



Mario J. Gabelli, CFA

The Gabelli Convertible and Income Securities Fund Inc.

Annual Report – December 31, 2009

To Our Shareholders,

The Sarbanes-Oxley Act requires a fund’s principal executive and financial officers to certify the entire contents of the semi-annual and annual shareholder reports in a filing with the Securities and Exchange Commission (“SEC”) on Form N-CSR. This certification would cover the portfolio manager’s commentary and subjective opinions if they are attached to or a part of the financial statements. Many of these comments and opinions would be difficult or impossible to certify.

Because we do not want our portfolio managers to eliminate their opinions and/or restrict their commentary to historical facts, we have separated their commentary from the financial statements and investment portfolio and have sent it to you separately. Both the commentary and the financial statements, including the portfolio of investments, will be available on our website at www.gabelli.com.

Enclosed are the audited financial statements including the investment portfolio as of December 31, 2009.

Investment Performance

For the year ended December 31, 2009, The Gabelli Convertible and Income Securities Fund’s (the “Fund”) net asset value (“NAV”) total return was 23.8% and the total return for the Fund’s publicly traded shares was 13.2%, compared with gains of 26.5%, 4.5%, and 41.1% for the S&P 500 Index, the Barclays Capital Government/Corporate Bond Index, and the Lipper Convertible Securities Fund Average, respectively. On December 31, 2009, the Fund’s NAV per share was \$5.94, while the price of the publicly traded shares closed at \$5.81 on the New York Stock Exchange (“NYSE”).

Sincerely yours,

Bruce N. Alpert
President

February 19, 2010

Comparative Results

Average Annual Returns through December 31, 2009 (a) (Unaudited)

	Quarter	1 Year	3 Year	5 Year	10 Year	15 Year	20 Year	Since Inception (07/03/89)
Gabelli Convertible and Income Securities Fund								
NAV Total Return (b)	3.80%	23.79%	(1.28)%	3.17%	3.25%	5.55%	6.35%	6.50%
Investment Total Return (c)	4.22	13.16	(4.41)	0.31	3.49	N/A(d)	N/A(d)	5.02(d)
S&P 500 Index	6.04	26.47	(5.62)	0.42	(0.95)	8.04	8.20	8.64(e)
Barclays Capital Government/Corporate Bond Index	(0.21)	4.52	5.81	4.71	6.34	6.76	7.00	7.05(e)
Lipper Convertible Securities Fund Average	4.88	41.09	(0.24)	2.53	3.33	7.71	8.45	8.47(e)

(a) **Returns represent past performance and do not guarantee future results.** Investment returns and the principal value of an investment will fluctuate. When shares are sold, they may be worth more or less than their original cost. Current performance may be lower or higher than the performance data presented. Visit www.gabelli.com for performance information as of the most recent month end. Performance returns for periods of less than one year are not annualized. **Investors should carefully consider the investment objectives, risks, charges, and expenses of the Fund before investing.** The S&P 500 Index is an unmanaged indicator of stock market performance. The Barclays Capital Government/Corporate Bond Index is an unmanaged market value weighted index that tracks the total return performance of fixed rate, publicly placed, dollar denominated obligations. The Lipper Convertible Securities Fund Average reflects the average performance of open-end mutual funds classified in this particular category. Dividends and interest income are considered reinvested. You cannot invest directly in an index.

(b) Total returns and average annual returns reflect changes in the NAV per share, reinvestment of distributions at NAV on the ex-dividend date, and adjustments for rights offerings and are net of expenses. Since inception return is based on an initial NAV of \$10.00.

(c) Total returns and average annual returns reflect changes in closing market values on the NYSE, reinvestment of distributions, and adjustments for rights offerings. Since inception return is based on an initial offering price of \$11.25.

(d) The Fund converted to closed-end status on March 31, 1995 and had no operating history on the NYSE prior to that date.

(e) From June 30, 1989, the date closest to the Fund’s inception for which data is available.

THE GABELLI CONVERTIBLE AND INCOME SECURITIES FUND INC.
Summary of Portfolio Holdings (Unaudited)

The following table presents portfolio holdings as a percent of total investments as of December 31, 2009:

U.S. Government Obligations	33.1%	Transportation	1.0%
Energy and Utilities	10.5%	Hotels and Gaming	0.9%
Health Care	7.9%	Communications Equipment	0.9%
Financial Services	7.5%	Electronics	0.7%
Diversified Industrial	6.3%	Automotive	0.6%
Retail	4.4%	Computer Software and Services	0.5%
Computer Hardware	3.8%	Environmental Services	0.4%
Broadcasting	3.7%	Cable and Satellite	0.3%
Automotive: Parts and Accessories	3.5%	Metals and Mining	0.2%
Telecommunications	2.9%	Equipment and Supplies	0.1%
Food and Beverage	2.8%	Entertainment	0.1%
Specialty Chemicals	2.3%	Manufactured Housing and Recreational Vehicles	0.0%
Aerospace	1.9%	Wireless Communications	0.0%
Real Estate	1.3%	Agriculture	0.0%
Consumer Products	1.3%	Machinery	0.0%
Business Services	1.1%		<u>100.0%</u>

The Fund files a complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q, the last of which was filed for the quarter ended September 30, 2009. Shareholders may obtain this information at www.gabelli.com or by calling the Fund at 800-GABELLI (800-422-3554). The Fund's Form N-Q is available on the SEC's website at www.sec.gov and may also be reviewed and copied at the SEC's Public Reference Room in Washington, DC. Information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330.

Proxy Voting

The Fund files Form N-PX with its complete proxy voting record for the twelve months ended June 30th, no later than August 31st of each year. A description of the Fund's proxy voting policies, procedures, and how the Fund voted proxies relating to portfolio securities is available without charge, upon request, by (i) calling 800-GABELLI (800-422-3554); (ii) writing to The Gabelli Funds at One Corporate Center, Rye, NY 10580-1422; or (iii) visiting the SEC's website at www.sec.gov.

THE GABELLI CONVERTIBLE AND INCOME SECURITIES FUND INC.
SCHEDULE OF INVESTMENTS
December 31, 2009

<u>Principal Amount</u>		<u>Cost</u>	<u>Market Value</u>	<u>Principal Amount</u>		<u>Cost</u>	<u>Market Value</u>
CONVERTIBLE CORPORATE BONDS — 27.2%				Energy and Utilities — 0.4%			
Aerospace — 1.0%				\$ 400,000	UniSource Energy Corp., Cv.,		
\$ 1,000,000	GenCorp Inc., Sub. Deb. Cv.,				4.500%, 03/01/35 (b)	\$ 398,622	\$ 401,000
	4.000%, 01/16/24	\$ 835,374	\$ 1,003,750	Entertainment — 0.1%			
Automotive — 0.6%				50,000	Take-Two Interactive		
600,000	Navistar International Corp.,				Software Inc., Cv.,		
	Sub. Deb. Cv.,				4.375%, 06/01/14	50,000	59,000
	3.000%, 10/15/14	595,377	623,250	Environmental Services — 0.4%			
Automotive: Parts and Accessories — 2.4%				350,000	Covanta Holding Corp., Cv.,		
150,000	Johnson Controls Inc., Cv.,				3.250%, 06/01/14 (b)	350,000	405,125
	6.500%, 09/30/12	150,895	381,750	Equipment and Supplies — 0.0%			
2,114,000	Standard Motor Products Inc.,			10,000	Regal-Beloit Corp.,		
	Sub. Deb. Cv.,				Sub. Deb. Cv.,		
	15.000%, 04/15/11	2,044,972	2,095,502		2.750%, 03/15/24	10,000	20,575
		<u>2,195,867</u>	<u>2,477,252</u>	Financial Services — 1.8%			
Broadcasting — 3.7%				1,500,000	Janus Capital Group Inc., Cv.,		
4,500,000	Sinclair Broadcast Group Inc.,				3.250%, 07/15/14	1,500,000	1,815,000
	Sub. Deb. Cv.,			Health Care — 0.7%			
	6.000%, 09/15/12	4,018,874	3,751,875	100,000	Chemed Corp., Cv.,		
100,000	Sirius XM Radio Inc.,				1.875%, 05/15/14	81,542	87,500
	Sub. Deb. Cv.,			100,000	Kinetic Concepts Inc., Cv.,		
	7.000%, 12/01/14 (b)	74,264	77,750		3.250%, 04/15/15 (b)	80,567	99,250
		<u>4,093,138</u>	<u>3,829,625</u>	100,000	Millipore Corp., Cv.,		
Business Services — 1.0%					3.750%, 06/01/26	103,769	103,625
1,000,000	The Interpublic Group of			150,000	Thoratec Corp., Sub. Deb. Cv.		
	Companies Inc., Cv.,				(STEP),		
	4.250%, 03/15/23	952,252	998,750		1.380%, 05/16/34	101,623	123,188
Cable and Satellite — 0.0%				300,000	Wright Medical Group Inc., Cv.,		
400,000	Adelphia Communications Corp.,				2.625%, 12/01/14	250,288	264,000
	Sub. Deb. Cv.,					<u>617,789</u>	<u>677,563</u>
	3.250%, 05/01/21† (a)	127,000	0	Hotels and Gaming — 0.9%			
Computer Hardware — 2.9%				900,000	Gaylord Entertainment Co., Cv.,		
3,500,000	SanDisk Corp., Cv.,				3.750%, 10/01/14 (b)	868,938	921,375
	1.000%, 05/15/13	2,346,343	2,935,625	Metals and Mining — 0.2%			
Consumer Products — 0.2%				100,000	Alcoa Inc., Cv.,		
200,000	Eastman Kodak Co., Cv.,				5.250%, 03/15/14	100,000	259,875
	7.000%, 04/01/17 (b)	175,564	183,500	Real Estate — 1.3%			
Diversified Industrial — 4.2%				2,400,000	Palm Harbor Homes Inc., Cv.,		
100,000	Griffon Corp., Ser. 2nd,				3.250%, 05/15/24	2,302,490	1,356,000
	Sub. Deb. Cv.,			Retail — 3.0%			
	4.000%, 07/18/23	93,462	100,875	60,000	Costco Wholesale Corp.,		
3,000,000	Griffon Corp., Sub. Deb. Cv.,				Sub. Deb. Cv.,		
	4.000%, 01/15/17 (b)	3,000,000	3,176,250		Zero Coupon, 08/19/17	51,294	80,625
1,400,000	Roper Industries Inc.,			100,000	Pier 1 Imports Inc., Cv. (STEP),		
	Sub. Deb. Cv. (STEP),				6.375%, 02/15/36	95,494	95,000
	Zero Coupon, 01/15/34	829,277	918,750	3,000,000	The Great Atlantic &		
50,000	Textron Inc., Ser. TXT, Cv.,				Pacific Tea Co. Inc., Cv.,		
	4.500%, 05/01/13	50,000	80,812		5.125%, 06/15/11	2,968,841	2,895,000
100,000	Trinity Industries Inc.,					<u>3,115,629</u>	<u>3,070,625</u>
	Sub. Deb. Cv.,			Specialty Chemicals — 2.3%			
	3.875%, 06/01/36	71,051	75,250	2,600,000	Ferro Corp., Cv.,		
		<u>4,043,790</u>	<u>4,351,937</u>		6.500%, 08/15/13	1,699,190	2,320,500
Electronics — 0.1%				TOTAL CONVERTIBLE			
100,000	Intel Corp., Sub. Deb. Cv.,			CORPORATE BONDS . .			
	3.250%, 08/01/39 (b)	106,951	115,375			26,484,314	27,825,702

See accompanying notes to financial statements.

THE GABELLI CONVERTIBLE AND INCOME SECURITIES FUND INC.
SCHEDULE OF INVESTMENTS (Continued)
December 31, 2009

<u>Shares</u>	<u>Cost</u>	<u>Market Value</u>	<u>Shares</u>	<u>Cost</u>	<u>Market Value</u>
COMMON STOCKS (Continued)			Transportation — 0.7%		
Financial Services — 5.6%			Wireless Communications — 0.0%		
22,000	AllianceBernstein Holding LP \$ 471,214	\$ 618,200	6,000	Burlington Northern	
36,000	American Express Co. 1,599,021	1,458,720	4,000	Santa Fe Corp. \$ 584,920	\$ 591,720
3,000	GAM Holding Ltd. 38,877	36,512		GATX Corp. 106,654	115,000
4,000	HSBC Holdings plc, ADR 227,362	228,360		<u>691,574</u>	<u>706,720</u>
5,000	JPMorgan Chase & Co. 188,266	208,350	Health Care — 0.0%		
6,000	Julius Baer Group Ltd. 234,664	211,011	2,000	Turkcell Iletisim	
2,000	M&T Bank Corp. 124,496	133,780		Hizmetleri A/S, ADR 33,611	34,980
12,000	Marsh & McLennan		49	Winstar Communications	
	Companies Inc. 328,846	264,960		Inc.† (a) 438	0
10,000	Morgan Stanley 225,668	296,000		<u>34,049</u>	<u>34,980</u>
5,000	PNC Financial Services		TOTAL		
	Group Inc. 190,965	263,950	COMMON STOCKS 37,124,985		
3,000	Royal Bank of Canada 154,809	160,650	PREFERRED STOCKS — 0.0%		
8,000	The Bank of New York		Telecommunications — 0.0%		
	Mellon Corp. 198,990	223,760	3,679	PTV Inc., 10.000% Pfd.,	
60,000	Wells Fargo & Co. 1,682,858	1,619,400		Ser. A† 0	294
	<u>5,666,036</u>	<u>5,723,653</u>	WARRANTS — 0.0%		
Food and Beverage — 2.8%			Food and Beverage — 0.0%		
2,000	Cadbury plc, ADR 78,832	102,780	1,300	Parmalat SpA, GDR,	
10,000	Dr. Pepper Snapple			expire 12/31/15† (a)(b)(c) 0	1,319
	Group Inc. 273,232	283,000	Health Care — 0.0%		
1,000	General Mills Inc. 51,574	70,810	12,930	Elite Pharmaceuticals Inc.,	
2,000	Kraft Foods Inc., Cl. A 51,260	54,360		expire 04/24/12† (a)(c) 8,535	849
200,000	Parmalat SpA, GDR (b)(c) 809,275	560,400	TOTAL WARRANTS 8,535		
1,020	Pernod-Ricard SA 57,595	87,602	Principal Amount		
30,000	The Coca-Cola Co. 1,311,355	1,710,000	CORPORATE BONDS — 1.2%		
	<u>2,633,123</u>	<u>2,868,952</u>	Consumer Products — 0.0%		
Health Care — 7.2%			\$ 1,500,000	Pillowtex Corp., Sub. Deb.,	
33,000	Eli Lilly & Co. 1,449,841	1,178,430		9.000%, 12/15/10† (a) 0	0
86,718	Elite Pharmaceuticals Inc.† 7,001	9,539	Diversified Industrial — 0.1%		
124,100	IMS Health Inc. 2,660,383	2,613,546	100,000	Park-Ohio Industries Inc., Sub. Deb.,	
18,000	Johnson & Johnson 1,113,521	1,159,380		8.375%, 11/15/14 55,670	77,250
6,000	Merck & Co. Inc. 140,497	219,240	Electronics — 0.3%		
70,000	Pfizer Inc. 1,234,100	1,273,300	300,000	Stoneridge Inc.,	
10,000	UnitedHealth Group Inc. 309,124	304,800		11.500%, 05/01/12 301,887	301,500
12,000	Varian Inc.† 610,839	618,480	Energy and Utilities — 0.8%		
	<u>7,525,306</u>	<u>7,376,715</u>	1,000,000	Texas Competitive Electric Holdings	
Machinery — 0.0%				Co. LLC, Ser. B (STEP),	
1,000	Mueller Water Products Inc.,			10.250%, 11/01/15 738,169	815,000
	Cl. A 4,730	5,200	Health Care — 0.0%		
Retail — 1.4%			150,000	Sabratek Corp., Sub. Deb.,	
4,000	CVS Caremark Corp. 121,015	128,840		6.000%, 04/15/10† (a) 84,763	0
13,000	Wal-Mart Stores Inc. 610,094	694,850	Manufactured Housing and Recreational Vehicles — 0.0%		
15,000	Walgreen Co. 434,290	550,800	103,000	Fleetwood Enterprises Inc.,	
	<u>1,165,399</u>	<u>1,374,490</u>		14.000%, 12/15/11† (a) 98,000	35,120
Telecommunications — 2.4%			Telecommunications — 0.0%		
30,000	3Com Corp.† 225,300	225,000	30,000	AMNEX Inc., Sub. Deb.,	
4,000	BCE Inc. 104,940	110,440		8.500%, 09/25/49† (a) 22,971	0
4,000	Belgacom SA 156,812	145,190	50,000	8.500%, 09/25/49† (a)(b)(c) 48,801	0
3,000	Philippine Long Distance			<u>71,772</u>	<u>0</u>
	Telephone Co., ADR 91,004	170,010	TOTAL CORPORATE		
2,000	Swisscom AG 761,690	764,851	BONDS 1,350,261		
2,000	Tandberg ASA 57,396	56,997	2,228,870		
6,000	Telekom Austria AG 105,715	85,583			
27,000	Verizon Communications Inc. 987,783	894,510			
	<u>2,490,640</u>	<u>2,452,581</u>			

See accompanying notes to financial statements.

THE GABELLI CONVERTIBLE AND INCOME SECURITIES FUND INC.
SCHEDULE OF INVESTMENTS (Continued)
December 31, 2009

<u>Principal Amount</u>	<u>Cost</u>	<u>Market Value</u>
U.S. GOVERNMENT OBLIGATIONS — 33.1%		
U.S. Treasury Bills — 30.3%		
\$30,976,000	U.S. Treasury Bills, 0.040% to 0.274%††, 02/11/10 to 06/21/10 \$ 30,965,035	\$ 30,967,783
U.S. Treasury Cash Management Bills — 1.6%		
1,610,000	U.S. Treasury Cash Management Bills, 0.160% to 0.165%††, 05/17/10 to 06/10/10 1,608,853	1,608,762
U.S. Treasury Notes — 1.2%		
1,200,000	U.S. Treasury Note, 4.125%, 08/15/10 1,228,558	1,228,453
TOTAL U.S. GOVERNMENT OBLIGATIONS 33,802,446		
TOTAL INVESTMENTS — 100.0% \$102,654,533		
Other Assets and Liabilities (Net)		2,253
PREFERRED STOCK		
(965,548 preferred shares outstanding)		(24,138,700)
NET ASSETS — COMMON STOCK		
(13,130,267 common shares outstanding)		\$ 78,033,793
NET ASSET VALUE PER COMMON SHARE		
(\$78,033,793 ÷ 13,130,267 shares outstanding)		\$5.94

(c) At December 31, 2009, the Fund held investments in restricted and illiquid securities amounting to \$571,400 or 0.56% of total investments, which were valued under methods approved by the Board of Directors as follows:

<u>Acquisition Shares/ Principal Amount</u>	<u>Issuer</u>	<u>Acquisition Date</u>	<u>Acquisition Cost</u>	<u>12/31/09 Carrying Value Per Unit</u>
\$ 50,000	AMNEX Inc., Sub. Deb., 8.500%, 09/25/49	09/15/97	\$ 48,801	—
100	Elite Pharmaceuticals Inc., \$2.32 Cv. Pfd., Ser. C	04/25/07	91,465	\$88.3200
12,930	Elite Pharmaceuticals Inc., Warrants expire 04/24/12	04/25/07	8,535	0.0657
15,143	Interep National Radio Sales Inc., 4.000% Cv. Pfd., Ser. A	05/03/02	1,347,183	—
200,000	Parmalat SpA, GDR	04/10/03	809,275	2.8020
1,300	Parmalat SpA, GDR, Warrants expire 12/31/15	11/09/05	—	1.0146

(d) Security considered an affiliated holding because the Fund owns at least 5% of its outstanding shares.

† Non-income producing security.
†† Represents annualized yield at date of purchase.

ADR American Depositary Receipt

CVO Contingent Value Obligation

GDR Global Depositary Receipt

STEP Step coupon bond. The rate disclosed is that in effect at December 31, 2009.

- (a) Security fair valued under procedures established by the Board of Directors. The procedures may include reviewing available financial information about the company and reviewing the valuation of comparable securities and other factors on a regular basis. At December 31, 2009, the market value of fair valued securities amounted to \$405,612 or 0.40% of total investments.
- (b) Security exempt from registration under Rule 144A of the Securities Act of 1933, as amended. These securities may be resold in transactions exempt from registration, normally to qualified institutional buyers. At December 31, 2009, the market value of Rule 144A securities amounted to \$6,970,919 or 6.82% of total investments. Except as noted in (c), these securities are liquid.

THE GABELLI CONVERTIBLE AND INCOME SECURITIES FUND INC.

STATEMENT OF ASSETS AND LIABILITIES

December 31, 2009

Assets:	
Investments, at value (cost \$101,728,777)	\$102,077,940
Investments in affiliates, at value (cost \$925,756)	92,300
Cash	848
Receivable for investments sold	4,633
Dividends and interest receivable	376,305
Deferred offering expense	86,686
Prepaid expense	3,792
Total Assets	<u>102,642,504</u>
Liabilities:	
Distributions payable	16,092
Payable for investment advisory fees	307,669
Payable for payroll expenses	15,994
Payable for accounting fees	11,250
Payable for shareholder communications expenses	48,922
Payable for legal and audit fees	47,162
Unrealized depreciation on swap contracts	7,954
Other accrued expenses	14,968
Total Liabilities	<u>470,011</u>
Preferred Stock:	
Series B Cumulative Preferred Stock (6.000%, \$25 liquidation value, \$0.001 par value, 1,995,000 shares authorized with 965,548 shares issued and outstanding)	24,138,700
Net Assets Attributable to Common Shareholders	<u>\$ 78,033,793</u>
Net Assets Attributable to Common Shareholders	
Consist of:	
Paid-in capital	\$ 86,355,253
Accumulated distributions in excess of net investment income	(95,346)
Accumulated net realized loss on investments, swap contracts, and foreign currency transactions	(7,733,867)
Net unrealized depreciation on investments	(484,293)
Net unrealized depreciation on swap contracts	(7,954)
Net Assets	<u>\$ 78,033,793</u>
Net Asset Value per Common Share	
(\$78,033,793 ÷ 13,130,267 shares outstanding, at \$0.001 par value; 998,000,000 shares authorized)	<u>\$5.94</u>

STATEMENT OF OPERATIONS

For the Year Ended December 31, 2009

Investment Income:	
Dividends (net of foreign taxes of \$24,106)	\$ 1,209,872
Interest	2,493,551
Total Investment Income	<u>3,703,423</u>
Expenses:	
Investment advisory fees	942,465
Shareholder communications expenses	104,961
Directors' fees	67,083
Legal and audit fees	59,486
Payroll expenses	52,334
Shareholder services fees	46,206
Accounting fees	45,000
Custodian fees	33,620
Interest expense	106
Miscellaneous expenses	58,837
Total Expenses	<u>1,410,098</u>
Less:	
Advisory fee reduction	(502)
Advisory fee reduction on unsupervised assets (Note 4)	(621)
Total Reductions and Credits	<u>(1,123)</u>
Net Expenses	<u>1,408,975</u>
Net Investment Income	<u>2,294,448</u>
Net Realized and Unrealized Gain/(Loss) on Investments, Swap Contracts, and Foreign Currency:	
Net realized loss on investments – unaffiliated	(5,287,509)
Net realized loss on investments – affiliated	(1,173,222)
Net realized gain on swap contracts	182,443
Net realized gain on foreign currency transactions	3,586
Net realized loss on investments, swap contracts, and foreign currency transactions	<u>(6,274,702)</u>
Net change in unrealized appreciation/depreciation:	
on investments	20,788,081
on swap contracts	<u>(28,463)</u>
Net change in unrealized appreciation/depreciation on investments and swap contracts	<u>20,759,618</u>
Net Realized and Unrealized Gain/(Loss) on Investments, Swap Contracts, and Foreign Currency	<u>14,484,916</u>
Net Increase in Net Assets Resulting from Operations	<u>16,779,364</u>
Total Distributions to Preferred Shareholders	(1,441,812)
Net Increase in Net Assets Attributable to Common Shareholders Resulting from Operations	<u>\$15,337,552</u>

See accompanying notes to financial statements.

THE GABELLI CONVERTIBLE AND INCOME SECURITIES FUND INC.

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO COMMON SHAREHOLDERS

	<u>Year Ended December 31, 2009</u>	<u>Year Ended December 31, 2008</u>
Operations:		
Net investment income	\$ 2,294,448	\$ 3,160,066
Net realized loss on investments, swap contracts, and foreign currency transactions	(6,274,702)	(706,713)
Net change in unrealized appreciation/depreciation on investments, swap contracts, and foreign currency translations	<u>20,759,618</u>	<u>(24,979,033)</u>
Net Increase/(Decrease) in Net Assets Resulting from Operations	<u>16,779,364</u>	<u>(22,525,680)</u>
Distributions to Preferred Shareholders:		
Net investment income	(1,441,812)	(1,818,913)
Net realized short-term gain	—	(48,380)
Net realized long-term gain	<u>—</u>	<u>(88,960)</u>
Total Distributions to Preferred Shareholders	<u>(1,441,812)</u>	<u>(1,956,253)</u>
Net Increase/(Decrease) in Net Assets Attributable to Common Shareholders Resulting from Operations	<u>15,337,552</u>	<u>(24,481,933)</u>
Distributions to Common Shareholders:		
Net investment income	(1,110,747)	(1,225,678)
Net realized short-term gain	—	(32,601)
Net realized long-term gain	—	(59,945)
Return of capital	<u>(4,377,186)</u>	<u>(8,866,584)</u>
Total Distributions to Common Shareholders	<u>(5,487,933)</u>	<u>(10,184,808)</u>
Fund Share Transactions:		
Net increase in net assets from common shares issued upon reinvestment of distributions	813,857	2,351,910
Net increase in net assets from repurchase of preferred shares	<u>21,511</u>	<u>73,955</u>
Net Increase in Net Assets from Fund Share Transactions	<u>835,368</u>	<u>2,425,865</u>
Net Increase/(Decrease) in Net Assets Attributable to Common Shareholders	10,684,987	(32,240,876)
Net Assets Attributable to Common Shareholders:		
Beginning of period	<u>67,348,806</u>	<u>99,589,682</u>
End of period (including undistributed net investment income of \$0 and \$0, respectively)	<u>\$78,033,793</u>	<u>\$ 67,348,806</u>

See accompanying notes to financial statements.

THE GABELLI CONVERTIBLE AND INCOME SECURITIES FUND INC.

FINANCIAL HIGHLIGHTS

Selected data for a share outstanding throughout each period:

	Year Ended December 31,				
	2009	2008	2007	2006	2005
Operating Performance:					
Net asset value, beginning of period	\$ 5.19	\$ 7.90	\$ 8.31	\$ 7.95	\$ 8.32
Net investment income	0.18	0.24	0.42	0.45	0.40
Net realized and unrealized gain/(loss) on investments, swap contracts, and foreign currency transactions	1.10	(2.01)	0.20	0.92	0.20
Total from investment operations	1.28	(1.77)	0.62	1.37	0.60
Distributions to Preferred Shareholders: (a)					
Net investment income	(0.11)	(0.14)	(0.11)	(0.09)	(0.14)
Net realized gain	—	(0.01)	(0.12)	(0.13)	(0.05)
Total distributions to preferred shareholders	(0.11)	(0.15)	(0.23)	(0.22)	(0.19)
Net Increase/(Decrease) in Net Assets Attributable to Common Shareholders Resulting from Operations					
	1.17	(1.92)	0.39	1.15	0.41
Distributions to Common Shareholders:					
Net investment income	(0.09)	(0.09)	(0.31)	(0.34)	(0.25)
Net realized gain	—	(0.01)	(0.32)	(0.46)	(0.29)
Paid-in capital	(0.33)	(0.70)	(0.17)	—	(0.26)
Total distributions to common shareholders	(0.42)	(0.80)	(0.80)	(0.80)	(0.80)
Fund Share Transactions:					
Increase in net asset value from common share transactions	0.00(f)	—	0.00(f)	0.01	0.02
Increase in net asset value from repurchase of preferred shares	0.00(f)	0.01	—	—	—
Offering costs for preferred shares charged to paid-in capital	—	—	—	—	(0.00)(f)
Total fund share transactions	0.00(f)	0.01	0.00(f)	0.01	0.02
Net Asset Value Attributable to Common Shareholders, End of Period					
	\$ 5.94	\$ 5.19	\$ 7.90	\$ 8.31	\$ 7.95
NAV total return †	23.72%	(25.57)%	4.44%	14.80%	4.40%
Market value, end of period	\$ 5.81	\$ 5.55	\$ 7.67	\$ 8.95	\$ 8.83
Investment total return ††	13.16%	(18.02)%	(5.85)%	11.32%	4.50%

See accompanying notes to financial statements.

THE GABELLI CONVERTIBLE AND INCOME SECURITIES FUND INC.

FINANCIAL HIGHLIGHTS (Continued)

Selected data for a share outstanding throughout each period:

	Year Ended December 31,				
	2009	2008	2007	2006	2005
Ratios and Supplemental Data:					
Net assets including liquidation value of preferred shares, end of period (in 000's)	\$102,173	\$91,782	\$149,360	\$152,158	\$145,324
Net assets attributable to common shares, end of period (in 000's) . . .	\$ 78,034	\$67,349	\$ 99,590	\$102,388	\$ 95,554
Ratio of net investment income to average net assets attributable to common shares before preferred share distributions	3.28%	3.65%	4.90%	5.51%	4.93%
Ratio of operating expenses to average net assets attributable to common shares before fees waived	2.01%	2.06%	2.23%	—	—
Ratio of operating expenses to average net assets attributable to common shares net of advisory fee reduction, if any (b)(c)	2.01%	1.64%	1.75%	2.07%	1.92%
Ratio of operating expenses to average net assets including liquidation value of preferred shares before fees waived	1.50%	1.45%	1.51%	—	—
Ratio of operating expenses to average net assets including liquidation value of preferred shares net of advisory fee reduction, if any (b)(c)	1.50%	1.15%	1.18%	1.37%	1.27%
Portfolio turnover rate †††	71%	76%	61%	51%	32%
Preferred Stock:					
6.000% Series B Cumulative Preferred Stock					
Liquidation value, end of period (in 000's)	\$24,139	\$24,433	\$24,770	\$ 24,770	\$ 24,770
Total shares outstanding (in 000's)	966	977	991	991	991
Liquidation preference per share	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00
Average market value (d)	\$ 23.95	\$ 22.75	\$ 24.07	\$ 24.10	\$ 25.14
Asset coverage per share	\$105.82	\$ 93.91	\$ 75.02	\$ 76.43	\$ 73.00
Series C Auction Rate Cumulative Preferred Stock					
Liquidation value, end of period (in 000's)	—	—	\$25,000	\$ 25,000	\$ 25,000
Total shares outstanding (in 000's)	—	—	1	1	1
Liquidation preference per share	—	—	\$25,000	\$ 25,000	\$ 25,000
Average market value (d)	—	—	\$25,000	\$ 25,000	\$ 25,000
Asset coverage per share	—	—	\$75,025	\$ 76,431	\$ 72,998
Asset Coverage (e)	423%	376%	300%	306%	292%

† Based on net asset value per share, adjusted for reinvestment of distributions at prices determined under the Fund's dividend reinvestment plan.

†† Based on market value per share, adjusted for reinvestment of distributions at prices determined under the Fund's dividend reinvestment plan.

††† Effective in 2008, a change in accounting policy was adopted with regard to the calculation of the portfolio turnover rate to include cash proceeds due to mergers. Had this policy been adopted retroactively, the portfolio turnover rate for the years ended December 31, 2007, 2006, and 2005, would have been 98%, 65%, and 59%, respectively.

- (a) Calculated based upon average common shares outstanding on the record dates throughout the periods.
- (b) The ratios do not include a reduction of expenses for custodian fee credits on cash balances maintained with the custodian. Including such custodian fee credits for the years ended December 31, 2007 and December 31, 2006, the ratios of operating expenses to average net assets attributable to common shares net of advisory fee reduction would have been 1.74% and 2.05%, respectively, and the ratios of operating expenses to average net assets including liquidation value of preferred shares would have been 1.17% and 1.37%, respectively. For the years ended December 31, 2009, 2008, and 2005, the effect of the custodian fee credits was minimal.
- (c) The Fund incurred dividend expense on securities sold short for the years ended December 31, 2006 and 2007. If 2006 dividend expense had not been incurred, the ratio of operating expenses to average net assets attributable to common shares would have been 2.06% and the ratio of operating expenses to average net assets including liquidation value of preferred shares would have been 1.37%. For the year ended December 31, 2007, the effect of the dividend expense on securities sold short was minimal.
- (d) Based on weekly prices.
- (e) Asset coverage is calculated by combining all series of preferred stock.
- (f) Amount represents less than \$0.005 per share.

See accompanying notes to financial statements.

THE GABELLI CONVERTIBLE AND INCOME SECURITIES FUND INC.

NOTES TO FINANCIAL STATEMENTS

1. Organization. The Gabelli Convertible and Income Securities Fund Inc. (the “Fund”) is a diversified closed-end management investment company registered under the Investment Company Act of 1940, as amended (the “1940 Act”), whose investment objective is to seek a high level of total return through a combination of current income and capital appreciation by investing in convertible securities. The Fund was incorporated in Maryland on December 19, 1988 as a diversified open-end management investment company and commenced investment operations on July 3, 1989 as The Gabelli Convertible Securities Fund, Inc. The Board of Directors (the “Board”), at a special meeting of shareholders held on February 17, 1995, voted to approve the conversion of the Fund to closed-end status, effective March 31, 1995.

Effective August 1, 2002, the Fund changed its name to The Gabelli Convertible and Income Securities Fund Inc. Consistent with its new name, under normal market conditions, the Fund will invest at least 80% of its net assets in a combination of convertible securities and income producing securities (the “80% Policy”). The Fund expects to continue its practice of focusing on convertible securities to the extent attractive opportunities are available. The 80% Policy may be changed without shareholder approval. However, the Fund has adopted a policy to provide shareholders with notice at least sixty days prior to the implementation of any change in the 80% Policy.

2. Significant Accounting Policies. The Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) has become the exclusive reference of authoritative U.S. generally accepted accounting principles (“GAAP”) recognized by the FASB to be applied by nongovernmental entities. Rules and interpretive releases of the SEC under authority of federal laws are also sources of authoritative GAAP for SEC registrants. The ASC has superseded all existing non-SEC accounting and reporting standards. The Fund’s financial statements are prepared in accordance with GAAP, which may require the use of management estimates and assumptions. Actual results could differ from those estimates. The following is a summary of significant accounting policies followed by the Fund in the preparation of its financial statements.

Security Valuation. Portfolio securities listed or traded on a nationally recognized securities exchange or traded in the U.S. over-the-counter market for which market quotations are readily available are valued at the last quoted sale price or a market’s official closing price as of the close of business on the day the securities are being valued. If there were no sales that day, the security is valued at the average of the closing bid and asked prices or, if there were no asked prices quoted on that day, then the security is valued at the closing bid price on that day. If no bid or asked prices are quoted on such day, the security is valued at the most recently available price or, if the Board so determines, by such other method as the Board shall determine in good faith to reflect its fair market value. Portfolio securities traded on more than one national securities exchange or market are valued according to the broadest and most representative market, as determined by Gabelli Funds, LLC (the “Adviser”).

Portfolio securities primarily traded on a foreign market are generally valued at the preceding closing values of such securities on the relevant market, but may be fair valued pursuant to procedures established by the Board if market conditions change significantly after the close of the foreign market but prior to the close of business on the day the securities are being valued. Debt instruments with remaining maturities of sixty days or less that are not credit impaired are valued at amortized cost, unless the Board determines such amount does not reflect the securities’ fair value, in which case these securities will be fair valued as determined by the Board. Debt instruments having a maturity greater than sixty days for which market quotations are readily available are valued at the average of the latest bid and asked prices. If there were no asked prices quoted on such day, the security is valued using the closing bid price. Futures contracts are valued at the closing settlement price of the exchange or board of trade on which the applicable contract is traded.

Securities and assets for which market quotations are not readily available are fair valued as determined by the Board. Fair valuation methodologies and procedures may include, but are not limited to: analysis and review of available financial and non-financial information about the company; comparisons with the valuation and changes in valuation of similar securities, including a comparison of foreign securities with the equivalent U.S. dollar value ADR securities at the close of the U.S. exchange; and evaluation of any other information that could be indicative of the value of the security.

The inputs and valuation techniques used to measure fair value of the Fund’s investments are summarized into three levels as described in the hierarchy below:

- Level 1 – quoted prices in active markets for identical securities;
- Level 2 – other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.); and
- Level 3 – significant unobservable inputs (including the Fund’s determinations as to the fair value of investments).

THE GABELLI CONVERTIBLE AND INCOME SECURITIES FUND INC.
NOTES TO FINANCIAL STATEMENTS (Continued)

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The summary of the Fund's investments and other financial instruments by inputs used to value the Fund's investments as of December 31, 2009 is as follows:

	Valuation Inputs			Total Market Value at 12/31/09
	Level 1 Quoted Prices	Level 2 Other Significant Observable Inputs	Level 3 Significant Unobservable Inputs	
INVESTMENTS IN SECURITIES:				
ASSETS (Market Value):				
Convertible Corporate Bonds	—	\$27,825,702	\$ 0	\$ 27,825,702
Convertible Preferred Stocks:				
Business Services	—	—	117	117
Health Care	—	—	8,832	8,832
Transportation	—	359,375	—	359,375
Other Industries (a)	\$ 1,832,472	—	—	1,832,472
Total Convertible Preferred Stocks	1,832,472	359,375	8,949	2,200,796
Common Stocks:				
Aerospace	918,936	6,299	—	925,235
Cable and Satellite	268,560	—	0	268,560
Energy and Utilities	8,713,533	—	0	8,713,533
Wireless Communications	34,980	—	0	34,980
Other Industries (a)	27,165,104	—	—	27,165,104
Total Common Stocks	37,101,113	6,299	0	37,107,412
Preferred Stocks (a)	294	—	—	294
Warrants (a)	—	2,168	—	2,168
Corporate Bonds	—	1,193,750	35,120	1,228,870
U.S. Government Obligations	—	33,804,998	—	33,804,998
TOTAL INVESTMENTS IN SECURITIES	\$38,933,879	\$63,192,292	\$44,069	\$102,170,240
OTHER FINANCIAL INSTRUMENTS:				
LIABILITIES (Unrealized Depreciation): *				
Contract for Difference Swap Agreements	\$ —	\$ (7,954)	\$ —	\$ (7,954)

(a) Please refer to the Schedule of Investments for the industry classifications of these portfolio holdings.

* Other financial instruments are derivatives not reflected in the Schedule of Investments, such as futures, forwards, and swaps which are valued at the unrealized appreciation/depreciation of the instrument.

The following is a reconciliation of Level 3 investments for which significant unobservable inputs were used to determine fair value:

	Balance as of 12/31/08	Accrued discounts/ (premiums)	Realized gain/ (loss)	Change in unrealized appreciation/ depreciation [†]	Net purchases/ (sales)	Transfers in and/or out of Level 3	Balance as of 12/31/09	Net change in unrealized appreciation/ depreciation during the period on Level 3 investments held at 12/31/09 [†]
INVESTMENTS IN SECURITIES:								
ASSETS (Market Value):								
Convertible Corporate Bonds	\$ 0	\$—	\$ (882,893)	\$882,893	\$ 0	\$ —	\$ 0	\$ —
Convertible Preferred Stocks:								
Business Services	117	—	—	—	—	—	117	—
Health Care	5,021	—	—	3,811	—	—	8,832	3,811
Total Convertible Preferred Stocks	5,138	—	—	3,811	—	—	8,949	3,811
Common Stocks:								
Cable and Satellite	—	—	—	—	—	0	0	—
Energy and Utilities	3,300	—	—	—	—	(3,300)	0	—
Wireless Communications	0	—	—	—	—	—	0	—
Total Common Stocks	3,300	—	—	—	—	(3,300)	0	—
Warrants:								
Consumer Products	0	—	(120,955)	120,955	0	—	—	—
Corporate Bonds	70,241	—	—	(35,121)	—	—	35,120	(35,121)
TOTAL INVESTMENTS IN SECURITIES	\$78,679	\$—	\$(1,003,848)	\$972,538	\$ 0	\$(3,300)	\$44,069	\$(31,310)

[†] Net change in unrealized appreciation/depreciation is included in the related amounts on investments in the Statement of Operations.

Derivative Financial Instruments.

The Fund may engage in various portfolio investment strategies by investing in a number of derivative financial instruments for the purpose of increasing the income of the Fund, hedging against changes in the value of its portfolio securities and in the value of securities it intends to purchase, or hedging a specific transaction with respect to either the currency in which the transaction is denominated or another currency. Investing in certain derivative financial instruments, including participation in the options, futures, or swap markets, entails certain execution, liquidity, hedging, tax, and securities, interest, credit, or currency market risks. Losses may arise if the

THE GABELLI CONVERTIBLE AND INCOME SECURITIES FUND INC.
NOTES TO FINANCIAL STATEMENTS (Continued)

Adviser's prediction of movements in the direction of the securities, foreign currency, and interest rate markets is inaccurate. Losses may also arise if the counterparty does not perform its duties under a contract, or that, in the event of default, the Fund may be delayed in or prevented from obtaining payments or other contractual remedies owed to it under derivative contracts. The creditworthiness of the counterparties is closely monitored in order to minimize these risks. Participation in derivative transactions involves investment risks, transaction costs, and potential losses to which the Fund would not be subject absent the use of these strategies. The consequences of these risks, transaction costs, and losses may have a negative impact on the Fund's ability to pay distributions.

Swap Agreements. The Fund may enter into swap transactions for the purpose of increasing the income of the Fund. The use of swaps is a highly specialized activity that involves investment techniques and risks different from those associated with ordinary portfolio security transactions. In a swap, a set of future cash flows is exchanged between two counterparties. One of these cash flow streams will typically be based on a reference interest rate combined with the performance of a notional value of shares of a stock. The other will be based on the performance of the shares of a stock. Depending on the general state of short-term interest rates and the returns on the Fund's portfolio securities at the time a swap transaction reaches its scheduled termination date, there is a risk that the Fund will not be able to obtain a replacement transaction or that the terms of the replacement will not be as favorable as on the expiring transaction.

Unrealized gains related to swaps are reported as an asset and unrealized losses are reported as a liability in the Statement of Assets and Liabilities. The change in value of swaps, including the accrual of periodic amounts of interest to be paid or received on swaps, is reported as unrealized gain or loss in the Statement of Operations. A realized gain or loss is recorded upon payment or receipt of a periodic payment or termination of swap agreements.

The Fund has entered into equity contract for difference swap agreements with The Goldman Sachs Group, Inc. Details of the swaps at December 31, 2009 are as follows:

<u>Notional Amount</u>	<u>Equity Security Received</u>	<u>Interest Rate/ Equity Security Paid</u>	<u>Termination Date</u>	<u>Net Unrealized Depreciation</u>
	Market Value Appreciation on:	One Month LIBOR plus 90 bps plus Market Value Depreciation on:		
\$378,667 (47,500 Shares)	Rolls-Royce Group plc	Rolls-Royce Group plc	6/25/10	\$(7,922)
4,633 (2,850,000 Shares)	Rolls-Royce Group plc, Cl. C	Rolls-Royce Group plc, Cl. C	6/25/10	(32)
				<u>\$(7,954)</u>

The Fund increased the volume of activity in equity contract for difference swap agreements during the year ended December 31, 2009 with an average notional amount of approximately \$285,563.

As of December 31, 2009, the value of equity contract for difference swap agreements that were held with equity risk exposure can be found in the Statement of Assets and Liabilities under Liabilities, Unrealized depreciation on swap contracts.

For the year ended December 31, 2009, the effect of equity contract for difference swap agreements with equity risk exposure can be found in the Statement of Operations under Net Realized and Unrealized Gain/(Loss) on Investments, Swap Contracts, and Foreign Currency, Net realized gain on swap contracts and Net change in unrealized appreciation/depreciation on swap contracts.

Futures Contracts. The Fund may engage in futures contracts for the purpose of hedging against changes in the value of its portfolio securities and in the value of securities it intends to purchase. Upon entering into a futures contract, the Fund is required to deposit with the broker an amount of cash or cash equivalents equal to a certain percentage of the contract amount. This is known as the "initial margin." Subsequent payments ("variation margin") are made or received by the Fund each day, depending on the daily fluctuations in the value of the contract, which are included in unrealized appreciation/depreciation on futures. The Fund recognizes a realized gain or loss when the contract is closed.

There are several risks in connection with the use of futures contracts as a hedging instrument. The change in value of futures contracts primarily corresponds with the value of their underlying instruments, which may not correlate with the change in value of the hedged investments. In addition, there is the risk that the Fund may not be able to enter into a closing transaction because of an illiquid secondary market. During the year ended December 31, 2009, the Fund had no investments in futures contracts.

Forward Foreign Exchange Contracts. The Fund may engage in forward foreign exchange contracts for the purpose of hedging a specific transaction with respect to either the currency in which the transaction is denominated or another currency as deemed appropriate by the Adviser. Forward foreign exchange contracts are valued at the forward rate and are marked-to-market daily. The change in market value is included in unrealized appreciation/depreciation on investments and foreign currency translations. When the contract is closed, the Fund records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed.

The use of forward foreign exchange contracts does not eliminate fluctuations in the underlying prices of the Fund's portfolio securities, but it does establish a rate of exchange that can be achieved in the future. Although forward foreign exchange contracts limit the risk of loss due to a decline in the value of the hedged currency, they also limit any potential gain that might result should the value of the currency increase. In addition, the Fund could be exposed to risks if the counterparties to the contracts are unable to meet the terms of their contracts. During the year ended December 31, 2009, the Fund had no investments in forward foreign exchange contracts.

THE GABELLI CONVERTIBLE AND INCOME SECURITIES FUND INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

Repurchase Agreements. The Fund may enter into repurchase agreements with primary government securities dealers recognized by the Federal Reserve Board, with member banks of the Federal Reserve System, or with other brokers or dealers that meet credit guidelines established by the Adviser and reviewed by the Board. Under the terms of a typical repurchase agreement, the Fund takes possession of an underlying debt obligation subject to an obligation of the seller to repurchase, and the Fund to resell, the obligation at an agreed-upon price and time, thereby determining the yield during the Fund's holding period. It is the policy of the Fund to always receive and maintain securities as collateral whose market value, including accrued interest, is at least equal to 102% of the dollar amount invested by the Fund in each agreement. The Fund will make payment for such securities only upon physical delivery or upon evidence of book entry transfer of the collateral to the account of the custodian. To the extent that any repurchase transaction exceeds one business day, the value of the collateral is marked-to-market on a daily basis to maintain the adequacy of the collateral. If the seller defaults and the value of the collateral declines or if bankruptcy proceedings are commenced with respect to the seller of the security, realization of the collateral by the Fund may be delayed or limited. At December 31, 2009, there were no open repurchase agreements.

Securities Sold Short. The Fund may enter into short sale transactions. Short selling involves selling securities that may or may not be owned and, at times, borrowing the same securities for delivery to the purchaser, with an obligation to replace such borrowed securities at a later date. The proceeds received from short sales are recorded as liabilities and the Fund records an unrealized gain or loss to the extent of the difference between the proceeds received and the value of an open short position on the day of determination. The Fund records a realized gain or loss when the short position is closed out. By entering into a short sale, the Fund bears the market risk of an unfavorable change in the price of the security sold short. Dividends on short sales are recorded as an expense by the Fund on the ex-dividend date and interest expense is recorded on the accrual basis. The Fund did not hold any short positions as of December 31, 2009.

Foreign Currency Translations. The books and records of the Fund are maintained in U.S. dollars. Foreign currencies, investments, and other assets and liabilities are translated into U.S. dollars at the current exchange rates. Purchases and sales of investment securities, income, and expenses are translated at the exchange rate prevailing on the respective dates of such transactions. Unrealized gains and losses that result from changes in foreign exchange rates and/or changes in market prices of securities have been included in unrealized appreciation/depreciation on investments and foreign currency translations. Net realized foreign currency gains and losses resulting from changes in exchange rates include foreign currency gains and losses between trade date and settlement date on investment securities transactions, foreign currency transactions, and the difference between the amounts of interest and dividends recorded on the books of the Fund and the amounts actually received. The portion of foreign currency gains and losses related to fluctuation in exchange rates between the initial trade date and subsequent sale trade date is included in realized gain/loss on investments.

Foreign Securities. The Fund may directly purchase securities of foreign issuers. Investing in securities of foreign issuers involves special risks not typically associated with investing in securities of U.S. issuers. The risks include possible revaluation of currencies, the inability to repatriate funds, less complete financial information about companies, and possible future adverse political and economic developments. Moreover, securities of many foreign issuers and their markets may be less liquid and their prices more volatile than those of securities of comparable U.S. issuers.

Foreign Taxes. The Fund may be subject to foreign taxes on income, gains on investments, or currency repatriation, a portion of which may be recoverable. The Fund will accrue such taxes and recoveries as applicable, based upon its current interpretation of tax rules and regulations that exist in the markets in which it invests.

Restricted and Illiquid Securities. The Fund may invest up to 15% of its net assets in securities for which the markets are illiquid. Illiquid securities include securities the disposition of which is subject to substantial legal or contractual restrictions. The sale of illiquid securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets. Restricted securities may sell at a price lower than similar securities that are not subject to restrictions on resale. Securities freely saleable among qualified institutional investors under special rules adopted by the SEC may be treated as liquid if they satisfy liquidity standards established by the Board. The continued liquidity of such securities is not as well assured as that of publicly traded securities, and accordingly the Board will monitor their liquidity.

Securities Transactions and Investment Income. Securities transactions are accounted for on the trade date with realized gain or loss on investments determined by using the identified cost method. Interest income (including amortization of premium and accretion of discount) is recorded on the accrual basis. Premiums and discounts on debt securities are amortized using the effective yield to maturity method. Dividend income is recorded on the ex-dividend date except for certain dividends which are recorded as soon as the Fund is informed of the dividend.

Custodian Fee Credits and Interest Expense. When cash balances are maintained in the custody account, the Fund receives credits which are used to offset custodian fees. The gross expenses paid under the custody arrangement are included in custodian fees in the Statement of Operations with the corresponding expense offset, if any, shown as "custodian fee credits." When cash balances are overdrawn, the Fund is charged an overdraft fee of 2.00% above the federal funds rate on outstanding balances. This amount, if any, would be included in "interest expense" in the Statement of Operations.

Distributions to Shareholders. Distributions to common shareholders are recorded on the ex-dividend date. Distributions to shareholders are based on income and capital gains as determined in accordance with federal income tax regulations, which may differ from income and capital gains as determined under U.S. generally accepted accounting principles. These differences are primarily due to differing treatments of income and gains on various investment securities and foreign currency transactions held by the Fund, timing

THE GABELLI CONVERTIBLE AND INCOME SECURITIES FUND INC.
NOTES TO FINANCIAL STATEMENTS (Continued)

differences, and differing characterizations of distributions made by the Fund. Distributions from net investment income for federal income tax purposes include net realized gains on foreign currency transactions. These book/tax differences are either temporary or permanent in nature. To the extent these differences are permanent, adjustments are made to the appropriate capital accounts in the period when the differences arise. Permanent differences were primarily due to recharacterization of distributions and reclassification of gains on swaps. These reclassifications have no impact on the NAV of the Fund. For the year ended December 31, 2009, reclassifications were made to decrease accumulated distributions in excess of net investment income by \$239,837 and to increase accumulated net realized loss on investments, swap contracts, and foreign currency translations by \$247,369, with an offsetting adjustment to paid-in capital.

Distributions to shareholders of the Fund's 6.00% Series B Cumulative Preferred Stock and Series C Auction Rate Cumulative Preferred Stock ("Cumulative Preferred Stock") are recorded on a daily basis and are determined as described in Note 5.

The tax character of distributions paid during the years ended December 31, 2009 and December 31, 2008 was as follows:

	<u>Year Ended</u> <u>December 31, 2009</u>		<u>Year Ended</u> <u>December 31, 2008</u>	
	<u>Common</u>	<u>Preferred</u>	<u>Common</u>	<u>Preferred</u>
Distributions paid from:				
Ordinary income				
(inclusive of short-term capital gains)	\$1,110,747	\$1,441,812	\$ 1,258,279	\$1,867,293
Net long-term capital gains	—	—	59,945	88,960
Return of capital	4,377,186	—	8,866,584	—
Total distributions paid	<u>\$5,487,933</u>	<u>\$1,441,812</u>	<u>\$10,184,808</u>	<u>\$1,956,253</u>

Currently, the Fund has a fixed distribution policy. Under the policy, the Fund declares and pays quarterly distributions from net investment income and capital gains. The actual source of the distribution is determined after the end of the calendar year. To the extent such distributions are made from current earnings and profits, they are considered ordinary income or long-term capital gains. The Fund's current distribution policy may restrict the Fund's ability to pay out all of its net realized long-term capital gains as a Capital Gain Dividend.

Provision for Income Taxes. The Fund intends to continue to qualify as a regulated investment company under Subchapter M of the Internal Revenue Code of 1986, as amended (the "Code"). It is the policy of the Fund to comply with the requirements of the Code applicable to regulated investment companies and to distribute substantially all of its net investment company taxable income and net capital gains. Therefore, no provision for federal income taxes is required.

As of December 31, 2009, the components of accumulated earnings/losses on a tax basis were as follows:

Accumulated capital loss carryforwards	\$(6,349,308)
Net unrealized depreciation on investments and swap contracts . . .	(1,729,123)
Other temporary differences*	(243,029)
Total	<u>\$(8,321,460)</u>

* Other temporary differences are primarily due to adjustments on preferred share class distribution payables, conversion premiums, income from investments in hybrid securities, and mark-to-market accrual adjustments on investments in swap contracts.

At December 31, 2009, the Fund had net capital loss carryforwards for federal income tax purposes of \$6,349,308, which are available to reduce future required distributions of net capital gains to shareholders through 2017.

At December 31, 2009, the difference between book basis and tax basis unrealized depreciation was primarily due to deferral of losses from wash sales for tax purposes, basis adjustments for investments in partnerships, and basis adjustments on qualified five year tax gains.

The following summarizes the tax cost of investments and the related unrealized appreciation/depreciation at December 31, 2009:

	<u>Cost</u>	<u>Gross</u> <u>Unrealized</u> <u>Appreciation</u>	<u>Gross</u> <u>Unrealized</u> <u>Depreciation</u>	<u>Net Unrealized</u> <u>Depreciation</u>
Investments	\$103,891,410	\$6,551,601	\$(8,272,771)	\$(1,721,170)

The Fund is required to evaluate tax positions taken or expected to be taken in the course of preparing the Fund's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. Income tax and related interest and penalties would be recognized by the Fund as tax expense in the Statement of Operations if the tax positions were deemed to not meet the more-likely-than-not threshold. For the year ended December 31, 2009, the Fund did not incur any income tax, interest, or penalties. As of December 31, 2009, the Adviser has reviewed all open tax years and concluded that there was no impact to the Fund's net assets or results of operations. Tax years ended December 31, 2007 through December 31, 2009, remain subject to examination by the Internal Revenue Service and state taxing authorities. On an ongoing basis, the Adviser will monitor its tax positions to determine if adjustments to this conclusion are necessary.

3. Agreements and Transactions with Affiliates. The Fund has entered into an investment advisory agreement (the "Advisory Agreement") with the Adviser which provides that the Fund will pay the Adviser a fee, computed daily and paid monthly, equal on

THE GABELLI CONVERTIBLE AND INCOME SECURITIES FUND INC.
NOTES TO FINANCIAL STATEMENTS (Continued)

an annual basis to 1.00% of the value of the Fund's average daily net assets including the liquidation value of preferred stock. In accordance with the Advisory Agreement, the Adviser provides a continuous investment program for the Fund's portfolio and oversees the administration of all aspects of the Fund's business and affairs. The Adviser has agreed to reduce the management fee on the incremental assets attributable to the Cumulative Preferred Stock if the total return of the NAV of the common shares of the Fund, including distributions and advisory fee subject to reduction, does not exceed the stated dividend rate or corresponding swap rate of each particular series of the Cumulative Preferred Stock for the year.

The Fund's total return on the NAV of the Common Shares is monitored on a monthly basis to assess whether the total return on the NAV of the Common Shares exceeds the stated dividend rate or corresponding swap rate of each particular series of Cumulative Preferred Stock for the period. For the year ended December 31, 2009, the Fund's total return on the NAV of the Common Shares exceeded the stated dividend rate or net swap expense of the outstanding Preferred Stock. Thus, advisory fees were accrued on these assets.

During the year ended December 31, 2009, the Fund paid brokerage commissions on security trades of \$37,201 to Gabelli & Company, Inc. ("Gabelli & Company"), an affiliate of the Adviser.

The cost of calculating the Fund's NAV per share is a Fund expense pursuant to the Advisory Agreement between the Fund and the Adviser. During the year ended December 31, 2009, the Fund paid or accrued \$45,000 to the Adviser in connection with the cost of computing the Fund's NAV.

As per the approval of the Board, the Fund compensates officers of the Fund, who are employed by the Fund and are not employed by the Adviser (although the officers may receive incentive based variable compensation from affiliates of the Adviser), and pays its allocated portion of the cost of the Fund's Chief Compliance Officer. For the year ended December 31, 2009, the Fund paid or accrued \$52,334 in payroll expenses in the Statement of Operations.

The Fund pays each Director who is not considered an affiliated person an annual retainer of \$5,000 plus \$750 for each Board meeting attended. Each Director is reimbursed by the Fund for any out of pocket expenses incurred in attending meetings. All Board committee members receive \$500 per meeting attended, the Audit Committee Chairman receives an annual fee of \$3,000, the Nominating Committee Chairman receives an annual fee of \$2,000, and the Lead Director receives an annual fee of \$1,000. A Director may receive a single meeting fee, allocated among the participating funds, for participation in certain meetings held on behalf of multiple funds. Directors who are directors or employees of the Adviser or an affiliated company receive no compensation or expense reimbursement from the Fund.

4. Advisory Fee Reduction on Unsupervised Assets. This reduction in the advisory fee paid to the Adviser relates to certain portfolio holdings, i.e., unsupervised assets, of the Fund with respect to which the Adviser has transferred dispositive and voting control to the Fund's Proxy Voting Committee. During 2009, the Fund's Proxy Voting Committee exercised control and discretion over all rights to vote or consent with respect to such securities and the Adviser reduced its fee with respect to such securities by \$621.

5. Portfolio Securities. Purchases and sales of securities for the year ended December 31, 2009, other than short-term securities and U.S. Government obligations, aggregated \$40,595,772 and \$41,572,636, respectively.

Purchases and sales of U.S. Government obligations for the year ended December 31, 2009, other than short-term obligations, aggregated \$1,229,062 and \$4,490,000, respectively.

6. Capital. The charter permits the Fund to issue 998,000,000 shares of common stock (par value \$0.001). The Board has authorized the repurchase of up to 500,000 common shares on the open market when the shares are trading at a discount of 10% or more (or such other percentage as the Board may determine from time to time) from the NAV of the shares. During the years ended December 31, 2009 and December 31, 2008, the Fund did not repurchase any shares of its common stock in the open market.

Transactions in common stock were as follows:

	Year Ended December 31, 2009		Year Ended December 31, 2008	
	Shares	Amount	Shares	Amount
Net increase from shares issued upon reinvestment of distributions	161,972	\$813,857	369,897	\$2,351,910

The Fund's Articles of Incorporation authorize the issuance of up to 2,000,000 shares of \$0.001 par value Cumulative Preferred Stock. The Cumulative Preferred Stock is senior to the common stock and results in the financial leveraging of the common stock. Such leveraging tends to magnify both the risks and opportunities to common shareholders. Dividends on shares of the Cumulative Preferred Stock are cumulative. The Fund is required by the 1940 Act and by the Articles Supplementary to meet certain asset coverage tests with respect to the Cumulative Preferred Stock. If the Fund fails to meet these requirements and does not correct such failure, the Fund may be required to redeem, in part or in full, the 6.00% Series B Cumulative Preferred Stock at a redemption price of \$25.00 per share plus an amount equal to the accumulated and unpaid dividends whether or not declared on such shares in order to meet these requirements. Additionally, failure to meet the foregoing asset coverage requirements could restrict the Fund's ability to pay dividends to common shareholders and could lead to sales of portfolio securities at inopportune times. The income received on the Fund's assets may vary in a manner unrelated to the fixed and variable rates, which could have either a beneficial or detrimental impact on net investment income and gains available to common shareholders.

THE GABELLI CONVERTIBLE AND INCOME SECURITIES FUND INC.
NOTES TO FINANCIAL STATEMENTS (Continued)

A shelf registration went effective June 12, 2008 and gives the Fund the ability to offer additional preferred shares and promissory notes.

On March 18, 2003, the Fund received net proceeds of \$24,531,741 after underwriting discounts of \$250,000 and offering expenses of \$218,259 from the public offering of 1,000 shares of Series C Auction Rate Cumulative Preferred Stock (“Series C Stock”). On June 25, 2008, the Fund, as authorized by the Board, redeemed 100% of its Series C Stock. Shareholders of the Series C Stock received the redemption price of \$25,000 per share, which was equal to the liquidation preference of the Series C Stock, together with any accumulated and unpaid dividends, for each of his or her shares of Series C Stock redeemed.

On March 18, 2003, the Fund received net proceeds of \$23,994,241 after underwriting discounts of \$787,500 and offering expenses of \$218,259 from the public offering of 1,000,000 shares of 6.00% Series B Cumulative Preferred Stock (“Series B Stock”). Commencing March 19, 2008 and thereafter, the Fund, at its option, may redeem the Series B Stock in whole or in part at the redemption price at any time. The Board has authorized the repurchase on the open market at prices less than the \$25 liquidation value of the Series B Stock. During the year ended December 31, 2009 the Fund repurchased and retired 11,794 shares of the Series B Stock in the open market at a cost of \$273,339 and an average discount of approximately 7.34% from its liquidation preference. At the time the Fund repurchased its Series B Stock, the total return on the NAV of the Common Shares did not exceed the dividend rate of the Series B Stock; therefore advisory fees were not paid on these shares, reducing the advisory fee by \$502. At December 31, 2009, 965,548 shares of Series B Stock were outstanding and accrued dividends amounted to \$16,092.

During the year ended December 31, 2008 the Fund repurchased and retired 13,458 shares of its Series B Stock in the open market at a cost of \$262,495 and an average discount of approximately 20.93% from its liquidation preference.

The holders of Cumulative Preferred Stock generally are entitled to one vote per share held on each matter submitted to a vote of shareholders of the Fund and will vote together with holders of common stock as a single class. The holders of Cumulative Preferred Stock voting together as a single class also have the right currently to elect two Directors and under certain circumstances are entitled to elect a majority of the Board. In addition, the affirmative vote of a majority of the votes entitled to be cast by holders of all outstanding shares of the preferred stock, voting as a single class, will be required to approve any plan of reorganization adversely affecting the preferred stock, and the approval of two-thirds of each class, voting separately, of the Fund’s outstanding voting stock must approve the conversion of the Fund from a closed-end to an open-end investment company. The approval of a majority (as defined in the 1940 Act) of the outstanding preferred stock and a majority (as defined in the 1940 Act) of the Fund’s outstanding voting securities are required to approve certain other actions, including changes in the Fund’s investment objectives or fundamental investment policies.

7. Transactions in Securities of Affiliated Issuers. The 1940 Act defines affiliated issuers as those in which the Fund’s holdings of an issuer represent 5% or more of the outstanding voting securities of the issuer. A summary of the Fund’s transactions in the securities of affiliated issuers during the year ended December 31, 2009 is set forth below:

	<u>Beginning Shares</u>	<u>Shares Sold</u>	<u>Ending Shares</u>	<u>Net Change in Unrealized Appreciation</u>	<u>Realized Loss</u>	<u>Value at December 31, 2009</u>	<u>Percent Owned of Shares Outstanding</u>
Trans-Lux Corp.	310,000	(180,000)	130,000	\$15,926	\$(1,173,222)	\$92,300	6.44%

8. Indemnifications. The Fund enters into contracts that contain a variety of indemnifications. The Fund’s maximum exposure under these arrangements is unknown. However, the Fund has not had prior claims or losses pursuant to these contracts and expects the risk of loss to be remote.

9. Other Matters. On April 24, 2008, the Adviser entered into an administrative settlement with the SEC to resolve the SEC’s inquiry regarding prior frequent trading activity in shares of the GAMCO Global Growth Fund (the “Global Growth Fund”) by one investor who was banned from the Global Growth Fund in August 2002. In the settlement, the SEC found that the Adviser had violated Section 206(2) of the Investment Advisers Act, Section 17(d) of the 1940 Act, and Rule 17d-1 thereunder, and had aided and abetted and caused violations of Section 12(d)(1)(B)(i) of the 1940 Act. Under the terms of the settlement, the Adviser, while neither admitting nor denying the SEC’s findings and allegations, agreed, among other things, to pay the previously reserved total of \$16 million (including a \$5 million penalty), of which at least \$11 million will be distributed to shareholders of the Global Growth Fund in accordance with a plan developed by an independent distribution consultant and approved by the independent directors of the Global Growth Fund and the staff of the SEC, and to cease and desist from future violations of the above referenced federal securities laws. The settlement will not have a material adverse impact on the Adviser or its ability to fulfill its obligations under the Advisory Agreement. On the same day, the SEC filed a civil action against the Executive Vice President and Chief Operating Officer of the Adviser, alleging violations of certain federal securities laws arising from the same matter. The officer is also an officer of the Global Growth Fund and other funds in the Gabelli/GAMCO fund complex including the Fund. The officer denies the allegations and is continuing in his positions with the Adviser and the funds. The Adviser currently expects that any resolution of the action against the officer will not have a material adverse impact on the Fund or the Adviser or its ability to fulfill its obligations under the Advisory Agreement.

10. Subsequent Events. Management has evaluated the impact on the Fund of events occurring subsequent to December 31, 2009 through February 25, 2010, the date the financial statements were issued, and has determined that there were no subsequent events requiring recognition or disclosure in the financial statements.

**THE GABELLI CONVERTIBLE AND INCOME SECURITIES FUND INC.
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and Shareholders of
The Gabelli Convertible and Income Securities Fund Inc.:

In our opinion, the accompanying statement of assets and liabilities, including the schedule of investments, and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of The Gabelli Convertible and Income Securities Fund Inc. (hereafter referred to as the "Fund") at December 31, 2009, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as "financial statements") are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at December 31, 2009 by correspondence with the custodian and brokers, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP
New York, New York
February 25, 2010

THE GABELLI CONVERTIBLE AND INCOME SECURITIES FUND INC.
ADDITIONAL FUND INFORMATION (Unaudited)

The business and affairs of the Fund are managed under the direction of the Fund's Board of Directors. Information pertaining to the Directors and officers of the Fund is set forth below. The Fund's Statement of Additional Information includes additional information about the Fund's Directors and is available without charge, upon request, by calling 800-GABELLI (800-422-3554) or by writing to The Gabelli Convertible and Income Securities Fund Inc. at One Corporate Center, Rye, NY 10580-1422.

Name, Position(s) Address¹ and Age	Term of Office and Length of Time Served²	Number of Funds in Fund Complex Overseen by Director	Principal Occupation(s) During Past Five Years	Other Directorships Held by Director⁵
<u>INTERESTED DIRECTORS³:</u>				
Mario J. Gabelli Director and Chief Investment Officer Age: 67	Since 1989*	26	Chairman and Chief Executive Officer of GAMCO Investors, Inc. and Chief Investment Officer – Value Portfolios of Gabelli Funds, LLC and GAMCO Asset Management Inc.; Director/Trustee or Chief Investment Officer of other registered investment companies in the Gabelli/GAMCO Funds complex; Chairman and Chief Executive Officer of GGCP, Inc.	Director of Morgan Group Holdings, Inc. (holding company); Chairman of the Board of LICT Corp. (multimedia and communication services company); Director of CIBL, Inc. (broadcasting and wireless communications)
<u>INDEPENDENT DIRECTORS⁴:</u>				
E. Val Cerutti Director Age: 70	Since 1989***	7	Chief Executive Officer of Cerutti Consultants, Inc.	Director of The LGL Group, Inc. (diversified manufacturing)
Anthony J. Colavita⁴ Director Age: 74	Since 1989**	34	President of the law firm of Anthony J. Colavita, P.C.	—
Dugald A. Fletcher Director Age: 80	Since 1989***	2	President, Fletcher & Company, Inc.	Director of Harris and Harris Group, Inc. (venture capital)
Anthony R. Pustorino Director Age: 84	Since 1989***	13	Certified Public Accountant; Professor Emeritus, Pace University	Director of The LGL Group, Inc. (diversified manufacturing)
Werner J. Roeder, MD⁴ Director Age: 69	Since 2001*	22	Medical Director of Lawrence Hospital and practicing private physician	—
Anthonie C. van Ekris Director Age: 75	Since 1992**	20	Chairman of BALMAC International, Inc. (commodities and futures trading)	—
Salvatore J. Zizza Director Age: 64	Since 1991**	28	Chairman of Zizza & Co., Ltd. (consulting)	Director of Hollis-Eden Pharmaceuticals (biotechnology) Director of Trans-Lux Corporation (business services)

THE GABELLI CONVERTIBLE AND INCOME SECURITIES FUND INC.
ADDITIONAL FUND INFORMATION (Unaudited) (Continued)

<u>Name, Position(s) Address¹ and Age</u>	<u>Term of Office and Length of Time Served²</u>	<u>Principal Occupation(s) During Past Five Years</u>
OFFICERS:		
Bruce N. Alpert President Age: 58	Since 2003	Executive Vice President and Chief Operating Officer of Gabelli Funds, LLC since 1988 and an officer of all of the registered investment companies in the Gabelli/GAMCO Funds complex. Director and President of Teton Advisors, Inc. 1998 through 2008; Chairman of Teton Advisors, Inc. since 2008; Senior Vice President of GAMCO Investors, Inc. since 2008
Laurissa M. Martire Vice President and Ombudsman Age: 33	Since 2004	Vice President of The Gabelli Global Multimedia Trust Inc. since 2004. Assistant Vice President of GAMCO Investors, Inc. since 2003
Agnes Mullady Treasurer and Secretary Age: 51	Since 2006	Senior Vice President of GAMCO Investors, Inc. since 2009; Vice President of Gabelli Funds, LLC since 2007; Officer of all of the registered investment companies in the Gabelli/GAMCO Funds complex; Senior Vice President of U.S. Trust Company, N.A. and Treasurer and Chief Financial Officer of Excelsior Funds from 2004 through 2005
Peter D. Goldstein Chief Compliance Officer Age: 56	Since 2004	Director of Regulatory Affairs at GAMCO Investors, Inc. since 2004; Chief Compliance Officer of all of the registered investment companies in the Gabelli/GAMCO Funds complex

¹ Address: One Corporate Center, Rye, NY 10580-1422, unless otherwise noted.

² The Fund's Board of Directors is divided into three classes, each class having a term of three years. Each year the term of office of one class expires and the successor or successors elected to such class serve for a three year term. The three year term for each class expires as follows:

* – Term expires at the Fund's 2010 Annual Meeting of Shareholders or until their successors are duly elected and qualified.

** – Term expires at the Fund's 2011 Annual Meeting of Shareholders or until their successors are duly elected and qualified.

*** – Term expires at the Fund's 2012 Annual Meeting of Shareholders or until their successors are duly elected and qualified.

Each officer will hold office for an indefinite term until the date he or she resigns or retires or until his or her successor is elected and qualified.

³ "Interested person" of the Fund as defined in the 1940 Act. Mr. Gabelli is considered an "interested person" because of his affiliation with Gabelli Funds, LLC which acts as the Fund's investment adviser.

⁴ Represents holders of the Fund's Preferred Stock.

⁵ This column includes only directorships of companies required to report to the SEC under the Securities Exchange Act of 1934, as amended (i.e. public companies) or other investment companies registered under the 1940 Act.

⁶ Directors who are not interested persons are considered "Independent" Directors.

Certifications

The Fund's Chief Executive Officer has certified to the New York Stock Exchange ("NYSE") that, as of June 12, 2009, he was not aware of any violation by the Fund of applicable NYSE corporate governance listing standards. The Fund reports to the Securities and Exchange Commission on Form N-CSR which contains certifications by the Fund's principal executive officer and principal financial officer that relate to the Fund's disclosure in such reports and that are required by Rule 30a-2(a) under the 1940 Act.

The Annual Meeting of The Gabelli Convertible and Income Securities Fund's shareholders will be held on Monday, May 17, 2010 at the Greenwich Library in Greenwich, Connecticut.

THE GABELLI CONVERTIBLE AND INCOME SECURITIES FUND INC.
INCOME TAX INFORMATION (Unaudited)
December 31, 2009

Cash Dividends and Distributions		Total Amount Paid Per Share (a)	Ordinary Investment Income (a)	Long-Term Capital Gains (a)	Return of Capital (c)	Dividend Reinvestment Price
<u>Payable Date</u>	<u>Record Date</u>					
Common Shares						
03/24/09	03/17/09	\$0.10000	\$0.02034	—	\$0.07966	\$4.79750
06/23/09	06/16/09	0.10000	0.02034	—	0.07966	4.91150
09/23/09	09/16/09	0.10000	0.02034	—	0.07966	5.70950
12/17/09	12/14/09	0.12000	0.02441	—	0.09559	5.79850
		<u>\$0.42000</u>	<u>\$0.08543</u>	<u>—</u>	<u>\$0.33457</u>	
6.000% Series B Cumulative Preferred Stock						
03/26/09	03/19/09	\$0.37500	\$0.37500	—		
06/26/09	06/19/09	0.37500	0.37500	—		
09/28/09	09/21/09	0.37500	0.37500	—		
12/28/09	12/18/09	0.37500	0.37500	—		
		<u>\$1.50000</u>	<u>\$1.50000</u>	<u>—</u>		

A Form 1099-DIV has been mailed to all shareholders of record for the distributions mentioned above, setting forth specific amounts to be included in the 2009 tax returns. Ordinary income distributions include net investment income and net realized short-term capital gains.

THE GABELLI CONVERTIBLE AND INCOME SECURITIES FUND INC.
INCOME TAX INFORMATION (Continued) (Unaudited)

December 31, 2009

Corporate Dividends Received Deduction, Qualified Dividend Income, and U.S. Government Securities Income

The Fund paid to common and 6.00% Series B Cumulative Preferred shareholders ordinary income dividends of \$0.0854 and \$1.5000 per share, respectively, in 2009. For the year ended December 31, 2009, 29.49% of the ordinary dividend qualified for the dividends received deduction available to corporations, and 39.92% of the ordinary income distribution was qualified dividend income and 62.50% of the ordinary income distribution was qualified interest income. The percentage of ordinary income dividends paid by the Fund during 2009 derived from U.S. Treasury securities was 0.74%. Such income is exempt from state and local tax in all states. However, many states, including New York and California, allow a tax exemption for a portion of the income earned only if a mutual fund has invested at least 50% of its assets at the end of each quarter of the Fund's fiscal year in U.S. Government securities. The Fund did not meet this strict requirement in 2009. The percentage of U.S. Treasury securities held as of December 31, 2009 was 33.09%.

Historical Distribution Summary

	Investment Income (b)	Short-Term Capital Gains (b)	Long-Term Capital Gains	Return of Capital (c)	Total Distributions (a)	Adjustment to Cost Basis (d)
Common Shares						
2009	\$0.08543	—	—	\$0.33457	\$0.42000	\$0.33457
2008	0.11672	\$0.00460	\$0.00796	0.67072	0.80000	0.67072
2007	0.30784	0.07582	0.24480	0.17154	0.80000	0.17154
2006	0.34356	0.12104	0.33540	—	0.80000	—
2005	0.29540	0.05780	0.20644	0.24036	0.80000	0.24036
2004	0.18800	—	—	0.61200	0.80000	0.61200
2003	0.18800	—	0.05160	0.56040	0.80000	0.56040
2002	0.27170	—	—	0.47830	0.75000	0.47830
2001	0.47550	0.06950	0.26500	—	0.81000	—
2000	0.56610	0.32670	0.40720	—	1.30000	—
1999	0.38990	0.44590	0.19420	—	1.03000	—
1998	0.38660	0.24130	0.29210	—	0.92000	—
1997	0.39690	0.22850	0.33460	—	0.96000	—
1996	0.49000	0.14160	0.10340	—	0.73500	—
1995	0.55740	0.20410	0.35950	0.02900	1.15000	0.02900
1994	0.57300	0.11500	0.21200	—	0.90000	—
1993	0.56100	0.20000	0.66400	—	1.42500	—
1992	0.65400	0.09000	0.13200	—	0.87600	—
1991	0.70600	0.11200	0.04700	—	0.86500	—
1990	0.69000	—	—	—	0.69000	—
1989	0.11500	—	—	—	0.11500	—
6.000% Series B Cumulative Preferred Stock						
2009	\$1.50000	—	—	—	\$1.50000	—
2008	1.35400	\$0.05360	\$0.09240	—	1.50000	—
2007	0.73128	0.18220	0.58652	—	1.50000	—
2006	0.64417	0.22693	0.62890	—	1.50000	—
2005	0.79175	0.15491	0.55334	—	1.50000	—
2004	1.50000	—	—	—	1.50000	—
2003	0.90900	—	0.24930	—	1.15830	—
Series C Auction Rate Cumulative Preferred Stock						
2009	—	—	—	—	—	—
2008	\$398.85232	\$ 15.74412	\$ 27.20356	—	\$ 441.80000	—
2007	656.77286	163.65570	526.77144	—	1,347.20000	—
2006	525.22150	185.03180	512.76670	—	1,223.02000	—
2005	438.5016	85.79450	306.46390	—	830.76000	—
2004	375.0800	—	—	—	375.08000	—
2003	187.3200	—	51.34000	—	238.66000	—

- (a) Total amounts may differ due to rounding.
(b) Taxable as ordinary income for Federal tax purposes.
(c) Non-taxable.
(d) Decrease in cost basis.

All designations are based on financial information available as of the date of this annual report and, accordingly, are subject to change. For each item, it is the intention of the Fund to designate the maximum amount permitted under the Internal Revenue Code and the regulations thereunder.

DIRECTORS AND OFFICERS
THE GABELLI CONVERTIBLE AND INCOME SECURITIES FUND INC.
One Corporate Center, Rye, NY 10580-1422

Directors

Mario J. Gabelli, CFA
Chairman & Chief Executive Officer,
GAMCO Investors, Inc.

E. Val Cerutti
Chief Executive Officer,
Cerutti Consultants, Inc.

Anthony J. Colavita
President,
Anthony J. Colavita, P.C.

Dugald A. Fletcher
President, Fletcher & Company, Inc.

Anthony R. Pustorino
Certified Public Accountant,
Professor Emeritus, Pace University

Werner J. Roeder, MD
Medical Director,
Lawrence Hospital

Anthonie C. van Ekris
Chairman, BALMAC International, Inc.

Salvatore J. Zizza
Chairman, Zizza & Co., Ltd.

Officers

Bruce N. Alpert
President

Peter D. Goldstein
Chief Compliance Officer

Laurissa M. Martire
Vice President & Ombudsman

Agnes Mullady
Treasurer & Secretary

Investment Adviser

Gabelli Funds, LLC
 One Corporate Center
 Rye, New York 10580-1422

Custodian

State Street Bank and Trust Company

Counsel

Skadden, Arps, Slate, Meagher & Flom LLP

Transfer Agent and Registrar

Computershare Trust Company, N.A.

Stock Exchange Listing

	6.00%						
	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center; border-bottom: 1px solid black;"><u>Common</u></td> <td style="text-align: center; border-bottom: 1px solid black;"><u>Preferred</u></td> </tr> <tr> <td style="text-align: center;">NYSE-Symbol:</td> <td style="text-align: center;">GCV GCV PrB</td> </tr> <tr> <td style="text-align: center;">Shares Outstanding:</td> <td style="text-align: center;">13,130,267 965,548</td> </tr> </table>	<u>Common</u>	<u>Preferred</u>	NYSE-Symbol:	GCV GCV PrB	Shares Outstanding:	13,130,267 965,548
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The Net Asset Value per share appears in the Publicly Traded Funds column, under the heading “Convertible Securities Funds,” in Monday’s The Wall Street Journal. It is also listed in Barron’s Mutual Funds/Closed End Funds section under the heading “Convertible Securities Funds.”

The Net Asset Value per share may be obtained each day by calling (914) 921-5070 or visiting www.gabelli.com.

For general information about the Gabelli Funds, call **800-GABELLI** (800-422-3554), fax us at 914-921-5118, visit Gabelli Funds’ Internet homepage at: www.gabelli.com, or e-mail us at: closedend@gabelli.com

Notice is hereby given in accordance with Section 23(c) of the Investment Company Act of 1940, as amended, that the Fund may, from time to time, purchase shares of its common stock in the open market when the Fund’s shares are trading at a discount of 10% or more from the net asset value of the shares. The Fund may also, from time to time, purchase shares of its preferred stock in the open market when the preferred shares are trading at a discount to the liquidation value.

THE GABELLI CONVERTIBLE AND INCOME SECURITIES FUND INC.

One Corporate Center, Rye, NY 10580-1422

Phone: 800-GABELLI (800-422-3554)

Fax: 914-921-5118 Internet: www.gabelli.com

e-mail: closedend@gabelli.com

GCV Q4/2009