



GSC Investment Corp. Announces First Quarter Fiscal Year 2011 Financial Results

NEW YORK, July 15, 2010 /PRNewswire via COMTEX News Network/ -- GSC Investment Corp. (NYSE: GNV), a business development company, today announces financial results for the fiscal year 2011 first quarter ended May 31, 2010.

Operating Results

For the fiscal quarter ended May 31, 2010, GSC Investment Corp. reported net investment income of \$2,202 and net realized and unrealized gains on investments of \$2.7 million resulting in a net increase in net assets from operations of \$2.7 million, or \$0.16 per share. The \$2.7 million of the net gain on investments was comprised of \$5.2 million in net unrealized appreciation on investments and \$2.5 million in net realized losses on investments. Net asset value was \$3.43 per share as of May 31, 2010.

Portfolio and Investment Activity

As of May 31, 2010, the value of the Company's investment portfolio was \$89.9 million, principally invested in 25 portfolio companies and one collateralized loan obligation fund ("CLO"). The overall portfolio composition consisted of 15.4% first lien term loans, 23.1% second lien term loans, 32.7% senior secured notes, 4.8% unsecured notes, 20.2% subordinated notes of GSCIC CLO and 3.8% common stocks and limited partnership interests.

During the first quarter, GSC Investment Corp. made no investments in new or existing portfolio companies. For the quarter, the Company had \$2.7 million in aggregate amount of exits and repayments, resulting in net repayments of \$2.7 million.

As of May 31, 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 9.7%, 8.1%, 11.6%, 12.2% and 9.7%, respectively, which resulted in an aggregate weighted average current yield of 9.8%.

As of May 31, 2010, 48.6%, or \$33.2 million, of the Company's interest-bearing portfolio was fixed rate debt with a weighted average current coupon of 11.6% and 51.4%, or \$35.1 million, of its interest-bearing portfolio was floating rate debt with a weighted average current spread of LIBOR plus 7.8%.

Liquidity and Capital Resources

At May 31, 2010, the Company had \$33.8 million in borrowings under its credit facility and an asset coverage ratio of 272%.

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.

In connection with the proposed transaction, GSC Investment Corp. has scheduled a special meeting for July 30, 2010. Stockholders are urged to vote their shares immediately if they haven't done so yet. Questions about the proposed transaction or on voting your shares should be directed to Morrow & Co., LLC at 800-607-0088 or (203) 658-9400 or by email at GSC@morrowco.com.

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

	As of	
	-----	-----
	May 31, 2010	February 28, 2010
	-----	-----
	(unaudited)	
ASSETS		
Investments at fair value		
Non-control/non-affiliate		
investments (amortized cost of		
\$113,009,708 and \$117,678,275,		
respectively)	\$71,719,742	\$72,674,847
Control investments (cost of		
\$29,233,097 and \$29,233,097,		
respectively)	18,208,657	16,698,303
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Total investments at fair value		
(amortized cost of \$142,242,805 and		
\$146,911,372, respectively)	89,928,399	89,373,150
Cash and cash equivalents	2,928,017	3,352,434
Cash and cash equivalents,		
securitization accounts	378,728	225,424
Outstanding interest rate cap at fair		
value (cost of \$131,000 and \$131,000,		
respectively)	22,278	42,147
Interest receivable, net of reserve	2,589,212	3,473,961
Management fee receivable	231,300	327,928
Other assets	401,636	140,272
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Total assets	\$96,479,570	\$96,935,316
	=====	=====
LIABILITIES		
Revolving credit facility	\$33,807,431	\$36,992,222
Management and incentive fees payable	3,482,482	3,071,093
Accounts payable and accrued expenses	779,972	1,111,081
Interest and credit facility fees		
payable	270,246	267,166
Due to manager	6,549	15,602
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Total liabilities	\$38,346,680	\$41,457,164
	=====	=====
NET ASSETS		

Common stock, par value \$.0001 per share, 100,000,000 common shares authorized, 16,940,109 and 16,940,109 common shares issued and outstanding, respectively	\$1,694	\$1,694
Capital in excess of par value	128,339,497	128,339,497
Accumulated undistributed net investment loss	(2,843,933)	(2,846,135)
Accumulated net realized loss from investments and derivatives	(14,941,240)	(12,389,830)
Net unrealized depreciation on investments and derivatives	(52,423,128)	(57,627,074)
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Total Net Assets	58,132,890	55,478,152
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Total liabilities and Net Assets	\$96,479,570	\$96,935,316
	=====	=====
NET ASSET VALUE PER SHARE	\$3.43	\$3.27
	=====	=====

GSC Investment Corp.

Consolidated Statements of Operations

	For the three months ended May 31, 2010 ----- (unaudited)	For the three months ended May 31, 2009 ----- (unaudited)
INVESTMENT INCOME		
Interest from investments		
Non-control/Non-affiliate investments	\$1,617,267	\$3,318,840
Control investments	652,720	868,229
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Total interest income	2,269,987	4,187,069
Interest from cash and cash equivalents	319	13,191
Management fee income	506,785	520,992
Other income	33,559	43,134
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Total investment income	2,810,650	4,764,386
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EXPENSES		
Interest and credit facility financing expenses	831,121	642,893
Base management fees	411,389	547,744
Professional fees	1,142,537	339,780
Administrator expenses	155,137	171,861
Incentive management fees	-	322,183
Insurance	194,654	206,017
Directors fees and expenses	164,611	82,000

General & administrative	64,136	59,780
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Expenses before expense waiver and reimbursement	2,963,585	2,372,258
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Expense reimbursement	(155,137)	(171,861)
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Total expenses net of expense waiver and reimbursement	2,808,448	2,200,397
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NET INVESTMENT INCOME	2,202	2,563,989
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REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS:		
Net realized loss from investments	(2,551,410)	(5,152)
Net unrealized appreciation on investments	5,223,815	2,769,292
Net unrealized appreciation/ (depreciation) on derivatives	(19,869)	35,687
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Net gain on investments	2,652,536	2,799,827
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NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	\$2,654,738	\$5,363,816
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WEIGHTED AVERAGE -BASIC AND DILUTED EARNINGS PER COMMON SHARE	\$0.16	\$0.65
WEIGHTED AVERAGE COMMON STOCK OUTSTANDING -BASIC AND DILUTED	16,940,109	8,291,384

SOURCE GSC Investment Corp.

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