



GSC Investment Corp. Announces Fourth Quarter and Fiscal Year 2010 Financial Results

NEW YORK, May 28, 2010 /PRNewswire via COMTEX News Network/ -- GSC Investment Corp. (NYSE: GNV), a business development company, today announces financial results for the fiscal fourth quarter and fiscal year ended February 28, 2010.

Operating Results

For the fiscal year ended February 28, 2010, GSC Investment Corp. reported net investment income of \$5.7 million, or \$0.54 per share. Net investment income was offset by net realized and unrealized losses on investments of \$16.2 million, or \$1.52 per share, resulting in a net decrease in net assets from operations of \$10.5 million, or \$0.99 per share. The \$16.2 million net loss on investments was comprised of \$9.5 million in net unrealized depreciation on investments and \$6.7 million net realized losses on investments. Net asset value was \$3.27 per share as of February 28, 2010.

For the fiscal quarter ended February 28, 2010, GSC Investment Corp. reported net investment income of \$1.2 million, or \$0.07 per share. Net investment income was offset by net realized and unrealized losses on investments of \$10.1 million or \$0.59 per share resulting in a net decrease in net assets from operations of \$8.9 million, or \$0.52 per share. The \$10.1 million of the net loss on investments was comprised of \$5.0 million in net unrealized depreciation on investments and \$5.1 million in net realized losses on investments.

Portfolio and Investment Activity

As of February 28, 2010, the value of the Company's investment portfolio was \$89.4 million, principally invested in 27 portfolio companies and one collateralized loan obligation fund ("CLO"). The overall portfolio composition consisted of 18.6% first lien term loans, 22.7% second lien term loans, 31.0% senior secured notes, 6.4% unsecured notes, 18.7% subordinated notes of GSCIC CLO and 2.6% common stocks and limited partnership interests.

During the fourth quarter, GSC Investment Corp. made no investments in new or existing portfolio companies. For the quarter, the Company had \$4.2 million in aggregate amount of exits and repayments, resulting in net repayments of \$4.2 million.

As of February 28, 2010, the weighted average current yield on the Company's first lien term loans, second lien term loans, senior secured notes, unsecured notes and the GSCIC CLO subordinated notes were 8.6%, 8.1%, 11.6%, 12.2% and 8.3%, respectively, which resulted in an aggregate weighted average current yield of 9.3%.

As of February 28, 2010, 46.9%, or \$33.0 million, of the Company's interest-bearing portfolio was fixed rate debt with a weighted average current coupon of 11.6% and 53.1%, or \$37.4 million, of its interest-bearing portfolio was floating rate debt with a weighted average current spread of LIBOR plus 7.6%.

Liquidity and Capital Resources

At February 28, 2010, the Company had \$37.0 million in borrowings under its credit facility and an asset coverage ratio of 250%.

On July 30, 2009, an unremedied borrowing base deficiency became an event of default, which is currently continuing. During the continuance of an event of default, the lender has the ability to terminate the facility and sell the underlying collateral necessary to satisfy outstanding borrowings. On April 14, 2010, the Company announced that Saratoga Investment Advisors, LLC and CLO Partners LLC agreed to purchase a minority stake in the Company as part of a \$55 million recapitalization plan to enable the Company to cure its existing event of default. In connection with the proposed transaction, the Company and its lender entered into a forbearance agreement, subject to certain milestones. The Company has been in default under its credit facility since last July. Including \$3.2 million of repayments made subsequent to February 28, 2010, the Company has repaid \$22.0 million of outstanding borrowings since the event of default consisting of \$14.8 million of proceeds from asset sales and repayments and \$7.2 million from cash interest received in excess of interest expense.

About GSC Investment Corp.

GSC Investment Corp. is a specialty finance company that invests primarily in leveraged loans and mezzanine debt issued by U.S. middle-market companies, high yield bonds and collateralized loan obligations. It has elected to be treated as a business development company under the Investment Company Act of 1940. The Company may also opportunistically invest in distressed debt, debt issued by non-middle market companies, and equity securities issued by middle and non-middle market companies. The Company draws upon the support and investment advice of its external manager, GSC Group, an alternative asset investment manager that focuses on complex, credit-driven strategies. GSC Investment Corp. is traded on the New York Stock Exchange under the symbol "GNV."

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GSC Investment Corp.

Consolidated Statement of Assets and Liabilities

	February 28, 2010	As of ----- February 28, 2009
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ASSETS		
Investments at fair value		
Non-control/non-affiliate investments (amortized cost of \$117,678,275 and \$137,020,449, respectively)	\$72,674,847	\$96,462,919
Control investments (cost of \$29,233,097 and \$29,905,194, respectively)	16,698,303	22,439,029
Affiliate investments (cost of \$0 and \$0, respectively)	-	10,527
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Total investments at fair value (amortized cost of \$146,911,372 and \$166,925,643, respectively)	89,373,150	118,912,475
Cash and cash equivalents	3,352,434	6,356,225
Cash and cash equivalents, securitization accounts	225,424	1,178,201
Outstanding interest rate cap at fair value (cost of \$131,000 and \$131,000, respectively)	42,147	39,513
Interest receivable, net of reserve	3,473,961	3,087,668
Deferred credit facility financing costs, net	-	529,767
Management fee receivable	327,928	237,370
Other assets	140,272	321,260
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Total assets	\$96,935,316	\$130,662,479
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LIABILITIES		
Revolving credit facility	\$36,992,222	\$58,994,673

Management and incentive fees payable	3,071,093	2,880,667
Accounts payable and accrued expenses	1,111,081	700,537
Interest and credit facility fees payable	267,166	72,825
Due to manager	15,602	-
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Total liabilities	\$41,457,164	\$62,648,702
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NET ASSETS

Common stock, par value \$.0001 per share, 100,000,000 common shares authorized, 16,940,109 and 8,291,384 common shares issued and outstanding, respectively	\$1,694	\$829
Capital in excess of par value	128,339,497	116,943,738
Accumulated undistributed net investment income (loss)	(2,846,135)	6,122,492
Accumulated net realized loss from investments and derivatives	(12,389,830)	(6,948,628)
Net unrealized depreciation on investments and derivatives	(57,627,074)	(48,104,654)
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Total Net Assets	55,478,152	68,013,777
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Total liabilities and Net Assets	\$96,935,316	\$130,662,479
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NET ASSET VALUE PER SHARE	\$3.27	\$8.20
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GSC Investment Corp.
Consolidated Statements of Operations

	For the year ended February 28, 2010	For the year ended February 28, 2009	For the year ended February 29, 2008
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INVESTMENT INCOME			
Interest from investments			
Non-control/Non-affiliate investments	\$10,902,482	\$16,572,973	\$20,115,301
Control investments	2,397,514	4,393,818	262,442
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Total interest income	13,299,996	20,966,791	20,377,743
Interest from cash and cash equivalents	23,624	175,567	366,312
Management fee income	2,057,397	2,049,717	599,476
Other income	236,259	195,135	42,548
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Total investment income	15,617,276	23,387,210	21,386,079

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EXPENSES			
Interest and credit facility financing expenses	4,096,041	2,605,367	5,031,233
Base management fees	1,950,760	2,680,231	2,938,659
Professional fees	2,071,027	1,166,111	1,409,806
Administrator expenses	670,720	960,701	892,112
Incentive management fees	327,684	1,752,254	711,363
Insurance	869,969	682,154	586,784
Directors fees and expenses	294,932	295,017	313,726
General & administrative	265,575	289,477	261,653
Cost of acquiring management contract	-	-	144,000
Organizational expense	-	-	49,542
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Expenses before expense waiver and reimbursement	10,546,708	10,431,312	12,338,878
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Expense reimbursement	(670,720)	(1,010,416)	(1,789,028)
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Total expenses net of expense waiver and reimbursement	9,875,988	9,420,896	10,549,850
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NET INVESTMENT INCOME BEFORE INCOME TAXES	5,741,288	13,966,314	10,836,229
Income tax expense, including excise tax	(27,445)	(140,322)	(88,951)
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NET INVESTMENT INCOME	5,713,843	13,825,992	10,747,278
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REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS:			
Net realized gain/(loss) from investments			
Non-Control/Non-Affiliate investments	(6,653,983)	(7,173,118)	2,707,402
Control investments	-	-	428,673
Affiliate investments	-	-	39,147
Net realized gain from derivatives	-	30,454	732,526
Net unrealized depreciation on investments	(9,525,054)	(27,961,244)	(20,051,923)
Net unrealized appreciation/(depreciation) on derivatives	2,634	(37,221)	(54,266)
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Net loss on investments	(16,176,403)	(35,141,129)	(16,198,441)
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NET DECREASE IN NET ASSETS RESULTING FROM OPERATIONS	\$(10,462,560)	\$(21,315,137)	\$(5,451,163)
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WEIGHTED AVERAGE - BASIC AND DILUTED EARNINGS (LOSS) PER COMMON SHARE	\$ (0.99)	\$ (2.57)	\$ (0.70)
WEIGHTED AVERAGE COMMON STOCK OUTSTANDING -BASIC AND DILUTED	10,613,507	8,291,384	7,761,965

SOURCE GSC Investment Corp.

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