



FOR IMMEDIATE RELEASE

**GSE SYSTEMS AWARDED A SIGNIFICANT CONTRACT EXPANSION BY EDF ENERGY,
INCREASING BACKLOG TO APPROXIMATELY \$75 MILLION AT YEAR END**

Sykesville, MD – January 3, 2017 – GSE Systems, Inc. (“GSE” or “the Company”) (NYSE MKT: GVP), the world leader in real-time high-fidelity simulation systems and training solutions to the power and process industries, today announced that it has been awarded an expanded contract to implement a significant upgrade to the control room station simulation system for EDF Energy’s Torness nuclear power plant in the United Kingdom. The contract, modified in December 2016, follows an initial award from EDF Energy in August 2016 for the design phase of the project. GSE expects the implementation phase of the project to commence in mid-2017 and be completed within three years. The Company ended 2016 with backlog of approximately \$75 million, which is up over 56% from December 31, 2015.

The Torness station started generating electricity in 1988. In February 2016 EDF Energy announced it was extending the operating life of Torness by seven years to 2030. As part of EDF Energy’s commitment to safety and training, and an integral part of its training program accreditation process, EDF Energy made the decision to upgrade the existing simulator that was originally commissioned in 1988. The new simulation platform takes advantage of today’s advanced modeling capabilities and will provide a modern platform to extend the useful life of the simulator and plant.

GSE will maintain the existing simulator instrumentation and control panels while upgrading the computing system, all plant models and the control systems on the simulator. The Company will use its industry-leading JADE™ suite of simulation tools to develop modern and sustainable models for the Unit 1 control room simulator and develop a new model for the Unit 2 plant. This will enable EDF Energy to operate the simulators in an integrated fashion for a wide range of training scenarios. In addition to the control room simulator, the Company will provide classroom simulators and a debriefing room simulator to enable students to take advantage of simulation technology across a multitude of learning environments.

Kyle J. Loudermilk, Chief Executive Officer and President of GSE, said, “We have a long standing relationship with EDF Energy and its predecessor, British Energy, having worked on simulators for a number of power stations and training facilities in the fleet. We are delighted and honored to enhance the relationship by supporting EDF Energy’s commitment to nuclear safety and training through the implementation and use of GSE’s state-of-art simulation and training technology. Nuclear power continues to play a critical role in the UK energy mix by providing carbon free power generation. We are thrilled to be chosen by EDF Energy to provide the simulation technology and services needed to support their critical nuclear assets.”

ABOUT GSE SYSTEMS, INC.

GSE Systems, Inc. is a world leader in real-time high-fidelity simulation, providing a wide range of simulation, training and engineering solutions to the power and process industries. Its comprehensive and modular solutions help customers achieve performance excellence in design, training and operations. GSE's products and services are tailored to meet specific client requirements such as scope, budget and timeline. The Company has over four decades of experience, more than 1,100 installations, and hundreds of customers in over 50 countries spanning the globe. GSE Systems is headquartered in Sykesville (Baltimore), Maryland, with offices in Huntsville, Alabama; Chennai, India; Nyköping, Sweden; Stockton-on-Tees, UK; and Beijing, China. Information about GSE Systems is available at www.gses.com.

FORWARD LOOKING STATEMENTS

We make statements in this press release that are considered forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934. These statements reflect our current expectations concerning future events and results. We use words such as "expect," "intend," "believe," "may," "will," "should," "could," "anticipate," and similar expressions to identify forward-looking statements, but their absence does not mean a statement is not forward-looking. These statements are not guarantees of our future performance and are subject to risks, uncertainties, and other important factors that could cause our actual performance or achievements to be materially different from those we project. For a full discussion of these risks, uncertainties, and factors, we encourage you to read our documents on file with the Securities and Exchange Commission, including those set forth in our periodic reports under the forward-looking statements and risk factors sections.

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