter, the Consenting Secured Noteholders shall exercise the Purchase Option described in the Purchase Notice in accordance with the terms of the Intercreditor Agreement. The Interim DIP Order shall provide (among other things) that (i) subject to approval and payment in full of all fees set forth in the DIP Facility Term Sheet, the Consenting Secured Noteholders shall waive all rights to payment of any prepayment premium on account of any of the ABL Obligations acquired pursuant to their exercise of the Purchase Option, (ii) immediately upon the closing of the Purchase Option, all ABL Obligations shall be immediately deemed to be refinanced by the DIP Facility and to be DIP Obligations under the DIP Documents (other than Letters of Credit, which shall remain cash collateralized in accordance with the terms of the Intercreditor Agreement), (iii) all fees described in the DIP Facility Term Sheet shall be immediately approved with respect to the entire amount of the DIP Commitments, notwithstanding any "roll-up" or refinancing of the ABL Facility pursuant to the Purchase Option, and (iv) all lenders and the Administrative Agent under the ABL Facility are authorized and directed to consummate the Purchase Option in accordance with the

	terms of the Intercreditor Agreement. Until the closing of the Purchase Option, (i) no DIP Obligations shall prime any liens held by the Collateral Agent on the ABL Priority Collateral (as defined in the ABL Facility) under the ABL Facility, and (ii) all proceeds of the ABL Priority Collateral (as defined in the Intercreditor Agreement) shall be applied to reduce the DIP obligations on a daily basis in accordance with Section 4.1 of the Intercreditor Agreement.
Treatment of Administrative and Priority Claims *Unclassified – Non-voting* *Allowed Amount of Claims $[•]*	Upon the effective date of the Plan (the "**Effective Date**"), each holder of an allowed administrative expense, priority tax claim, or other priority claim will receive from its respective Debtor (i) payment in full, in cash, or (ii) such other treatment as is consistent with the provisions of section 1129(a)(9) of the Bankruptcy Code and acceptable to the Consenting Secured Noteholders.
Treatment of DIP Financing Claims *Unclassified – Non-voting* *Allowed Amount of Claims $[•]*	Upon the Effective Date, holders of claims arising under or related to the DIP Facility (the "**DIP Facility Claims**") shall receive, in full and final satisfaction of such DIP Facility Claims, payment of such DIP Facility Claims in full in cash except to the extent that the Required Lenders elect to satisfy all or any portion of the DIP Obligations by refinancing such DIP Obligations with "takeback paper" or through conversion into New Equity Interests at a price per share equal to 80% of Plan Value, in either case, in accordance with the Section titled "Exit Financing" above.
Treatment of ABL Revolver Claims *Unimpaired – Not Entitled to Vote* *Allowed Amount of Claims $0.00*	100% of the outstanding principal amount of the ABL Revolver Claims (as defined below), together with accrued and unpaid interest thereon, shall be paid by the Debtors from the proceeds of the DIP Facility following the closing of the Purchase Option. ABL Revolver Claims shall be Allowed in the amount of $0.00. Upon the Effective Date of the Plan, ABL Revolver Claims shall be discharged in exchange for no additional consideration. All prepetition letters of credit outstanding on the Effective Date shall be refinanced with new letters of credit issued under the Exit ABL Facility. As used in this Term Sheet, "**ABL Revolver Claims**" means any and all claims arising under or relating to revolving loans extended under the ABL Facility.
Treatment of Domestic Term Loan Claims	100% of the outstanding principal amount of the Domestic Term Loan Claims (as defined below), together with

Unimpaired – Not Entitled to Vote *Allowed Amount of Claims $0.00*	accrued and unpaid interest thereon, shall be paid by the Debtors from the proceeds of the DIP Facility following the closing of the Purchase Option. Domestic Term Loan Claims shall be Allowed in the amount of $0.00. Upon the Effective Date of the Plan, Domestic Term Loan Claims shall be discharged in exchange for no additional consideration. As used in this Term Sheet, "**Domestic Term Loan Claims**" means any and all claims arising under or relating to term loans extended under the ABL Facility.
Treatment of Secured Noteholder Claims *Impaired – Entitled to Vote* *Allowed Amount of Claims $[●]*	Secured Noteholder Claims (as defined below) shall be impaired under the Plan and holders of Secured Noteholder Claims shall be entitled to vote to accept or reject the Plan. Upon the Effective Date of the Plan, the Secured Noteholders shall receive, in full and final satisfaction of their allowed secured claims (the "**Secured Noteholder Claims**") arising under that certain Indenture (as it may be amended or modified from time to time) (the "**Prepetition Indenture**") by and among Gibson, the guarantors party thereto, and Wilmington Trust, N.A. as successor trustee (the "**Secured Notes Trustee**"), their *pro rata* share of 100% of the equity in reorganized Gibson (the "**New Equity Interests**"), subject to dilution by any new Equity Interests issued (i) upon exercise of any warrants contemplated by the Plan, (ii) to holders of General Unsecured Claims in accordance with the terms of the Plan, (iii) in accordance with the terms of the Management Incentive Plan, (iv) in satisfaction of any DIP Obligations, and (v) to the DIP Backstop Parties on account of the Backstop Fee (as defined in the DIP Facility Term Sheet). All unpaid fees and expenses of the Ad Hoc Committee (as defined in the RSA) and the Secured Notes Trustee (including, without limitation, the payment of all fees and expenses of their legal and financial advisors) shall be paid in full in cash on the Effective Date, without the need to file any application with, or obtain any order from, the Bankruptcy Court.
Treatment of General Unsecured Claims other than General Unsecured Claims Against Gibson Holdings, Inc. *Impaired – Entitled to Vote*	General Unsecured Claims (as defined below) that are not otherwise paid during the pendency of the Chapter 11 Cases as critical vendor claims, 503(b)(9) claims, foreign vendor claims, or other claims permitted to be paid by order of the Bankruptcy Court, and that are not classified as Convenience Class Claims (defined below), shall be impaired under the Plan and holders of allowed General Unsecured Claims shall be entitled to vote to accept or

Allowed Amount of Claims $[●]	reject the Plan. Except to the extent that a holder of an allowed General Unsecured Claim agrees to a different treatment of such claim, including by opting into the convenience class, on the Effective Date or as soon as reasonably practicable thereafter, holders of allowed General Unsecured Claims for each Debtor (except for any Excluded Subsidiaries) shall receive, in a form to be agreed upon by the Ad Hoc Committee and the Debtors, their *pro rata* share (with respect to such Debtor) of a distribution of value in an amount equal to at least the amount necessary to satisfy the requirements of Section 1129(a)(7) of the Bankruptcy Code. To the extent that any holders of General Unsecured Claims receive a recovery in the form of New Equity Interests, such New Equity Interests shall be subject to dilution by any new Equity Interests issued (i) upon exercise of any warrants contemplated by the Plan, (ii) in accordance with the terms of the Management Incentive Plan, (iii) in satisfaction of any DIP Obligations, and (iv) to the DIP Backstop Parties on account of the Backstop Fee. As used in this Term Sheet, "**General Unsecured Claims**" means all prepetition non-priority unsecured claims of a Debtor other than Convenience Class Claims (as defined below); *provided that* any prepetition claims of the Consenting Principals shall be voluntarily waived and receive no distribution; *provided further*, *however*, that such claims shall be preserved solely to the extent necessary to preserve D&O insurance coverage for such Consenting Principals, and solely to the extent of such D&O insurance coverage.
Treatment of General Unsecured Claims Against Gibson Holdings, Inc. *Impaired – Entitled to Vote* *Allowed Amount of Claims $[●]*	Holders of General Unsecured Claims against Gibson Holdings, Inc. shall receive deferred annual cash payments over [-] years with a present value equal to their *pro rata* share of the value of Gibson Holdings, Inc.'s unencumbered assets, if any, after giving effect to the payment of secured, priority and administrative claims against Gibson Holdings, Inc.
Treatment of Convenience Class Claims *Impaired – Entitled to Vote, provided that if the aggregate amount of all allowed Convenience Class Claims is less than or equal to the Convenience Class Cap, then the Debtors reserve the right to assert that the*	Unless a holder of an allowed Convenience Class Claim (as defined below) agrees to lesser treatment, on or as soon as reasonably practicable following the Effective Date, each holder of an allowed Convenience Class Claim will receive, in full and final satisfaction, compromise, settlement, release, and discharge of and in exchange for such allowed Convenience Class Claim, cash in an amount equal to 100% of the allowed Convenience Class Claims; *provided* that cash distributions to holders of allowed Convenience Class Claims shall not exceed an aggregate cap to be set forth in the Disclosure Statement (the "**Convenience Class Cap**")

holders of Convenience Class Claims are Unimpaired.	without the prior written consent of the Required Supporting Noteholders (as defined in the RSA). As used in this Term Sheet, a "**Convenience Class Claim**" means a General Unsecured Claim of Gibson Brands, Inc. that is either (a) equal to or less than a per claim cap to be set forth in the Disclosure Statement (the "**Convenience Claimholder Cap**") or (b) greater than the Convenience Claimholder Cap , but with respect to which the holder thereof voluntarily reduces the aggregate amount of such claim to the Convenience Claimholder Cap pursuant to an election by the claimholder made on the ballot provided for voting on the Plan by the voting deadline.
Intercompany Claims *Unimpaired – Not entitled to vote; conclusively deemed to accept*	Upon the Effective Date of the Plan, all intercompany claims shall be either reinstated or discharged in exchange for no consideration at the option of the Debtors, with the consent of the Required Supporting Noteholders.
Treatment of Existing Equity Interests in Gibson *Impaired – Deemed to Reject*	Upon the Effective Date of the Plan, all equity interests of any kind in Gibson, including common and preferred stock, options, warrants, and other agreements or rights to acquire the same (including any arising under or in connection with any employment agreement, incentive plan, benefit plan or the like) (collectively, the "**Existing Equity Interests**") existing prior to the consummation of the Restructuring, shall be cancelled without any further action, and each holder of an allowed Existing Equity Interest shall receive no consideration in exchange therefor.
Intercompany Interests other than Interests in Excluded Subsidiaries *Unimpaired – Not entitled to vote; conclusively deemed to accept*	Upon the Effective Date of the Plan, all outstanding equity interests in Gibson's subsidiaries and affiliates other than Gibson Innovations USA, Inc. and other non-operating subsidiaries to be agreed by the Required Supporting Noteholders and the Debtors and disclosed in the Plan Supplement (together, the "**Excluded Subsidiaries**") shall be reinstated.
Intercompany Interests in Excluded Subsidiaries *Impaired – Deemed to Reject*	Upon the Effective Date of the Plan, all outstanding equity interests of any kind, including common and preferred stock, options, warrants, and other agreements or rights to acquire the same, in the Excluded Subsidiaries shall be (a) cancelled and discharged, and each holder of Intercompany Interests in the Excluded Subsidiaries shall receive no consideration in exchange therefor, or (b) if an Excluded Subsidiary is not a Debtor all equity interests in such Excluded Subsidiary shall be finally and forever

	relinquished, waived, eliminated, extinguished, of no further force or effect, abandoned and deemed to be abandoned in accordance with Section 554 of the Bankruptcy Code and, in each case, the assets, if any, of the Excluded Subsidiaries, will not revest in the reorganized Debtors and shall be deemed to be abandoned to, and assigned for the benefit of, any creditors of the relevant Excluded Subsidiary.
Key Contracts and Leases	The Debtors will seek to assume or reject, pursuant to section 365 of the Bankruptcy Code, executory contracts and unexpired leases of nonresidential real property in each case in consultation with, and with the consent of, the Required Supporting Noteholders.
Revesting of Property	All property of the Debtors (except for the Excluded Subsidiaries) including any and all potential or actual claims or causes of action of the Debtors that are not released pursuant to the Plan and all intercompany claims against non-Debtors, shall vest in and be owned by reorganized Gibson or its subsidiaries, as applicable, upon the Effective Date of the Plan except as otherwise provided herein or in the Plan, including the Releases and Exculpations set forth below.
Board of Directors/Corporate Governance	The size and membership of the board of reorganized Gibson shall be determined by the Required Supporting Noteholders in its sole discretion and disclosed in the Plan Supplement (as defined in the RSA). On and after the Effective Date, reorganized Gibson will be a private company and all parties receiving distributions of New Equity Interests, any person receiving any rights exercisable for New Equity Interests in the form of warrants or pursuant to the Management Incentive Plan, and all persons to whom any such parties may sell their New Equity Interests (or rights exercisable for New Equity Interests) in the future and all persons who purchase or acquire New Equity Interests in future transactions shall be required to become parties to an equityholders' agreement in form and substance satisfactory to the Required Supporting Noteholders in its sole discretion. Such equityholders' agreement and other governing documents of reorganized Gibson will provide for reasonable and customary protections of minority shareholders (with customary exceptions). The Supporting Noteholders (as defined in the RSA) party to the original RSA shall negotiate such minority protection provisions with the noteholders identified in the verified 2019 statement filed with the Bankruptcy Court at Docket No. 51 in good faith, *provided that* such noteholders each execute and deliver to the Debtors an Additional Party Joinder (as defined in the

	RSA). A copy of the equityholders' agreement shall be contained in the Plan Supplement.
Issuance of New Equity Interests	Any "securities" as defined in section 2(a)(1) of the Securities Act of 1933 issued under the Plan, including the New Equity Interests, shall be exempt from registration under U.S. state and federal securities laws pursuant to section 1145 of the Bankruptcy Code.
Employee Matters	Except as otherwise specified herein, matters with respect to management and employees (including retention and incentive plans) in connection with the Restructuring are to be determined by the Required Supporting Noteholders in its sole discretion. On the Effective Date, reorganized Gibson shall enter into the agreements described on **Annex C** hereto. No further changes to the Debtors' employee headcount shall be made without the prior written consent of the Required Supporting Noteholders (which consent shall not be unreasonably withheld). The Debtors shall consult with the Ad Hoc Committee regarding (i) its recent headcount reductions and (ii) the re-hiring of certain individuals. During the pendency of the Chapter 11 Cases, if requested by the Required Supporting Noteholders, the Debtors shall retain an operations consultant selected by the Required Supporting Noteholders and shall provide such operations consultant with full access to the Debtors' books, records, employees, advisors, and management team.
Management Incentive Plan	The order approving the Plan shall provide that on the Effective Date reorganized Gibson will implement a new management equity incentive plan (the "**Management Incentive Plan**") that shall provide for grants of options and/or restricted units/equity reserved for management, directors, and employees in an amount of up to [-]% of the New Equity Interests. The primary participants of the Management Incentive Plan, including the amount, form, exercise price, allocation and vesting of such equity-based awards with respect to such primary participants, shall be determined by the new board of directors of reorganized Gibson.
D&O Insurance	Pursuant to the Plan, the Debtors will assume all D&O policies in favor of current and former directors and officers in place immediately prior to the commencement of the Chapter 11 Cases. On the Effective Date, the Debtors will enter into a customary 6-year D&O tail policy covering all such current and former directors and officers materially

	consistent with the existing D&O policies and the coverage provided prior to the commencement of the Chapter 11 Cases.
Tax-Related Issues	The parties shall use good-faith efforts to structure the Restructuring to the maximum extent possible in a tax-efficient and cost-effective manner for the benefit of the parties to the RSA. Notwithstanding the forgoing, the Required Supporting Noteholders shall have sole discretion over the structure of the Restructuring and the Plan to the extent it relates to the treatment of the DIP Facility Claims and the Secured Noteholder Claims, or issuance of the New Equity Interests (consistent, however, with the agreements described on **Annex C**); provided, however, that such tax structuring shall not be materially adverse to the Debtors.
Conditions Precedent to Confirmation of the Plan	Confirmation of the Plan shall be subject to such conditions to confirmation as are customary in restructurings of this type, including, without limitation, the following conditions precedent; provided that any condition may be waived by the Debtors with the consent of the Required Supporting Noteholders: • the RSA shall not have been terminated and shall remain in full force and effect in accordance with its terms; • the Bankruptcy Court shall have entered the order approving the Disclosure Statement in form and substance consistent with this Term Sheet and the RSA, and acceptable to the Required Supporting Noteholders and the Debtors; • all outstanding Transaction Expenses (as defined in the RSA), including the fees and expenses of the Ad Hoc Committee, the Secured Notes Trustee and the Consenting Principals, *provided that* the Transaction Expenses of the Consenting Principals will be subject to an aggregate cap of $100,000 (as set forth in the "***Fees and Expenses***" section below) shall have been paid in full, in cash without the need to file any application with, or obtain any order from, the Bankruptcy Court; and • the Debtors shall not be in default under the DIP Facility or any order of the Bankruptcy Court approving the DIP Facility (the "**DIP Orders**").
Conditions Precedent to Effective Date	The occurrence of the Effective Date shall be subject to such conditions to effectiveness as are customary in restructurings of this type, including without limitation the following conditions precedent; provided that any condition may be waived by the Debtors with the consent of the

	Required Supporting Noteholders: • the RSA shall not have been terminated and shall remain in full force and effect in accordance with its terms; • the Bankruptcy Court shall have entered an order confirming the Plan pursuant to section 1129 of the Bankruptcy Code and approving the transactions contemplated thereby (the "**Confirmation Order**") in form and substance consistent with this Term Sheet and the RSA, and acceptable to the Required Supporting Noteholders and the Debtors; • the Debtors shall not be in default under the DIP Facilities or the DIP Orders; • all outstanding Transaction Expenses (as defined in the RSA), including the fees and expenses of the Ad Hoc Committee, the Secured Notes Trustee and the Consenting Principals, *provided that* the Transaction Expenses of the Consenting Principals will be subject to an aggregate cap of $100,000 (as set forth in the "***Fees and Expenses***" section below) shall have been paid in full, in cash without the need to file any application with, or obtain any order from, the Bankruptcy Court; • a customary professional fee reserve shall be provided for in the Plan and shall be funded in accordance with the Plan and in an amount that is consistent with any applicable fee letters and court orders; • the Definitive Documents (as defined in the RSA) shall be in form and substance consistent with this Term Sheet and the RSA, and acceptable to the parties with consent rights over such documents pursuant to the terms of the RSA; and • all requisite governmental and regulatory approvals, if any, shall have been obtained.
Milestones	The Restructuring will be achieved in accordance with the Milestones set forth in **Annex D** hereto.
Definitive Documentation/Due Diligence	All documentation prepared in connection with the Restructuring, including without limitation, the Plan, the Plan Supplement, the Confirmation Order, and any documents, agreements, motions, pleadings, or orders prepared or filed in connection with the Chapter 11 Cases, the Plan, the Plan Supplement and the Restructuring (including all exhibits or other appendices to any of the foregoing) shall be in form and substance acceptable to parties with consent rights over such documents pursuant to

	the terms of the RSA.
Releases/Exculpation	The Plan will provide for the releases and related provisions set forth in **Annex E** hereto.
Fees & Expenses	The Debtors shall pay (a) one (1) business day prior to the Petition Date, (b) on the date of Plan Confirmation, (c) on the Effective Date, and (d) otherwise in accordance with the terms of any applicable fee letters and court orders during the pendency of the Chapter 11 Cases, all accrued and unpaid fees, costs and expenses of the Ad Hoc Committee in connection with the Restructuring (*provided that* the amount paid pursuant to (a) above shall be agreed by the Debtors and the Ad Hoc Committee and shall be less than the total amount of accrued and unpaid expenses owing to the Ad Hoc Committee as of such date) without the need to file any application with, or obtain any order from, the Bankruptcy Court, including, without limitation, the fees, costs and expenses of (i) Paul, Weiss, Rifkind, Wharton & Garrison LLP ("**Paul, Weiss**"), (ii) Young Conaway Stargatt & Taylor, LLP ("**Young Conaway**"), (iii) Anderson Mori & Tomotsune, (iv) PJT Partners Inc. ("**PJT**"), and (v) any other professionals that may be retained by the Ad Hoc Committee, including the Operations Consultant retained by the Debtors, in connection with the Restructuring and (e) all accrued and unpaid fees, costs and expenses of one primary counsel and one local counsel for each of the Pre-Petition Agent (as defined in the Prepetition Indenture), the DIP Agent and the Secured Notes Trustee, and (f) all accrued and unpaid fees and expenses of Pillsbury Winthrop Shaw Pittman LLP and one local counsel to the Consenting Principals; *provided that* the fees and expenses payable to the Consenting Principals and their professionals will be subject to an aggregate cap of $100,000. The Debtors shall also enter into ordinary and customary fee letters with the foregoing professionals and fund the retainers and other amounts required thereunder as a Condition Precedent to the effectiveness of the RSA.
No Admission	Nothing in the Term Sheet is or shall be deemed to be an admission of any kind.

THIS RESTRUCTURING SUPPORT AGREEMENT DOES NOT CONSTITUTE (NOR SHALL IT BE CONSTRUED AS) AN OFFER WITH RESPECT TO ANY SECURITIES OR A SOLICITATION OF ACCEPTANCES OR REJECTIONS AS TO ANY PLAN OF REORGANIZATION, IT BEING UNDERSTOOD THAT SUCH A SOLICITATION, IF ANY, ONLY WILL BE MADE IN COMPLIANCE WITH APPLICABLE PROVISIONS OF SECURITIES, BANKRUPTCY, AND/OR OTHER APPLICABLE LAWS.

SECOND AMENDMENT TO RESTRUCTURING SUPPORT AGREEMENT

This SECOND AMENDMENT TO RESTRUCTURING SUPPORT AGREEMENT, dated as of June 12, 2018 (together with all exhibits, schedules and attachments hereto) (the "**Second RSA Amendment**"), is entered into among the Company, the Supporting Principals and the Required Supporting Noteholders, and amends that certain Restructuring Support Agreement, dated as of April 30, 2018, as amended by that certain First Amendment to Restructuring Support Agreement (the "**First Amended RSA**") dated as of May 4, 2018 (collectively, the "**RSA**"), as provided for herein (as so amended hereby and as may be amended, supplemented or otherwise modified from time to time in accordance with the terms hereof, the "**Second Amended RSA**").[1]

RECITALS

WHEREAS, on May 1, 2018, the Company commenced the Chapter 11 Cases.

WHEREAS, this Second RSA Amendment is the product of arm's-length, good faith negotiations among the Company, the Supporting Principals and the Required Supporting Noteholders.

NOW, THEREFORE, in consideration of the promises and mutual covenants and agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company, the Supporting Principals and the Required Supporting Noteholders covenant and agree as follows:

AGREEMENT

Section 1. Amendments. The RSA is hereby amended as follows:

(a) The third paragraph of the Recitals to the RSA is hereby deleted in its entirety and replaced with the following:

> **WHEREAS**, certain beneficial holders of Notes (in such capacity, collectively, the "**DIP Lenders**") have committed to provide a super-priority senior secured term loan debtor-in-possession credit facility in an aggregate principal amount of up to $135 million plus an amount up to an additional $4 million in connection with the refinancing of the ABL Facility (as defined in the Restructuring Term Sheet) (the "**DIP Facility**") on the terms and conditions described in (i) the DIP Facility term sheet attached to the Restructuring Term Sheet as Annex B (as amended, supplemented, or otherwise modified from time to time in accordance therewith and in accordance with the terms of this Agreement, including all exhibits thereto, the "**DIP Facility Term Sheet**"), (ii) the DIP Credit Agreement (as defined below), and (iii) the Final DIP Order (as defined below);

[1] Capitalized terms used but not defined herein shall have the meanings ascribed to them in the RSA.

(b) The fifth paragraph of the Recitals to the RSA is hereby deleted in its entirety and replaced with the following:

> **WHEREAS**, in order to effectuate the Restructuring, the Company and each of the subsidiaries listed on Annex A to the Restructuring Term Sheet (each, a "**Debtor**," and collectively, the "**Debtors**") filed petitions on May 1, 2018 (the "**Petition Date**") commencing voluntary cases (the "**Chapter 11 Cases**") under chapter 11 of the Bankruptcy Code.

(c) The definition of "DIP Credit Agreement" in Section 1 of the RSA is hereby deleted in its entirety and replaced with the following:

> "**DIP Credit Agreement**" means that certain Debtor-In-Possession Term Loan Agreement, dated as of May 4, 2018 (as amended, supplemented or otherwise modified from time to time in accordance therewith and in accordance with the terms of this Agreement, including all exhibits thereto), among Gibson, the guarantors party thereto, the DIP Lenders, and Cortland Capital Market Services LLC as administrative agent and collateral agent (in such capacity, together with any successor in such capacity appointed pursuant to Section 12.8 of the DIP Credit Agreement, the "**DIP Administrative Agent**"), which shall be in form and substance materially consistent with the DIP Facility Term Sheet (as modified by the Final DIP Order).

(d) The Restructuring Term Sheet (as amended by the First Amended Restructuring Term Sheet, which is annexed as Exhibit A to the RSA) shall be, and hereby is, amended (the "**Second Amended Restructuring Term Sheet**") to delete the stricken text (indicated textually in the same manner as the following example: ~~stricken text~~) and to add the double-underlined text (indicated textually in the same manner as the following example: double-underlined text) in the following provisions:

Plan Financing	The Debtors will be financed during the Chapter 11 Cases through~~,~~ ~~(i)~~ following the entry of interim and final orders, as applicable, (i) the consensual use of cash collateral, and (ii) ~~a $[•]~~ up to $139 million in aggregate principal amount of ~~new-money investment in the form of a~~ postpetition term loan financing (the "**DIP Facility**") on the terms and conditions set forth in the term sheet attached hereto as **Annex B** (the "**DIP Facility Term Sheet**") (as amended, modified or otherwise supplemented from time to time in accordance with the Restructuring Support Agreement) and the *Final Order (I) Authorizing the Debtors to (A) Obtain Postpetition Financing and (B) Utilize Cash Collateral, and (II) Granting Adequate Protection to Prepetition Secured Parties* [Docket No. 220] (the "**Final DIP Order**"). Participation in the DIP Facility will be open to all holders of the 8.875% Senior Secured Notes due 2018 (the "**Secured Noteholders**," and those Secured Noteholders that elect to participate in the DIP Facility, the "**DIP Lenders**"), and shall be fully backstopped by the DIP Backstop Parties (as defined in the DIP Facility Term Sheet) on the terms and conditions set forth in the DIP Facility Term Sheet.
Purchase Option Exercise and/or ABL	On or after the entry of the Interim Order, if the Debtors have not, as provided for in the Final DIP Order, elected to pay in full in cash the

Facility Refinancing	ABL Facility through a Deemed Draw (as defined in the Final DIP Order), the Consenting Secured Noteholders shall either (i) deliver, or cause to be delivered, a "Purchase Notice" to Gibson and the administrative agent under that certain loan agreement (the "**ABL Facility**"), dated as of February 15, 2017, by and among the Company, Gibson International Sales LLC, and Gibson Pro Audio Corp., as borrowers, the guarantors party thereto, the lenders party thereto from time to time, and Bank of America, N.A., as administrative agent (the "**ABL Agent**") in accordance with (and as defined in) Section 8.21 of the Intercreditor Agreement (as defined in the ABL Facility) or (ii) require the Debtors to refinance the ABL Facility in lieu of exercising the Purchase Option (the "ABL Refinancing"), *provided* that the funding of the ABL Refinancing Increment (as defined in the Final DIP Order) is provided by consenting DIP Lenders. As soon as reasonably practicable after the delivery of a Purchase Notice (if applicable), the Consenting Secured Noteholders shall exercise the Purchase Option described in the Purchase Notice in accordance with the terms of the Intercreditor Agreement, unless the Debtors thereafter consummate the ABL Refinancing. The Consenting Secured Noteholders agree ~~Interim DIP Order shall provide (among other things)~~ that (i) subject to approval and payment in full of all fees set forth in the DIP Facility Term Sheet, the Consenting Secured Noteholders shall waive all rights to payment of any prepayment premium on account of any of the ABL Obligations acquired pursuant to their exercise of the Purchase Option, (ii) immediately upon the closing of the Purchase Option, all ABL Obligations shall be immediately deemed to be refinanced by the DIP Facility and to be DIP Obligations under the DIP Documents (other than Letters of Credit, which shall remain cash collateralized in accordance with the terms of the Intercreditor Agreement), (iii) all fees described in the DIP Facility Term Sheet shall be immediately approved with respect to the entire amount of the DIP Commitments, notwithstanding any "roll-up" or refinancing of the ABL Facility pursuant to the Purchase Option, and (iv) all lenders and the Administrative Agent under the ABL Facility are authorized and directed to consummate the Purchase Option in accordance with the terms of the Intercreditor Agreement. Until the closing of the Purchase Option or the consummation of the ABL Refinancing, (i) no DIP Obligations shall prime any liens held by the Collateral Agent on the ABL Priority Collateral (as defined in the ABL Facility) under the ABL Facility, and (ii) all proceeds of the ABL Priority Collateral (as defined in the Intercreditor Agreement) shall be applied to reduce the ABL Revolver Claims (as defined below) ~~DIP obligations~~ on a daily basis in accordance with Section 4.1 of the Intercreditor Agreement.
Treatment of ABL Revolver Claims	100% of the outstanding principal amount of the allowed ABL Revolver Claims (as defined below) outstanding as of the Effective

Unimpaired – Not Entitled to Vote *Allowed Amount of Claims [Outstanding Prepetition Letters of Credit, If Any] $0.00*	Date of the Plan, together with accrued and unpaid interest thereon, shall (i) be paid by the Debtors in accordance with the terms of the Final DIP Order, (ii) otherwise be paid in full in cash on the Effective Date of the Plan, or (iii) otherwise receive such treatment on and after the Effective Date of the Plan as the Bankruptcy Code requires and as approved by the Bankruptcy Court ~~from the proceeds of the DIP Facility following the closing of the Purchase Option~~. ABL Revolver Claims other than ABL Revolver Claims in respect of prepetition letters of credit that remain outstanding on the Effective Date shall be Allowed in the amount of $0.00. Upon the Effective Date of the Plan, ABL Revolver Claims other than ABL Revolver Claims in respect of prepetition letters of credit that remain outstanding on the Effective Date shall be discharged in exchange for no additional consideration. All prepetition letters of credit outstanding on the Effective Date shall (i) be refinanced with new letters of credit issued under the Exit ABL Facility or (ii) at the election of the Debtors (with the consent of the Ad Hoc Committee) remain outstanding and be cash collateralized at 103% of the face amount of such letters of credit. As used in this Term Sheet, "**ABL Revolver Claims**" means any and all claims arising under or relating to revolving loans extended under the ABL Facility.
Treatment of Domestic Term Loan Claims *Unimpaired – Not Entitled to Vote* *Allowed Amount of Claims $[•]*	100% of the outstanding principal amount of the allowed Domestic Term Loan Claims (as defined below) outstanding as of the Effective Date of the Plan, together with accrued and unpaid interest thereon, shall (i) be paid by the Debtors in accordance with the terms of the Final DIP Order, (ii) otherwise be paid in full in cash on the Effective Date of the Plan, or (iii) otherwise receive such treatment on and after the Effective Date of the Plan as the Bankruptcy Code requires and as approved by the Bankruptcy Court ~~from the proceeds of the DIP Facility following the closing of the Purchase Option~~. ~~Domestic Term Loan Claims shall be Allowed in the amount of $0.00.~~ ~~Upon the Effective Date of the Plan, Domestic Term Loan Claims shall be discharged in exchange for no additional consideration.~~ As used in this Term Sheet, "**Domestic Term Loan Claims**" means any and all claims arising under or relating to term loans extended under the ABL Facility.
Treatment of General Unsecured Claims other than General Unsecured Claims Against Gibson Holdings, Inc.	General Unsecured Claims (as defined below) that are not otherwise paid during the pendency of the Chapter 11 Cases as critical vendor claims, 503(b)(9) claims, foreign vendor claims, or other claims permitted to be paid by order of the Bankruptcy Court, and that are not classified as Convenience Class Claims (defined below), shall be impaired under the Plan and holders of allowed General Unsecured Claims shall be entitled to vote to accept or reject the Plan.

Impaired – Entitled to Vote *Allowed Amount of Claims $[●]*	Except to the extent that a holder of an allowed General Unsecured Claim agrees to a different treatment of such claim, including by opting into the convenience class, on the Effective Date or as soon as reasonably practicable thereafter, holders of allowed General Unsecured Claims for each Debtor (except for any Excluded Subsidiaries) shall receive, in a form to be agreed upon by the Ad Hoc Committee and the Debtors, their *pro rata* share (with respect to such Debtor) of a distribution of value in an amount equal to at least the amount necessary to satisfy the requirements of Section 1129(a)(7) of the Bankruptcy Code. To the extent that any holders of General Unsecured Claims receive a recovery in the form of New Equity Interests, such New Equity Interests shall be subject to dilution by any new Equity Interests issued (i) upon exercise of any warrants contemplated by the Plan, (ii) in accordance with the terms of the Management Incentive Plan, (iii) in satisfaction of any DIP Obligations, and (iv) to the DIP Backstop Parties on account of the Backstop Fee. As used in this Term Sheet, "**General Unsecured Claims**" means all prepetition non-priority unsecured claims ~~of~~ against a Debtor other than Convenience Class Claims (as defined below), including, for the avoidance of doubt, any deficiency claims of the Secured Noteholders; *provided that* any prepetition claims of the Consenting Principals shall be voluntarily waived and receive no distribution; *provided further, however,* that such claims shall be preserved solely to the extent necessary to preserve D&O insurance coverage for such Consenting Principals, and solely to the extent of such D&O insurance coverage.
Treatment of General Unsecured Claims Against Gibson Holdings, Inc. *Impaired – Entitled to Vote* *Allowed Amount of Claims $[●]*	Holders of General Unsecured Claims against Gibson Holdings, Inc. shall receive ~~deferred annual cash payments over [ ] years with a present value equal to~~ their *pro rata* share of ~~the value of Gibson Holdings, Inc.'s unencumbered assets, if any, after giving effect to the payment of secured, priority and administrative claims against Gibson Holdings, Inc.~~ a distribution of property, in a form to be agreed upon by the Ad Hoc Committee and Gibson Holdings with a value in an amount equal to at least the amount necessary to satisfy the requirements of Section 1129(a)(7) of the Bankruptcy Code with respect to such General Unsecured Claims against Gibson Holdings, Inc.

The Second Amended Restructuring Term Sheet, annexed hereto as Exhibit A, shall be, and hereby is, deemed to be Exhibit A to the Second Amended RSA and shall substitute and replace Exhibit A to the RSA.

(e) Annex D to the Restructuring Term Sheet (as amended by the First Amended Restructuring Term Sheet) shall be, and hereby is, amended (the "**Amended Annex D**") to modify the following provisions:

The Debtors shall file with the Bankruptcy Court the Plan, the Disclosure Statement, and a motion to approve the Plan and Disclosure Statement and establish various dates and deadlines and approve related solicitation procedures.	June 4, 2018
The Bankruptcy Court shall enter an order approving the Disclosure Statement in form and substance acceptable to the Ad Hoc Committee and the Debtor shall commence solicitation of votes on the Plan.	By no later than July 13, 2018

by deleting such provisions and replacing them entirely with the following provisions (modified language underlined):

The Debtors shall file with the Bankruptcy Court the Plan, the Disclosure Statement, and a motion to approve the Plan and Disclosure Statement and establish various dates and deadlines and approve related solicitation procedures.	June 20, 2018
The Bankruptcy Court shall enter an order approving the Disclosure Statement in form and substance acceptable to the Ad Hoc Committee and the Debtor shall commence solicitation of votes on the Plan.	By no later than July 25, 2018

The Amended Annex D, annexed hereto as Exhibit B, shall be, and hereby is, deemed to be Annex D to the Second Amended Restructuring Term Sheet, and shall substitute and replace Annex D to the Restructuring Term Sheet (as amended by the First Amended Restructuring Term Sheet).

Section 2. Effectiveness of Amendment. Pursuant to Section 8.17(a) of the RSA, this Second RSA Amendment shall be effective upon confirmation by email by counsel to the Company, the Supporting Principals and Paul, Weiss, each representing that it is acting with the authority of the Company, the Supporting Principals and the Required Supporting Noteholders, respectively, to consent to this Second RSA Amendment.

EXECUTION VERSION

Exhibit A

Second Amended Restructuring Term Sheet

EXECUTION VERSION

GIBSON BRANDS, INC.

SECOND AMENDED RESTRUCTURING TERM SHEET

June 12, 2018

THIS TERM SHEET IS FOR DISCUSSION PURPOSES ONLY AND DOES NOT CONSTITUTE (NOR SHALL IT BE CONSTRUED AS) AN OFFER FOR THE PURCHASE OR SALE OF ANY SECURITIES OR A SOLICITATION OF ACCEPTANCES OR REJECTIONS WITH RESPECT TO A CHAPTER 11 PLAN OF REORGANIZATION. IT DOES NOT CONTAIN ALL OF THE TERMS OF A PROPOSED PLAN OF REORGANIZATION. THIS TERM SHEET SHALL NOT BE CONSTRUED AS (I) AN OFFER CAPABLE OF ACCEPTANCE; (II) A BINDING AGREEMENT OF ANY KIND; (III) A COMMITMENT TO ENTER INTO, OR OFFER TO ENTER INTO, ANY AGREEMENT; OR (IV) AN AGREEMENT TO FILE ANY CHAPTER 11 PLAN OF REORGANIZATION OR DISCLOSURE STATEMENT, CONSUMMATE ANY TRANSACTION, OR TO VOTE FOR OR OTHERWISE SUPPORT ANY PLAN OF REORGANIZATION.

This second amended term sheet (this "**Term Sheet**") describes certain of the principal terms of a proposed restructuring (the "**Restructuring**") with respect to Gibson Brands, Inc. ("**Gibson**") and certain of its subsidiaries listed on **Annex A** hereto (collectively, with Gibson, the "**Debtors**") to be implemented pursuant to a "pre-negotiated" plan of reorganization (the "**Plan**") consistent in all material respects with this Term Sheet to be filed expeditiously by the Debtors in connection with commencing cases (the "**Chapter 11 Cases**") in the United States Bankruptcy Court for the District of Delaware (the "**Bankruptcy Court**") under chapter 11 of title 11 of the United States Code (the "**Bankruptcy Code**").

This Term Sheet does not purport to summarize all of the terms, conditions, representations, warranties, and other provisions with respect to the Restructuring, which will be subject to the completion of Definitive Documents (as defined in the RSA) in accordance with the terms of the RSA.

Implementation of Restructuring	The Restructuring set forth in this Term Sheet shall be effectuated through (i) the execution of a restructuring support agreement (the "**RSA**") among (a) the Debtors, (b) holders of at least 66 2/3% (the "**Consenting Secured Noteholders**") in principal amount of the 8.875% Senior Secured Notes due 2018 (the "**Secured Notes**") and (c) Henry Juszkiewicz and David Berryman (together, the "**Consenting Principals**"); and (ii) the solicitation and confirmation of the Plan, which shall be in all material respects consistent with this Term Sheet and the RSA. The parties to the RSA shall negotiate in good faith the Definitive Documentation to implement the Restructuring

	consistent with the terms described in this Term Sheet and any related documentation, including, without limitation, the RSA, the DIP Facility Term Sheet (as defined below), the Plan, and the disclosure statement describing the Plan (the "**Disclosure Statement**").
Plan Financing	The Debtors will be financed during the Chapter 11 Cases through, following the entry of interim and final orders, as applicable, (i) the consensual use of cash collateral, and (ii) up to $139 million in aggregate principal amount of postpetition term loan financing (the "**DIP Facility**") on the terms and conditions set forth in the term sheet attached hereto as **Annex B** (the "**DIP Facility Term Sheet**") (as amended, modified or otherwise supplemented from time to time in accordance with the Restructuring Support Agreement), and the *Final Order (I) Authorizing the Debtors to (A) Obtain Postpetition Financing and (B) Utilize Cash Collateral, and (II) Granting Adequate Protection to Prepetition Secured Parties* [Docket No. 220] (the "**Final DIP Order**"). Participation in the DIP Facility will be open to all holders of the 8.875% Senior Secured Notes due 2018 (the "**Secured Noteholders**," and those Secured Noteholders that elect to participate in the DIP Facility, the "**DIP Lenders**"), and shall be fully backstopped by the DIP Backstop Parties (as defined in the DIP Facility Term Sheet) on the terms and conditions set forth in the DIP Facility Term Sheet.
Exit Financing	On and after the Effective Date, the reorganized Debtors shall be financed with the proceeds of: (a) an asset-based loan facility (the "**Exit ABL Facility**") with total commitments of not more than an amount to be set forth in the Disclosure Statement, which is expected to be undrawn on the Effective Date and will be available for working capital purposes; and (b) a term loan facility (the "**Exit Term Loan Facility**") in an amount necessary to repay the DIP Obligations (as defined in the DIP Facility Term Sheet) in full in cash on the Effective Date; *provided that* at their election or if, following the exercise of their commercially reasonable efforts, the Debtors are unable to obtain an Exit Term Loan Facility in an amount sufficient to repay the DIP Obligations in full in cash on terms and conditions reasonably acceptable to the Debtors and the Required Lenders (as defined in the DIP Facility Term Sheet), the Required Lenders shall elect, in their sole discretion after consulting with the Debtors, to either (i) refinance all of the remaining DIP Obligations with exit "takeback paper" secured by liens junior to the Exit ABL Facility and any Exit Term Loan Facility on terms and conditions to be described in the Disclosure Statement, (ii) convert all of the remaining DIP Obligations to New Equity Interests (as defined below) at a price

	per share equal to 80% of Plan Value (as defined below) subject to dilution by any new Equity Interests issued (A) upon exercise of any warrants contemplated by the Plan, (B) to holders of General Unsecured Claims in accordance with the terms of the Plan, (C) in accordance with the terms of the Management Incentive Plan, and (iv) to the DIP Backstop Parties on account of the Backstop Fee (as defined in the DIP Facility Term Sheet)in lieu of repayment and/or satisfaction through the incurrence of additional debt; or (iii) elect to satisfy all of the remaining DIP Obligations through a combination of (i) and (ii) above.
Plan Value	Plan Value shall be set forth in the Disclosure Statement approved by the Bankruptcy Court.
Purchase Option Exercise and/or ABL Facility Refinancing	On or after the entry of the Interim Order, if the Debtors have not, as provided for in the Final DIP Order, elected to pay in full in cash the ABL Facility through a Deemed Draw (as defined in the Final DIP Order), the Consenting Secured Noteholders shall either (i) deliver, or cause to be delivered, a "Purchase Notice" to Gibson and the administrative agent under that certain loan agreement (the "**ABL Facility**"), dated as of February 15, 2017, by and among the Company, Gibson International Sales LLC, and Gibson Pro Audio Corp., as borrowers, the guarantors party thereto, the lenders party thereto from time to time, and Bank of America, N.A., as administrative agent (the "**ABL Agent**") in accordance with (and as defined in) Section 8.21 of the Intercreditor Agreement (as defined in the ABL Facility) or (ii) require the Debtors to refinance the ABL Facility in lieu of exercising the Purchase Option (the "ABL Refinancing"), *provided* that the funding of the ABL Refinancing Increment (as defined in the Final DIP Order) is provided by consenting DIP Lenders. As soon as reasonably practicable after the delivery of a Purchase Notice (if applicable), the Consenting Secured Noteholders shall exercise the Purchase Option described in the Purchase Notice in accordance with the terms of the Intercreditor Agreement, unless the Debtors thereafter consummate the ABL Refinancing. The Consenting Secured Noteholders agree that (i) subject to approval and payment in full of all fees set forth in the DIP Facility Term Sheet, the Consenting Secured Noteholders shall waive all rights to payment of any prepayment premium on account of any of the ABL Obligations acquired pursuant to their exercise of the Purchase Option, (ii) immediately upon the closing of the Purchase Option, all ABL Obligations shall be immediately deemed to be refinanced by the DIP Facility and to be DIP Obligations under the DIP Documents (other than Letters of Credit, which shall remain cash collateralized in accordance with the terms of the Intercreditor Agreement), (iii)

	all fees described in the DIP Facility Term Sheet shall be immediately approved with respect to the entire amount of the DIP Commitments, notwithstanding any "roll-up" or refinancing of the ABL Facility pursuant to the Purchase Option, and (iv) all lenders and the Administrative Agent under the ABL Facility are authorized and directed to consummate the Purchase Option in accordance with the terms of the Intercreditor Agreement. Until the closing of the Purchase Option or the consummation of the ABL Refinancing, (i) no DIP Obligations shall prime any liens held by the Collateral Agent on the ABL Priority Collateral (as defined in the ABL Facility) under the ABL Facility, and (ii) all proceeds of the ABL Priority Collateral (as defined in the Intercreditor Agreement) shall be applied to reduce the ABL Revolver Claims (as defined below) on a daily basis in accordance with Section 4.1 of the Intercreditor Agreement.
Treatment of Administrative and Priority Claims *Unclassified – Non-voting* *Allowed Amount of Claims $[•]*	Upon the effective date of the Plan (the "**Effective Date**"), each holder of an allowed administrative expense, priority tax claim, or other priority claim will receive from its respective Debtor (i) payment in full, in cash, or (ii) such other treatment as is consistent with the provisions of section 1129(a)(9) of the Bankruptcy Code and acceptable to the Consenting Secured Noteholders.
Treatment of DIP Financing Claims *Unclassified – Non-voting* *Allowed Amount of Claims $[•]*	Upon the Effective Date, holders of claims arising under or related to the DIP Facility (the "**DIP Facility Claims**") shall receive, in full and final satisfaction of such DIP Facility Claims, payment of such DIP Facility Claims in full in cash except to the extent that the Required Lenders elect to satisfy all or any portion of the DIP Obligations by refinancing such DIP Obligations with "takeback paper" or through conversion into New Equity Interests at a price per share equal to 80% of Plan Value, in either case, in accordance with the Section titled "Exit Financing" above.
Treatment of ABL Revolver Claims *Unimpaired – Not Entitled to Vote* *Allowed Amount of Claims [Outstanding Prepetition Letters of Credit, If Any] $0.00*	100% of the outstanding principal amount of the allowed ABL Revolver Claims (as defined below) outstanding as of the Effective Date of the Plan, together with accrued and unpaid interest thereon, shall (i) be paid by the Debtors in accordance with the terms of the Final DIP Order, (ii) otherwise be paid in full in cash on the Effective Date of the Plan, or (iii) otherwise receive such treatment on and after the Effective Date of the Plan as the Bankruptcy Code requires and as approved by the Bankruptcy Court. ABL Revolver Claims other than ABL Revolver Claims in respect of prepetition letters of credit that remain outstanding on the Effective Date shall be Allowed in the amount of $0.00. Upon the Effective Date of the Plan, ABL Revolver Claims other than ABL Revolver Claims in respect of prepetition letters

	of credit that remain outstanding on the Effective Date shall be discharged in exchange for no additional consideration. All prepetition letters of credit outstanding on the Effective Date shall (i) be refinanced with new letters of credit issued under the Exit ABL Facility or (ii) at the election of the Debtors (with the consent of the Ad Hoc Committee) remain outstanding and be cash collateralized at 103% of the face amount of such letters of credit. As used in this Term Sheet, "**ABL Revolver Claims**" means any and all claims arising under or relating to revolving loans extended under the ABL Facility.
Treatment of Domestic Term Loan Claims *Unimpaired – Not Entitled to Vote* *Allowed Amount of Claims $[•]*	100% of the outstanding principal amount of the allowed Domestic Term Loan Claims (as defined below) outstanding as of the Effective Date of the Plan, together with accrued and unpaid interest thereon, shall (i) be paid by the Debtors in accordance with the terms of the Final DIP Order, (ii) otherwise be paid in full in cash on the Effective Date of the Plan, or (iii) otherwise receive such treatment on and after the Effective Date of the Plan as the Bankruptcy Code requires and as approved by the Bankruptcy Court. As used in this Term Sheet, "**Domestic Term Loan Claims**" means any and all claims arising under or relating to term loans extended under the ABL Facility.
Treatment of Secured Noteholder Claims *Impaired – Entitled to Vote* *Allowed Amount of Claims $[●]*	Secured Noteholder Claims (as defined below) shall be impaired under the Plan and holders of Secured Noteholder Claims shall be entitled to vote to accept or reject the Plan. Upon the Effective Date of the Plan, the Secured Noteholders shall receive, in full and final satisfaction of their allowed secured claims (the "**Secured Noteholder Claims**") arising under that certain Indenture (as it may be amended or modified from time to time) (the "**Prepetition Indenture**") by and among Gibson, the guarantors party thereto, and Wilmington Trust, N.A. as successor trustee (the "**Secured Notes Trustee**"), their *pro rata* share of 100% of the equity in reorganized Gibson (the "**New Equity Interests**"), subject to dilution by any new Equity Interests issued (i) upon exercise of any warrants contemplated by the Plan, (ii) to holders of General Unsecured Claims in accordance with the terms of the Plan, (iii) in accordance with the terms of the Management Incentive Plan, (iv) in satisfaction of any DIP Obligations, and (v) to the DIP Backstop Parties on account of the Backstop Fee (as defined in the DIP Facility Term Sheet). All unpaid fees and expenses of the Ad Hoc Committee (as defined in the RSA) and the Secured Notes Trustee (including, without limitation, the payment of all fees and expenses of their legal and financial advisors) shall be paid in full in cash on the

	Effective Date, without the need to file any application with, or obtain any order from, the Bankruptcy Court.
Treatment of General Unsecured Claims other than General Unsecured Claims Against Gibson Holdings, Inc. *Impaired – Entitled to Vote* *Allowed Amount of Claims $[●]*	General Unsecured Claims (as defined below) that are not otherwise paid during the pendency of the Chapter 11 Cases as critical vendor claims, 503(b)(9) claims, foreign vendor claims, or other claims permitted to be paid by order of the Bankruptcy Court, and that are not classified as Convenience Class Claims (defined below), shall be impaired under the Plan and holders of allowed General Unsecured Claims shall be entitled to vote to accept or reject the Plan. Except to the extent that a holder of an allowed General Unsecured Claim agrees to a different treatment of such claim, including by opting into the convenience class, on the Effective Date or as soon as reasonably practicable thereafter, holders of allowed General Unsecured Claims for each Debtor (except for any Excluded Subsidiaries) shall receive, in a form to be agreed upon by the Ad Hoc Committee and the Debtors, their *pro rata* share (with respect to such Debtor) of a distribution of value in an amount equal to at least the amount necessary to satisfy the requirements of Section 1129(a)(7) of the Bankruptcy Code. To the extent that any holders of General Unsecured Claims receive a recovery in the form of New Equity Interests, such New Equity Interests shall be subject to dilution by any new Equity Interests issued (i) upon exercise of any warrants contemplated by the Plan, (ii) in accordance with the terms of the Management Incentive Plan, (iii) in satisfaction of any DIP Obligations, and (iv) to the DIP Backstop Parties on account of the Backstop Fee. As used in this Term Sheet, "**General Unsecured Claims**" means all prepetition non-priority unsecured claims against a Debtor other than Convenience Class Claims (as defined below), including, for the avoidance of doubt, any deficiency claims of the Secured Noteholders; *provided that* any prepetition claims of the Consenting Principals shall be voluntarily waived and receive no distribution; *provided further, however*, that such claims shall be preserved solely to the extent necessary to preserve D&O insurance coverage for such Consenting Principals, and solely to the extent of such D&O insurance coverage.
Treatment of General Unsecured Claims Against Gibson Holdings, Inc. *Impaired – Entitled to Vote* *Allowed Amount of Claims $[●]*	Holders of General Unsecured Claims against Gibson Holdings, Inc. shall receive a distribution of property, in a form to be agreed upon by the Ad Hoc Committee and Gibson Holdings, with a value in an amount equal to at least the amount necessary to satisfy the requirements of Section 1129(a)(7) of the Bankruptcy Code with respect to such General Unsecured Claims against Gibson Holdings, Inc.
Treatment of Convenience Class	Unless a holder of an allowed Convenience Class Claim (as

Claims *Impaired – Entitled to Vote, provided that if the aggregate amount of all allowed Convenience Class Claims is less than or equal to the Convenience Class Cap, then the Debtors reserve the right to assert that the holders of Convenience Class Claims are Unimpaired.*	defined below) agrees to lesser treatment, on or as soon as reasonably practicable following the Effective Date, each holder of an allowed Convenience Class Claim will receive, in full and final satisfaction, compromise, settlement, release, and discharge of and in exchange for such allowed Convenience Class Claim, cash in an amount equal to 100% of the allowed Convenience Class Claims; *provided* that cash distributions to holders of allowed Convenience Class Claims shall not exceed an aggregate cap to be set forth in the Disclosure Statement (the "**Convenience Class Cap**") without the prior written consent of the Required Supporting Noteholders (as defined in the RSA). As used in this Term Sheet, a "**Convenience Class Claim**" means a General Unsecured Claim of Gibson Brands, Inc. that is either (a) equal to or less than a per claim cap to be set forth in the Disclosure Statement (the "**Convenience Claimholder Cap**") or (b) greater than the Convenience Claimholder Cap , but with respect to which the holder thereof voluntarily reduces the aggregate amount of such claim to the Convenience Claimholder Cap pursuant to an election by the claimholder made on the ballot provided for voting on the Plan by the voting deadline.
Intercompany Claims *Unimpaired – Not entitled to vote; conclusively deemed to accept*	Upon the Effective Date of the Plan, all intercompany claims shall be either reinstated or discharged in exchange for no consideration at the option of the Debtors, with the consent of the Required Supporting Noteholders.
Treatment of Existing Equity Interests in Gibson *Impaired – Deemed to Reject*	Upon the Effective Date of the Plan, all equity interests of any kind in Gibson, including common and preferred stock, options, warrants, and other agreements or rights to acquire the same (including any arising under or in connection with any employment agreement, incentive plan, benefit plan or the like) (collectively, the "**Existing Equity Interests**") existing prior to the consummation of the Restructuring, shall be cancelled without any further action, and each holder of an allowed Existing Equity Interest shall receive no consideration in exchange therefor.
Intercompany Interests other than Interests in Excluded Subsidiaries *Unimpaired – Not entitled to vote; conclusively deemed to accept*	Upon the Effective Date of the Plan, all outstanding equity interests in Gibson's subsidiaries and affiliates other than Gibson Innovations USA, Inc. and other non-operating subsidiaries to be agreed by the Required Supporting Noteholders and the Debtors and disclosed in the Plan Supplement (together, the "**Excluded Subsidiaries**") shall be reinstated.

Intercompany Interests in Excluded Subsidiaries *Impaired – Deemed to Reject*	Upon the Effective Date of the Plan, all outstanding equity interests of any kind, including common and preferred stock, options, warrants, and other agreements or rights to acquire the same, in the Excluded Subsidiaries shall be (a) cancelled and discharged, and each holder of Intercompany Interests in the Excluded Subsidiaries shall receive no consideration in exchange therefor, or (b) if an Excluded Subsidiary is not a Debtor all equity interests in such Excluded Subsidiary shall be finally and forever relinquished, waived, eliminated, extinguished, of no further force or effect, abandoned and deemed to be abandoned in accordance with Section 554 of the Bankruptcy Code and, in each case, the assets, if any, of the Excluded Subsidiaries, will not revest in the reorganized Debtors and shall be deemed to be abandoned to, and assigned for the benefit of, any creditors of the relevant Excluded Subsidiary.
Key Contracts and Leases	The Debtors will seek to assume or reject, pursuant to section 365 of the Bankruptcy Code, executory contracts and unexpired leases of nonresidential real property in each case in consultation with, and with the consent of, the Required Supporting Noteholders.
Revesting of Property	All property of the Debtors (except for the Excluded Subsidiaries) including any and all potential or actual claims or causes of action of the Debtors that are not released pursuant to the Plan and all intercompany claims against non-Debtors, shall vest in and be owned by reorganized Gibson or its subsidiaries, as applicable, upon the Effective Date of the Plan except as otherwise provided herein or in the Plan, including the Releases and Exculpations set forth below.
Board of Directors/Corporate Governance	The size and membership of the board of reorganized Gibson shall be determined by the Required Supporting Noteholders in its sole discretion and disclosed in the Plan Supplement (as defined in the RSA). On and after the Effective Date, reorganized Gibson will be a private company and all parties receiving distributions of New Equity Interests, any person receiving any rights exercisable for New Equity Interests in the form of warrants or pursuant to the Management Incentive Plan, and all persons to whom any such parties may sell their New Equity Interests (or rights exercisable for New Equity Interests) in the future and all persons who purchase or acquire New Equity Interests in future transactions shall be required to become parties to an equityholders' agreement in form and substance satisfactory to the Required Supporting Noteholders in its sole discretion. Such equityholders' agreement and other governing documents of reorganized Gibson will provide for reasonable and customary protections of minority shareholders (with customary

	exceptions). The Supporting Noteholders (as defined in the RSA) party to the original RSA shall negotiate such minority protection provisions with the noteholders identified in the verified 2019 statement filed with the Bankruptcy Court at Docket No. 51 in good faith, *provided that* such noteholders each execute and deliver to the Debtors an Additional Party Joinder (as defined in the RSA). A copy of the equityholders' agreement shall be contained in the Plan Supplement.
Issuance of New Equity Interests	Any "securities" as defined in section 2(a)(1) of the Securities Act of 1933 issued under the Plan, including the New Equity Interests, shall be exempt from registration under U.S. state and federal securities laws pursuant to section 1145 of the Bankruptcy Code.
Employee Matters	Except as otherwise specified herein, matters with respect to management and employees (including retention and incentive plans) in connection with the Restructuring are to be determined by the Required Supporting Noteholders in its sole discretion. On the Effective Date, reorganized Gibson shall enter into the agreements described on **Annex C** hereto. No further changes to the Debtors' employee headcount shall be made without the prior written consent of the Required Supporting Noteholders (which consent shall not be unreasonably withheld). The Debtors shall consult with the Ad Hoc Committee regarding (i) its recent headcount reductions and (ii) the re-hiring of certain individuals. During the pendency of the Chapter 11 Cases, if requested by the Required Supporting Noteholders, the Debtors shall retain an operations consultant selected by the Required Supporting Noteholders and shall provide such operations consultant with full access to the Debtors' books, records, employees, advisors, and management team.
Management Incentive Plan	The order approving the Plan shall provide that on the Effective Date reorganized Gibson will implement a new management equity incentive plan (the "**Management Incentive Plan**") that shall provide for grants of options and/or restricted units/equity reserved for management, directors, and employees in an amount of up to [-]% of the New Equity Interests. The primary participants of the Management Incentive Plan, including the amount, form, exercise price, allocation and vesting of such equity-based awards with respect to such primary participants, shall be determined by the new board of directors of reorganized Gibson.
D&O Insurance	Pursuant to the Plan, the Debtors will assume all D&O policies in favor of current and former directors and officers in place

	immediately prior to the commencement of the Chapter 11 Cases. On the Effective Date, the Debtors will enter into a customary 6-year D&O tail policy covering all such current and former directors and officers materially consistent with the existing D&O policies and the coverage provided prior to the commencement of the Chapter 11 Cases.
Tax-Related Issues	The parties shall use good-faith efforts to structure the Restructuring to the maximum extent possible in a tax-efficient and cost-effective manner for the benefit of the parties to the RSA. Notwithstanding the forgoing, the Required Supporting Noteholders shall have sole discretion over the structure of the Restructuring and the Plan to the extent it relates to the treatment of the DIP Facility Claims and the Secured Noteholder Claims, or issuance of the New Equity Interests (consistent, however, with the agreements described on **Annex C**); provided, however, that such tax structuring shall not be materially adverse to the Debtors.
Conditions Precedent to Confirmation of the Plan	Confirmation of the Plan shall be subject to such conditions to confirmation as are customary in restructurings of this type, including, without limitation, the following conditions precedent; provided that any condition may be waived by the Debtors with the consent of the Required Supporting Noteholders: • the RSA shall not have been terminated and shall remain in full force and effect in accordance with its terms; • the Bankruptcy Court shall have entered the order approving the Disclosure Statement in form and substance consistent with this Term Sheet and the RSA, and acceptable to the Required Supporting Noteholders and the Debtors; • all outstanding Transaction Expenses (as defined in the RSA), including the fees and expenses of the Ad Hoc Committee, the Secured Notes Trustee and the Consenting Principals, *provided that* the Transaction Expenses of the Consenting Principals will be subject to an aggregate cap of $100,000 (as set forth in the "***Fees and Expenses***" section below) shall have been paid in full, in cash without the need to file any application with, or obtain any order from, the Bankruptcy Court; and • the Debtors shall not be in default under the DIP Facility or any order of the Bankruptcy Court approving the DIP Facility (the "**DIP Orders**").
Conditions Precedent to Effective Date	The occurrence of the Effective Date shall be subject to such conditions to effectiveness as are customary in restructurings of this type, including without limitation the following conditions precedent; provided that any condition may be waived by the

	Debtors with the consent of the Required Supporting Noteholders: • the RSA shall not have been terminated and shall remain in full force and effect in accordance with its terms; • the Bankruptcy Court shall have entered an order confirming the Plan pursuant to section 1129 of the Bankruptcy Code and approving the transactions contemplated thereby (the "**Confirmation Order**") in form and substance consistent with this Term Sheet and the RSA, and acceptable to the Required Supporting Noteholders and the Debtors; • the Debtors shall not be in default under the DIP Facilities or the DIP Orders; • all outstanding Transaction Expenses (as defined in the RSA), including the fees and expenses of the Ad Hoc Committee, the Secured Notes Trustee and the Consenting Principals, *provided that* the Transaction Expenses of the Consenting Principals will be subject to an aggregate cap of $100,000 (as set forth in the "***Fees and Expenses***" section below) shall have been paid in full, in cash without the need to file any application with, or obtain any order from, the Bankruptcy Court; • a customary professional fee reserve shall be provided for in the Plan and shall be funded in accordance with the Plan and in an amount that is consistent with any applicable fee letters and court orders; • the Definitive Documents (as defined in the RSA) shall be in form and substance consistent with this Term Sheet and the RSA, and acceptable to the parties with consent rights over such documents pursuant to the terms of the RSA; and • all requisite governmental and regulatory approvals, if any, shall have been obtained.
Milestones	The Restructuring will be achieved in accordance with the Milestones set forth in **Annex D** hereto.
Definitive Documentation/Due Diligence	All documentation prepared in connection with the Restructuring, including without limitation, the Plan, the Plan Supplement, the Confirmation Order, and any documents, agreements, motions, pleadings, or orders prepared or filed in connection with the Chapter 11 Cases, the Plan, the Plan Supplement and the Restructuring (including all exhibits or other appendices to any of the foregoing) shall be in form and substance acceptable to parties with consent rights over such documents pursuant to the terms of the RSA.

Releases/Exculpation	The Plan will provide for the releases and related provisions set forth in **Annex E** hereto.
Fees & Expenses	The Debtors shall pay (a) one (1) business day prior to the Petition Date, (b) on the date of Plan Confirmation, (c) on the Effective Date, and (d) otherwise in accordance with the terms of any applicable fee letters and court orders during the pendency of the Chapter 11 Cases, all accrued and unpaid fees, costs and expenses of the Ad Hoc Committee in connection with the Restructuring (*provided that* the amount paid pursuant to (a) above shall be agreed by the Debtors and the Ad Hoc Committee and shall be less than the total amount of accrued and unpaid expenses owing to the Ad Hoc Committee as of such date) without the need to file any application with, or obtain any order from, the Bankruptcy Court, including, without limitation, the fees, costs and expenses of (i) Paul, Weiss, Rifkind, Wharton & Garrison LLP ("**Paul, Weiss**"), (ii) Young Conaway Stargatt & Taylor, LLP ("**Young Conaway**"), (iii) Anderson Mori & Tomotsune, (iv) PJT Partners Inc. ("**PJT**"), and (v) any other professionals that may be retained by the Ad Hoc Committee, including the Operations Consultant retained by the Debtors, in connection with the Restructuring and (e) all accrued and unpaid fees, costs and expenses of one primary counsel and one local counsel for each of the Pre-Petition Agent (as defined in the Prepetition Indenture), the DIP Agent and the Secured Notes Trustee, and (f) all accrued and unpaid fees and expenses of Pillsbury Winthrop Shaw Pittman LLP and one local counsel to the Consenting Principals; *provided that* the fees and expenses payable to the Consenting Principals and their professionals will be subject to an aggregate cap of $100,000. The Debtors shall also enter into ordinary and customary fee letters with the foregoing professionals and fund the retainers and other amounts required thereunder as a Condition Precedent to the effectiveness of the RSA.
No Admission	Nothing in the Term Sheet is or shall be deemed to be an admission of any kind.

Exhibit B

Amended Annex D to Restructuring Term Sheet

Annex D
MILESTONES

MILESTONE	**DEADLINE**
The Company shall have executed the fee letters of Paul, Weiss, PJT and Young Conaway, funded any retainers received thereunder, and paid all the agreed fees.	The RSA Effective Date
The Debtors shall commence the Cases by filing voluntary petitions under chapter 11 of the Bankruptcy Code with the Bankruptcy Court.	May 1, 2018 (the "Petition Date")
The Bankruptcy Court shall have entered the Interim DIP Order in form and substance acceptable to the Ad Hoc Committee.	By no later than three business days following the Petition Date
The Debtors shall file with the Bankruptcy Court a motion requesting an extension of the date by which they must assume or reject unexpired leases of non-residential real property.	By no later than ten days following the Petition Date
The Debtors shall file with the Bankruptcy Court the Plan, the Disclosure Statement, and a motion to approve the Plan and Disclosure Statement and establish various dates and deadlines and approve related solicitation procedures.	June 20, 2018
The Bankruptcy Court shall enter an order approving the Debtors' motion requesting an extension of the date by which they must assume or reject unexpired leases of non-residential real property	By no later than thirty days following the Petition Date
The Bankruptcy Court shall enter the Final Order approving the DIP Facility in form and substance acceptable to the Required Supporting Noteholders.	By no later than thirty-five days following the Petition Date
The Bankruptcy Court shall enter an order approving the Disclosure Statement in form and substance acceptable to the Ad Hoc Committee and the Debtor shall commence solicitation of votes on the Plan.	By no later than July 25, 2018
The Bankruptcy Court shall enter the Confirmation Order in form and substance acceptable to the Required Supporting Noteholders.	By no later than September 7, 2018
The Plan Effective Date shall occur.	By no later than September 24, 2018

EXHIBIT C

ORGANIZATIONAL CHART

Organizational Chart

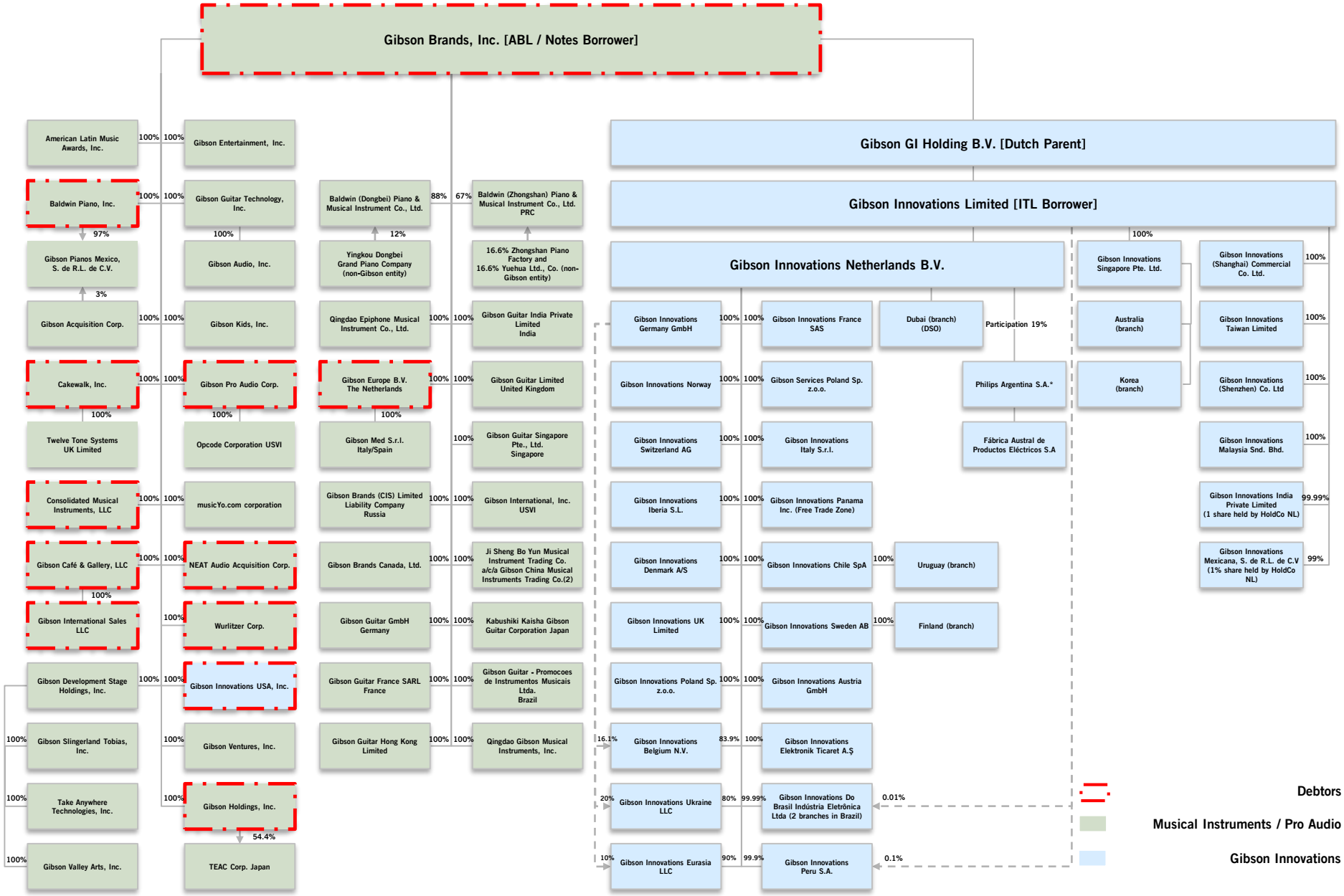

EXHIBIT D

LIQUIDATION ANALYSIS

[TO COME]

EXHIBIT E

FINANCIAL PROJECTIONS

[TO COME]

EXHIBIT F

VALUATION ANALYSIS

[TO COME]