



Under accounting principles generally accepted in the United States (GAAP), ratios for the quarters and six months ended June 30, 2009 and 2008, were as follows:

	Quarter ended		Six months ended	
	June 30		June 30	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Total Company:				
C & CAE Ratio (1)	73.6 %	71.9 %	72.0 %	73.3 %
Expense Ratio (2)(3)	<u>25.2 %</u>	<u>26.4 %</u>	<u>25.3 %</u>	<u>26.1 %</u>
Combined Ratio (2)	<u>98.8 %</u>	<u>98.3 %</u>	<u>97.3 %</u>	<u>99.4 %</u>
Nonstandard Personal Auto:				
C & CAE Ratio (1)	<u>75.9 %</u>	<u>74.8 %</u>	<u>73.8 %</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 subsidiary 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 second quarter of 2009, the Company's runoff lines recorded favorable development for the settlement of claims occurring in prior accident years of \$1.1 million. During the second quarter of 2008, the Company recorded favorable development for claims occurring in prior accident years for the Company's runoff lines of \$1.3 million. For the six months ended June 30, 2009 and 2008, the runoff lines recorded favorable development for claims occurring in prior accident years of \$1.5 million and \$1.3 million, respectively.

As regards the Company's nonstandard personal auto business during the second quarter of 2009, the Company recorded favorable development for claims occurring in prior accident years of \$1.1 million. During the second quarter of 2008, the Company recorded unfavorable development for claims occurring in prior accident years for nonstandard personal auto of \$2.2 million. For the first six months of 2009, the Company recorded favorable development for claims occurring in prior accident years for nonstandard personal auto of \$3.4 million. For the first six months of 2008, the Company recorded unfavorable development for claims occurring in prior accident years for nonstandard personal auto of \$3.9 million.

As of June 30, 2009, the Company had \$74.3 million in net unpaid claims and claims adjustment expenses ("C&CAE") (Unpaid C&CAE of \$76.6 million less Ceded unpaid C&CAE of \$2.3 million), compared to net unpaid C&CAE at March 31, 2009 of \$73.5 million (Unpaid C&CAE of \$76.4 million less Ceded unpaid C&CAE of \$2.9 million). These amounts include net unpaid C&CAE in respect of the Company's runoff lines of \$4.9 million at June 30, 2009, and \$6.4 million at March 31, 2009. As of June 30, 2009, the outstanding inventory of runoff claims was 28, compared to 30 at March 31, 2009.

As of June 30, 2009, the Company's Shareholders' equity was \$62.0 million, Subordinated debentures were \$43.0 million and Note payable was \$0.9 million. These compare to Shareholders' equity of \$54.7 million, Subordinated debentures of \$43.0 million and Note payable of \$0.9 million at March 31, 2009.

During the second quarter of 2009, the Company completed a 1-for-5 reverse stock split of the Company's outstanding common stock, par value \$0.10 per share. The reverse stock split was effective June 8, 2009, and there were 4,785,398 common shares outstanding at June 30, 2009. Additionally, all references in this release to per common share results have been retroactively adjusted for this reverse stock split.

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, Georgia and South Carolina (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 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 and six months ended June 30, 2009 and 2008, follow.]

**Release Date:** Thursday, August 13, 2009 – FOR IMMEDIATE RELEASE  
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**GAINSCO, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**

(In thousands, except per share data)

	Quarter ended		Six months ended	
	June 30,		June 30,	
	2009	2008	2009	2008
Net premiums earned	\$ 48,141	44,577	\$ 94,140	87,917
Net investment income	1,658	1,795	3,355	3,929
Realized investment (losses) gains, net:				
Other-than-temporary impairment losses	(46)	-	(2,555)	-
Other-than-temporary impairment losses transferred to				
Other comprehensive loss	-	-	2,361	-
Other realized investment gains (losses), net	784	(42)	703	39
Total realized investment gains (losses), net	738	(42)	509	39
Agency revenues	3,383	3,193	6,584	6,178
Other income, net	2	8	(23)	34
Total revenues	53,922	49,531	104,565	98,097
Claims & CAE incurred	35,451	32,049	67,812	64,465
Policy acquisition costs	7,991	7,854	15,569	15,031
Underwriting and operating expenses	8,299	7,977	16,318	15,832
Interest expense, net	550	730	1,144	1,669
Income before Federal income taxes	1,631	921	3,722	1,100
Federal income taxes	19	(46)	63	(34)
Net income	\$ 1,612	967	\$ 3,659	1,134
<b>Earnings per common share: *</b>				
Basic	\$ 0.34	0.20	\$ 0.76	0.23
Diluted	\$ 0.34	0.20	\$ 0.76	0.23

\* Per common share results have been retroactively adjusted for the 1-for-5 reverse stock split that was effective June 8, 2009.

**GAINSCO, INC. AND SUBSIDIARIES**  
**OTHER INFORMATION**

(In thousands)

	Quarter ended		Six months ended	
	June 30,		June 30,	
	2009	2008	2009	2008
Gross premiums written	\$ 45,001	39,761	\$ 98,151	91,727
<b>GAAP RATIOS:</b>				
C & CAE Ratio <sup>(1)</sup>	73.6%	71.9%	72.0%	73.3%
Expense Ratio <sup>(2)(3)</sup>	25.2%	26.4%	25.3%	26.1%
Combined Ratio <sup>(2)</sup>	98.8%	98.3%	97.3%	99.4%

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(2) The Expense Ratio and Combined Ratio do not reflect expenses of the holding company.

(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.