



GSC Investment Corp. Announces Fourth Quarter and Fiscal Year 2009 Financial Results

NEW YORK, May 28, 2009 /PRNewswire-FirstCall via COMTEX News Network/ -- GSC Investment Corp. (NYSE: GNV), a business development company, today announced financial results for the fourth quarter and fiscal year ended February 28, 2009.

Operating Results

For the fiscal year ended February 28, 2009, GSC Investment Corp. reported net investment income of \$13.8 million or \$1.67 per share. Net investment income was offset by net realized and unrealized losses on investments of \$35.1 million or \$4.24 per share, resulting in a net decrease in net assets resulting from operations of \$21.3 million or \$2.57 per share for the year. The \$35.1 million net loss on investments was comprised of \$28.0 million in net unrealized depreciation on investments and \$7.2 million of net realized losses on investments. Net asset value was \$8.20 per share as of February 28, 2009.

For the fiscal quarter ended February 28, 2009, GSC Investment Corp. reported net investment income of \$3.3 million or \$0.40 per share. Net investment income was offset by net realized and unrealized losses on investments of \$17.3 million or \$2.09 per share, resulting in a net decrease in net assets resulting from operations of \$14.0 million or \$1.69 per share for the quarter. The \$17.3 million net loss on investments was comprised of \$17.5 million in net unrealized depreciation on investments and \$0.3 million of net realized gains on investments.

"Our fourth quarter and fiscal year 2009 results continue to reflect the extraordinary credit market environment affecting our industry," said Chief Executive Officer Seth M. Katzenstein. "Throughout fiscal year 2009, we have followed a strategy designed to preserve capital, generate cash and reduce debt."

"Furthermore, our investment valuations are based on fair values that, we believe, reflect the volatility and illiquidity of the marketplace rather than the underlying quality and long-term potential value of our portfolio," said Mr. Katzenstein. "Consistent with our belief that the February 28, 2009 fair value may understate the long-term potential of our portfolio, we note that the Credit Suisse Leveraged Loan Index has increased 11% since the end of our fiscal year, a change that we have seen mirrored in the value of our liquid investments," said Mr. Katzenstein.

"In the meantime, because of uncertainty regarding the timing and magnitude of a market recovery, we are exploring strategic and financing alternatives that will allow us to maximize shareholder value. We are pleased to have retained the investment banking firm of Stifel, Nicolaus & Company to help us identify and evaluate opportunities and consider our alternatives," said Mr. Katzenstein. There is no assurance that the exploration and evaluation of strategic and financing alternatives will result in any transaction.

Portfolio and Investment Activity

As of February 28, 2009, the value of the Company's investment portfolio was \$118.9 million, principally invested in 35 portfolio companies and one collateralized loan obligation fund ("CLO"). The overall portfolio composition consisted of 14.4% first lien term loans, 34.5% second lien term loans, 21.7% senior secured notes, 10.4% unsecured notes, 18.8% subordinated notes of GSCIC CLO and 0.2% equity/limited partnership interests. The only non-performing investment was the Company's \$0.4 million investment in Lyondell Chemical Company.

During the fiscal year ended February 28, 2009, the Company made 17 investments in an aggregate amount of \$23.1 million in new portfolio companies and \$5.2 million in investments in existing portfolio companies. Also during the fiscal year ended February 28, 2009, the Company had \$49.2 million in aggregate amount of exits and repayments resulting in net repayments of \$20.9 million for the year.

As of February 28, 2009, 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 6.8%, 9.0%, 11.6%, 12.3% and 12.2%, respectively, which resulted in an aggregate weighted average current yield of 10.2%.

As of February 28, 2009, 41.8%, or \$40.3 million, of the Company's interest-bearing portfolio was comprised of fixed rate debt with a weighted average current coupon of 11.7% and 58.2%, or \$56.2 million, of its interest-bearing portfolio was floating rate debt with a weighted average current spread of LIBOR plus 5.9%.

Liquidity and Capital Resources

In March 2009, the Company amended its revolving credit facility to decrease the minimum required collateralization and increase the portion of the Company's portfolio that can be invested in "CCC" rated investments in return for an increased interest rate and expedited amortization. As amended, the credit facility requires the Company to amortize the facility over the next two years using principal proceeds from realizations and repayments. Any amounts remaining outstanding after the amortization period will be due in full on the second anniversary of the amendment. The margin on the facility has been increased from 70 basis points over the commercial paper rate to 400 basis points during the first year and to 500 basis points during the following year. As of February 28, 2009, the Company's actual amount outstanding on its Revolving Facility was \$59.0 million and its asset coverage ratio was 215% at year end.

Dividend

As a regulated investment company, GSC Investment Corp. is required to distribute a substantial portion of its investment company taxable income to shareholders through the payment of dividends. The Company has distributed \$2.58 per share of dividends since inception and \$1.03 per share during fiscal year 2009. At February 28, 2009, the Company had an aggregate of \$7.5 million in cash and cash equivalents. In light of the continuing recession and the scarcity of available credit for its portfolio companies, the Company believes that cash conservation serves shareholders' interests by best positioning the Company to meet its debt obligations notwithstanding the possibility of adverse credit events in its portfolio. Accordingly, the Company has elected not to pay a dividend for the current quarter.

"We are aware of the importance of a regular dividend to our shareholders," said CEO Seth Katzenstein, "but believe that maintaining our current cash position is essential to managing our portfolio through the current economic situation. We are pleased that, even in the midst of the most serious recession in half a century, we were able to increase our total investment income year over year, and we hope to resume payment of our regular dividend when economic conditions normalize." The authority to grant dividends rests entirely with GSC Investment Corp.'s Board of Directors. The Board will continue to assess the Company's dividend policy on a quarterly basis.

Fourth Quarter and Fiscal Year 2009 Conference Call/Webcast Information

When: Friday, May 29, 2009, 10:00 a.m. Eastern Time (ET)

Call: Interested parties may participate by dialing (877) 879-6184 (U.S. and Canada) or (719) 325-4754 (outside U.S. and Canada).

A replay of the call will be available from 1:00 p.m. ET on Friday, May 29, 2009 through 11:59 p.m. ET on Thursday, June 11, 2009 by dialing (888) 203-1112 (U.S. and Canada) or (719) 457-0820 (outside U.S. and Canada), passcode for both replay numbers: 1735646.

Webcast: Interested parties may also access a simultaneous webcast of the call by going to <http://ir.gscinvestmentcorp.com/events.cfm>. A replay of the webcast will be available from 1:00 p.m. ET on Friday, May 29, 2009 through 11:59 p.m. ET, Thursday, June 11, 2009.

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."

GSC Investment Corp.
Consolidated Balance Sheets

As of

February 28, 2009 February 29, 2008

ASSETS

Investments at fair value		
Non-control/non-affiliate		
investments (amortized cost of		
\$137,020,449 and \$162,888,724,		
respectively)	\$ 96,462,919	\$ 143,745,269
Control investments (cost of		
\$29,905,194 and \$30,000,000,		
respectively)	22,439,029	29,075,299
Affiliate investments (cost of \$0		
and \$0, respectively)	10,527	16,233
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Total investments at fair value		
(amortized cost of \$166,925,643		
and \$192,888,724, respectively)	118,912,475	172,836,801
Cash and cash equivalents	6,356,225	1,072,641
Cash and cash equivalents,		
securitization accounts	1,178,201	14,580,973
Outstanding interest rate cap at		
fair value (cost of \$131,000 and		
\$131,000, respectively)	39,513	76,734
Interest receivable	3,087,668	2,355,122
Due from manager	-	940,903
Deferred credit facility financing		
costs, net	529,767	723,231
Management fee receivable	237,370	215,914
Other assets	321,260	39,349
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Total assets	\$ 130,662,479	\$ 192,841,668
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LIABILITIES

Revolving credit facility	\$ 58,994,673	\$ 78,450,000
Payable for unsettled trades	-	11,329,150
Dividend payable	-	3,233,640
Management and incentive fees		
payable	2,880,667	943,061
Accounts payable and accrued		
expenses	700,537	713,422
Interest and credit facility fees		
payable	72,825	292,307
Due to manager	-	11,048
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Total liabilities	\$ 62,648,702	\$ 94,972,628
	=====	=====

STOCKHOLDERS' EQUITY

Common stock, par value \$.0001 per		
share, 100,000,000 common shares		
authorized, 8,291,384 and 8,291,384		
common shares issued and outstanding,		
respectively	829	829
Capital in excess of par value	116,943,738	116,218,966
Accumulated undistributed net		
investment income	6,122,492	455,576
Accumulated undistributed net		
realized gain/(loss) from		
investments and derivatives	(6,948,628)	1,299,858
Net unrealized depreciation on		
investments and derivatives	(48,104,654)	(20,106,189)
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Total stockholders' equity	68,013,777	97,869,040
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Total liabilities and stockholders' equity	\$ 130,662,479	\$ 192,841,668
	=====	=====
NET ASSET VALUE PER SHARE	\$ 8.20	\$ 11.80
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GSC Investment Corp.
Consolidated Statement of Operations

	For the year ended February 28, 2009	For the year ended February 29, 2008	For the period from May 12, 2006 (date of inception) to February 28, 2007
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INVESTMENT INCOME			
Interest from investments			
Non-Control/Non-Affiliate investments	\$ 16,572,973	\$ 20,115,301	\$ -
Control investments	4,393,818	262,442	-
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Total interest income	20,966,791	20,377,743	-
Interest from cash and cash equivalents	175,567	366,312	30
Management fee income	2,049,717	599,476	-
Other income	195,135	42,548	-
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Total investment income	23,387,210	21,386,079	30
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EXPENSES			
Interest and credit facility financing expenses	2,605,367	5,031,233	-
Base management fees	2,680,231	2,938,659	-
Professional fees	1,166,111	1,409,806	35,000
Administrator expenses	960,701	892,112	-
Incentive management fees	1,752,254	711,363	-
Insurance	682,154	586,784	-
Directors fees	295,017	313,726	-
General & administrative	289,477	261,653	-
Cost of acquiring management contract	-	144,000	-
Organizational expense	-	49,542	95,193
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Expenses before manager expense waiver and reimbursement	10,431,312	12,338,878	130,193
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Expense reimbursement	(1,010,416)	(1,789,028)	-
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Total expenses net of expense waiver and reimbursement	9,420,896	10,549,850	130,193
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NET INVESTMENT INCOME BEFORE INCOME TAXES	13,966,314	10,836,229	(130,163)
Income tax expense, including excise tax	(140,322)	(88,951)	-
NET INVESTMENT INCOME	13,825,992	10,747,278	(130,163)

REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS			
Net realized gain/(loss) from investments			
Non-Control/Non- Affiliate investments	(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	(27,961,244)	(20,051,923)	-
Net unrealized depreciation on derivatives	(37,221)	(54,266)	-
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Net loss on investments	(35,141,129)	(16,198,441)	-
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NET DECREASE IN NET ASSETS RESULTING FROM OPERATIONS	\$ (21,315,137)	\$ (5,451,163)	\$ (130,163)
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WEIGHTED AVERAGE - BASIC AND DILUTED EARNINGS PER COMMON SHARE	\$ (2.57)	\$ (0.70)	n/a
WEIGHTED AVERAGE COMMON STOCK OUTSTANDING - BASIC AND DILUTED	8,291,384	7,761,965	67

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SOURCE GSC Investment Corp.

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