

GAINSCO REPORTS 1st QUARTER 2009 RESULTS

DALLAS, Texas, May 14, 2009 – GAINSCO, INC. (NYSE Amex: GAN) today announced net income for the first quarter 2009 of \$2.0 million, or \$0.09 per common share, basic and diluted. This compares to first quarter 2008 net income of \$0.2 million, or \$0.01 per common share, basic and diluted.

Gross premiums written during the first quarter 2009 were approximately 2% above gross premiums written in the comparable 2008 period. Gross premiums written by geographic region for the quarters ended March 31, 2009 and 2008, were as follows:

<i>(dollars in millions)</i>	Quarter ended	
	March 31	
	<u>2009</u>	<u>2008</u>
	<u>unaudited</u>	
Regions:		
Southeast (Florida, South Carolina)	\$ 34.4	30.3
South Central (Texas)	10.2	12.6
Southwest (Arizona, Nevada, New Mexico)	8.2	8.5
West (California)	<u>0.4</u>	<u>0.6</u>
Total	\$ <u>53.2</u>	<u>52.0</u>

Under accounting principles generally accepted in the United States (GAAP), ratios for the quarters ended March 31, 2009 and 2008, were as follows:

	Quarter ended	
	March 31	
	<u>2009</u>	<u>2008</u>
Total Company:		
C & CAE Ratio (1)	70.4 %	74.8 %
Expense Ratio (2)(3)	<u>25.3 %</u>	<u>25.8 %</u>
Combined Ratio (2)	<u>95.7 %</u>	<u>100.6 %</u>
Nonstandard Personal Auto:		
C & CAE Ratio (1)	<u>71.7 %</u>	<u>74.8 %</u>

- (1) C & CAE is an abbreviation for Claims and claims adjustment expenses, stated as a percentage of net premiums earned.
- (2) The Expense Ratio and Combined Ratio do not reflect expenses of the holding company, which include interest expense on the note payable and subordinated debentures.
- (3) Commissions, change in deferred acquisition costs, underwriting expenses and operating expenses (insurance subsidiaries only) are offset by agency revenues and are stated as a percentage of net premiums earned.

The Company continues to adjust and settle claims associated with its runoff lines. For the first quarter of 2009, the Company's runoff lines recorded favorable development for the settlement of claims occurring in prior accident years of \$0.5 million. During the first quarter of 2008, no material development for claims occurring in prior accident years for the Company's runoff lines was recorded.

As regards the Company's nonstandard personal auto business during the first quarter of 2009, the Company recorded favorable development for claims occurring in prior accident years of \$2.3 million. During the first quarter of 2008, the Company recorded unfavorable development for claims occurring in prior accident years for nonstandard personal auto of \$1.7 million.

As of March 31, 2009, the Company had \$73.5 million in net unpaid claims and claims adjustment expenses ("C&CAE") (Unpaid C&CAE of \$76.4 million less Ceded unpaid C&CAE of \$2.9 million), compared to net unpaid C&CAE at December 31, 2008 of \$73.1 million (Unpaid C&CAE of \$75.5 million less Ceded unpaid C&CAE of \$2.4 million). These amounts include net unpaid C&CAE in respect of the Company's runoff lines of \$6.4 million at March 31, 2009, and \$7.1 million at December 31, 2008. As of both March 31, 2009 and December 31, 2008, the outstanding inventory of runoff claims was 30.

As of March 31, 2009, the Company's Shareholders' equity was \$54.7 million, Subordinated debentures were \$43.0 million and Note payable was \$0.9 million. These compare to Shareholders' equity of \$55.3 million, Subordinated debentures of \$43.0 million and Note payable of \$0.9 million at December 31, 2008.

For the first quarter of 2009, the Company elected to early adopt FSP FAS 157-4, FAS 115-2, FAS 124-2, FAS 107-1 and APB 28-1. As a result, the Company recorded \$2.5 million related to write downs for other-than-temporary declines in fair value of various investments, of which \$2.4 million of the other-than-temporary impairment was recognized in other comprehensive loss and \$0.1 million was recognized as a realized loss. Total net realized investment losses for the Company for the first quarter of 2009 were \$0.2 million.

GAINSCO, INC. is a Dallas, Texas-based holding company. The Company's nonstandard personal auto insurance products are distributed through independent retail agents in Florida, South Carolina and, beginning in the second quarter of 2009, Georgia (Southeast Region), Texas (South Central Region) and Arizona, Nevada and New Mexico (Southwest Region), and through an independent managing general agency in California (West Region). Its insurance company subsidiary is MGA Insurance Company, Inc.

Some of the statements made in this release may be forward-looking statements. Forward-looking statements relate to future events or future financial performance and may involve known or unknown risks, uncertainties and other factors which may cause actual results, performance or achievements to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements.

These forward-looking statements reflect current views but are based on assumptions and are subject to risks, uncertainties and other variables which should be

considered when making an investment decision, including (a) current and future economic conditions and uncertainties and disruptions in financial markets that may materially and adversely affect our business, operations, capital and liquidity, (b) the unpredictability of governmental actions affecting financial institutions, other financial firms and rating agencies, (c) operational risks and other challenges associated with growth into new and unfamiliar markets and states, (d) adverse market conditions, including heightened competition, (e) factors considered by A.M. Best in the rating of our insurance subsidiary, and the acceptability of our current rating, or a future rating, to agents and customers, (f) the Company's ability to adjust and settle the remaining claims associated with its runoff business on terms consistent with its estimates and reserves, (g) the adoption or amendment of legislation or regulations, uncertainties in the outcome of litigation and adverse trends in litigation, (h) inherent uncertainty arising from the use of estimates and assumptions in decisions about pricing and reserves, (i) the effects on claims levels or business operations resulting from natural disasters and other adverse weather conditions, (j) the availability of reinsurance and the Company's ability to collect reinsurance recoverables, (k) the availability and cost of capital, which may be required in order to implement the Company's strategies, and (l) limitations on the Company's ability to use net operating loss carryforwards. Please refer to the Company's recent SEC filings and the Annual Report on Form 10-K for the year ended December 31, 2008, for more information regarding factors that could affect the Company's results.

Forward-looking statements are relevant only as of the dates made, and the Company undertakes no obligation to update any forward-looking statement to reflect new information, events or circumstances after the date on which the statement is made. All written or oral forward-looking statements that are made by or are attributable to the Company are expressly qualified in their entirety by this cautionary notice. Actual results may differ significantly from the results discussed in these forward-looking statements.

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[The GAINSCO, INC. and Subsidiaries unaudited Condensed Consolidated Statements of Operations and Other Information for the quarters ended March 31, 2009 and 2008, follow.]

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GAINSCO, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(\$ in thousands, except per share data)

	Quarter ended March 31,	
	2009	2008
Net premiums earned	\$ 45,999	43,340
Net investment income	1,697	2,134
Realized investment (losses) gains, net:		
Other-than-temporary impairment losses	(2,509)	-
Other-than-temporary impairment losses transferred to Other comprehensive loss	2,361	-
Other realized investment (losses) gains, net	(81)	81
Total realized investment (losses) gains, net	(229)	81
Agency revenues	3,201	2,985
Other (expense) income, net	(25)	26
Total revenues	50,643	48,566
Claims & CAE incurred	32,361	32,416
Policy acquisition costs	7,578	7,177
Underwriting and operating expenses	8,019	7,855
Interest expense, net	594	939
Income before Federal income taxes	2,091	179
Federal income taxes	44	12
Net Income	\$ 2,047	167
Earnings per common share:		
Basic	\$ 0.09	0.01
Diluted	\$ 0.09	0.01

GAINSCO, INC. AND SUBSIDIARIES
OTHER INFORMATION
(\$ in thousands)

	Quarter ended March 31,	
	2009	2008
Gross premiums written	\$ 53,150	51,966
GAAP RATIOS:		
C & CAE Ratio ⁽¹⁾	70.4%	74.8%
Expense Ratio ⁽²⁾⁽³⁾	25.3%	25.8%
Combined Ratio ⁽²⁾	95.7%	100.6%

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