

GSE SYSTEMS INC
Form SC 13G/A
October 13, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE 13G

(Under the Securities Exchange Act of 1934)
(Amendment No.3) *

GSE Systems, Inc.

(Name of Issuer)

Common Stock

(Title of Class of Securities)

36227K106

(Cusip Number)

September 30, 2009

(Date of event which requires filing of this statement)

Check the appropriate box to designate the rule pursuant
to which this schedule is filed:

[X] Rule 13d-1 (b) Babson Capital Management LLC
[X] Rule 13d-1 (c) Cobbs Wharf Master Fund, L.P.
[] Rule 13d-1 (d)

*The remainder of this cover page shall be filled out for a
reporting person's initial filing of this form with respect to the
subject class of securities, and for any subsequent amendment
containing information which would alter the disclosures provided in
a prior cover page.

The information required in the remainder of this cover page shall
not be deemed to be "filed" for the purpose of Section 18 of the
Securities Exchange Act of 1934 ("Act") or otherwise subject to the
liabilities of that section of the Act, but shall be subject to all
other provisions of the Act (however, see the Notes.)

[Continued on the following page(s)]
Page 1 of 8 Pages

CUSIP No 36227K106

Page 2 of 8 Pages

1. Name of reporting person
S.S. or I.R.S. identification no. of above person

Babson Capital Management LLC
51-0504477

Edgar Filing: GSE SYSTEMS INC - Form SC 13G/A

2. Check the appropriate box if a member of a group
 (a) ()
 (b) (X)

 3. SEC use only

4. Citizenship or place of organization
 Delaware

5. Sole Voting Power

0

Number of
 shares
 beneficially
 owned by
 each
 Reporting
 person
 with

6. Shared Voting Power

560,487

7. Sole Dispositive Power

0

8. Shared Dispositive Power
 560,487

9. Aggregate amount beneficially owned by each reporting person

560,487 (1)

10. Check if the aggregate amount in row (9) excludes certain shares

11. Percent of class represented by amount in row 9
 3.49% (2)

12. Type of Reporting person
 IA

(1) Babson Capital Management LLC (Babson Capital) serves as investment adviser to Cobbs Wharf Master Fund, L.P., a Cayman Islands limited partnership, which was the registered holder of 560,487 of the shares reported as beneficially owned by Babson Capital as of September 30, 2009.
 (2) Based on 16,045,372 shares of GSE Systems, Inc. common stock outstanding as reported in the issuer's Quarterly Report on Form 10-Q, for the period ending August 7, 2009.

CUSIP No 36227K106

Page 3 of 8 Pages

1. Name of reporting person
 S.S. or I.R.S. identification no. of above person

Cobbs Wharf Master Fund, L. P.

2. Check the appropriate box if a member of a group
 (a) ()
 (b) (X)

3. SEC use only

4. Citizenship or place of organization

Edgar Filing: GSE SYSTEMS INC - Form SC 13G/A

Grand Cayman

5.	Sole Voting Power
	0

Number of shares beneficially owned by each Reporting person with	6. Shared Voting Power
	560,487

	7. Sole Dispositive Power
	0

8.	Shared Dispositive Power
	560,487

9.	Aggregate amount beneficially owned by each reporting person
	560,487 (1)

10.	Check if the aggregate amount in row (9) excludes certain shares

11.	Percent of class represented by amount in row 9
	3.49% (2)

12.	Type of Reporting person
	PN

(1) Babson Capital Management LLC (Babson Capital) serves as investment adviser to Cobbs Wharf Master Fund, L.P., a Cayman Islands limited partnership, which was the registered holder of 560,487 of the shares reported as beneficially owned by Babson Capital as of September 30, 2009.

(2) Based on 16,045,372 shares of GSE Systems, Inc. common stock outstanding as reported in the issuer's Quarterly Report on Form 10-Q, for the period ending August 7, 2009.

CUSIP No 36227K106

Page 4 of 8 Pages

SCHEDULE 13G

ITEM 1(A): NAME OF ISSUER:

GSE Systems, Inc.

1(B): ADDRESS OF ISSUER'S PRINCIPAL EXECUTIVE OFFICES:

1332 Londontown Blvd., Suite 200
Sykesville, MD 21784

ITEM 2(A): NAME OF PERSON FILING:

(i) Babson Capital Management LLC (Babson) as investment adviser.

Edgar Filing: GSE SYSTEMS INC - Form SC 13G/A

(ii) Cobbs Wharf Master Fund, L.P. (Cobbs Wharf)

ITEM 2(B): ADDRESS OF PRINCIPAL BUSINESS OFFICE:

Babson Capital Management LLC
470 Atlantic Avenue
Boston, MA 02210-2208

Cobbs Wharf Master Fund, L.P.
470 Atlantic Avenue
Boston, MA 02210-2208

ITEM 2(C): CITIZENSHIP:

See Item 4 of Cover Page

ITEM 2(D): TITLE OF CLASS OF SECURITIES:

See Cover Page

ITEM 2(E): CUSIP NUMBER:

See Cover Page

ITEM 3: TYPE OF REPORTING PERSON:

This statement is filed pursuant to Rule 13d-1(b) (1) (ii) (E) for Babson Capital.

ITEM 4: OWNERSHIP:

See each cover page.

CUSIP No 36227K106

Page 5 of 8 Pages

ITEM 5: OWNERSHIP OF FIVE PERCENT OR LESS OF A CLASS:

If this statement is being filed to report the fact that as of the date hereof the reporting person has ceased to be the beneficial owner of more than five per cent of the class of securities check the following: [x]

ITEM 6: OWNERSHIP OF MORE THAN FIVE PERCENT ON BEHALF OF ANOTHER PERSON:

Not Applicable

ITEM 7: IDENTIFICATION AND CLASSIFICATION OF THE SUBSIDIARY WHICH ACQUIRED THE SECURITY BEING REPORTED ON BY THE PARENT HOLDING COMPANY:

Not Applicable

ITEM 8: IDENTIFICATION AND CLASSIFICATION OF MEMBERS OF THE GROUP:

Not Applicable

ITEM 9: NOTICE OF DISSOLUTION OF GROUP:

Edgar Filing: GSE SYSTEMS INC - Form SC 13G/A

Not Applicable

ITEM 10: CERTIFICATION:

BABSON CAPITAL MANAGEMENT LLC CERTIFICATION:

By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were acquired and are held in the ordinary course of business and were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having such purpose or effect.

SIGNATURE:

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Date: October 13, 2009

Babson Capital Management LLC
Signature: // Melissa Lagrant //
Name/Title: Melissa Lagrant
Managing Director

CUSIP No 36227K106

Page 6 of 8 Pages

COBBS WHARF MASTER FUND, L.P.CERTIFICATION:

By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were acquired and are held in the ordinary course of business and were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having such purpose or effect.

SIGNATURE:

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Date: October 13, 2009

Cobbs Wharf Master Fund, L.P.
By: Cobbs Wharf Management, LLC
Its General Partner

By: // Melissa Lagrant //
Name: Melissa Lagrant
Title: Managing Director

Edgar Filing: GSE SYSTEMS INC - Form SC 13G/A

CUSIP No 36227K106

Page 7 of 8 Pages

JOINT FILING AGREEMENT

This will confirm the agreement by and among all the undersigned that the amended Schedule 13G filed on or about this date and any future amendments thereto with respect to the beneficial ownership by the undersigned of common shares of GSE Systems, Inc. is being filed on behalf of each of the undersigned in accordance with Rule 13d-1(k)(1). This agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

October 13, 2009

Date

Babson Capital Management LLC

By: // Melissa Lagrant //

Name: Melissa Lagrant

Title: Managing Director

Cobbs Wharf Master Fund, L.P.

By: Cobbs Wharf Management, LLC

Its General Partner

By: // Melissa Lagrant //

Name: Melissa Lagrant

Title: Managing Director

CUSIP No 36227K106

Page 8 of 8 Pages

October 13, 2009

Securities and Exchange Commission
Operations Center

Edgar Filing: GSE SYSTEMS INC - Form SC 13G/A

Attn: Stop 0-7
6432 General Green Way
Alexandria, VA 22312-2413

Re: SCHEDULE 13G ON BEHALF OF GSE SYSTEMS, INC. FOR THE MONTH
ENDING SEPTEMBER 30, 2009

Dear Sir or Madam:

Babson Capital Management LLC and Cobbs Wharf Master Fund, L.P.
are filing today an amendment to the previously amended
Schedule 13G through the EDGAR system as required by Section
240.13d-1(b) to reflect a change in beneficial ownership of
the outstanding stock of the above-mentioned issuer.

Please note that the shares as to which this Schedule is filed are
owned by investment advisory clients of Babson Capital Management
LLC, which may be deemed a beneficial owner of the shares only by
virtue of the direct or indirect investment discretion it possesses
pursuant to the provisions of investment advisory agreements with
such clients.

A copy of the Schedule 13G is being sent to the issuer as required by
Rule 13d-7.

Comments or questions concerning the above may be directed to the
undersigned at (617) 761-3731.

Sincerely,

// Melissa Lagrant //
Melissa Lagrant
Managing Director