GAMCO INVESTORS

ANNUAL REPORT 2014

"Imagine that in some private business you own a small share that cost you $1,000. One of your partners, named Mr. Market, is very obliging indeed. Every day he tells you what he thinks your interest is worth and furthermore offers either to buy you out or sell you an additional interest on that basis. Sometimes his idea of value appears plausible and justified by business developments and prospects as you know them. Often, on the other hand, Mr. Market lets his enthusiasm or his fears run away with him, and the value he proposes seems to you a little short of silly.

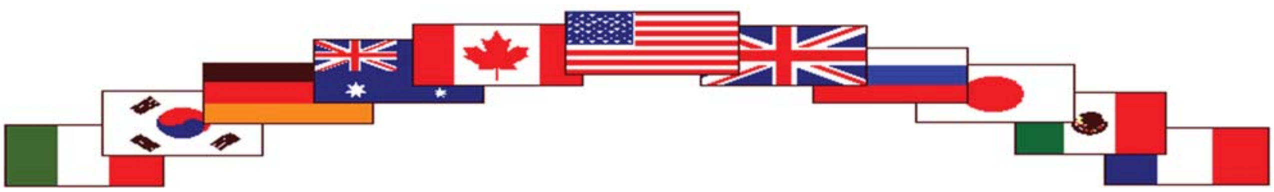
If you are a prudent investor or a sensible businessman, will you let Mr. Market's daily communication determine your view of the value of a $1,000 interest in the enterprise? Only in case you agree with him, or in case you want to trade with him. You may be happy to sell out to him when he quotes you a ridiculously high price, and equally happy to buy from him when his price is low. But the rest of the time you will be wiser to form your own ideas of the value of your holdings, based on full reports from the company about its operations and financial position." - Benjamin Graham, The Intelligent Investor

Despite the many changes that have taken place in the investing landscape, the parable of Mr. Market has held true since The Intelligent Investor was first published in 1949. Its message – that the whims of Mr. Market do not represent the true intrinsic value of a security – is at the core of the value investing philosophy.

The value approach to investing pioneered by Professors Benjamin Graham and David Dodd and further developed by Professors Roger Murray and Bruce Greenwald of the Columbia University Graduate School of Business has been, by a wide margin, the most consistently successful approach to investing. This success has been validated by a number of academic/statistical studies, by the performance of value-oriented money management institutions, and by the records of individual, value-oriented investment managers. Our belief is that the dissemination, extension, and refinement of the value approach are broadly beneficial to investors at large. In 2005, GAMCO Asset Management Inc., in cooperation with the Columbia University Graduate School of Business, established an annual prize for Value Investing. The prize is intended to honor individual contributions in at least one of five areas, which serve the goals of refining, extending, and disseminating the practice of Value Investing. They are:

- Innovative work in valuing securities in the Graham & Dodd tradition for either particular industries or particular asset classes. This work may be either theoretical/academic or applied/practical. However, it will extend existing conventional wisdom on valuation in ways that can be usefully applied in practice.
- Innovative academic research of either a theoretical or statistical nature that illuminates and extends the principles of Value Investing.
- Work in community building and/or information dissemination that contributes to the widespread practice of Graham & Dodd principles.
- Outstanding contributions to Value Investing education by students, faculty (adjunct & full time), and practitioners.
- Contributions to the implementation of sound Value Investing practices within companies either through investor activism or public advocacy.

A committee drawn from the Value Investing community will apply these criteria in awarding the prize. This year, we have selected Leon Cooperman of Omega Advisors as the honoree. He will be awarded the Gabelli Prize at GAMCO's 30th Annual Client Conference in May 2015. The first recipient was Joel M. Greenblatt who received the honor at GAMCO's Annual Client Conference in May 2005. In 2006, it was Martin J. Whitman; 2007, Robert W. Bruce, III; 2008, Jean Marie Eveillard; 2009, Richard H. Thaler, Ph.D.; 2010, Charles M. Royce; 2011, Erin Bellissimo; 2012, William von Mueffling; 2013, Michael F. Price. Last year's co-recipients were Prof. Ravi Jagannathan, and William E. Simon, Jr.



— GROWTH —

Building Blocks

Financial Highlights

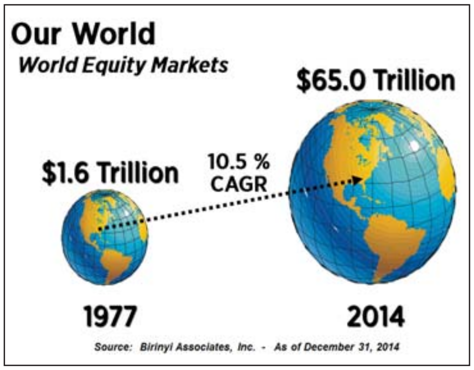
(in thousands except assets under management and per share data)

	IPO 1999	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Assets under management [(a)]	$21,544	$26,382	$27,691	$30,573	$20,201	$26,346	$32,522	$34,085	$36,405	$47,010	$47,487
Net income	$45,694	$63,941	$71,927	$79,569	$24,866	$55,533	$68,792	$69,682	$75,539	$116,853	$109,390
Net income per diluted share	$1.53	$2.11	$2.49	$2.79	$0.89	$2.02	$2.52	$2.61	$2.86	$4.54	$4.28
Dividends per share	-	$0.69	$0.12	$1.12	$2.02	$2.13	$5.02	$1.15	$2.88	$0.72	$0.50
Year end shares outstanding	29,699	29,543	28,241	28,446	27,746	27,605	27,053	26,755	25,746	26,086	25,855
Year end share price	$16.25	$43.53	$38.46	$69.20	$27.32	$48.29	$48.01	$43.49	$53.07	$86.97	$88.94

(a) in millions, at period end

— Since the IPO —

GBL – Global Research



Shareholder Compensation

Since 1999 IPO	2014
$879.6 million	$45.6 million
Stock Buyback $400.8 million *9,126,025 shares* *@ $43.92 per share*	Stock Buyback $32.7 million *414,432 shares* *@ $78.99 per share*
Dividends $478.8 million *$17.53 per share*	Dividends $12.9 million *$0.50 per share*

Current Business Mix

Equity	95%
Fixed Income	5%

Alternative Investments

Institutional / PWM

Mutual Funds

Our World

World Equity Markets

	Market Cap.	CAGR Since 1977
2014	$ 65.0 T	10.5 %
2013	62.0	10.7
2012	52.4	10.5
2011	45.9	10.4
2010	52.0	11.1
2008	32.2	10.2
2005	40.9	12.3
2000	30.8	13.7
1997	22.5	14.1
1987	7.9	17.4
1977	1.6	-

Source: Birinyi Associates, Inc. - As of December 31, 2014

Balance Sheet

Selected Highlights

$ in millions

	IPO 2/99	December 31, 1999	2012	2013	2014
Investments	$162	$194	$569	$582	$705
Debt	50	50	216	112	112
Equity	111	148	368	457	525

GABELLI = VALUE

Chairman's Letter

Dear Partners/Shareholders:

It is my privilege to share with you the state of GAMCO as we enter our 38th year and our 16th year as a public company. Let's go back to the beginning. When we started our company we set forth a mission statement and think it is appropriate to share it with you again. We first mentioned it in 1977 and echoed it in our first annual report as a public company in 1999.

Mission Statement

To **earn a superior return for our clients** by providing value added products to the mutual fund and institutional marketplace using fundamental research.

By **earning returns for our clients,** we will be earning returns for all our stakeholders:

- Our Shareholders
- Our Professional Staff

To prepare ourselves for the next four decades, we are mindful of several dynamics that can impact corporations. Let me share a few. Warren Buffett articulated it well in his fiftieth annual report, and we want to highlight parts of it with you. In the future, GAMCO has to fight off the ABC's of business decay: Arrogance, Bureaucracy and Complacency.

Another dynamic is Creative Destruction. Joseph Schumpeter, an Austrian American economist, defined the term in his work on "Capitalism, Socialism and Democracy" in 1942 as the "process of industrial mutation that incessantly revolutionizes the economic structure from within, incessantly destroying the old one, incessantly creating a new one".

What does this mean for us?

Back To the Future - each decade in the investment business has had its challenges.

In the 1960's, investment firms that catered to the retail investor were bogged down by the inability of "operations" (then referred to as the back office) to keep up with burgeoning trading volume. Indeed, the stock market had to shorten hours or close on certain weekdays to accommodate the paperwork overload and there were messengers earning the minimum wage walking around Wall Street carrying millions of dollars of readily saleable "bearer bonds".

In the 1970's, hedge funds, which were started in the late 1960's, were crimped by the market's plunging prices during 1973-74 bear market. Institutional research firms had their business models made obsolete by the ending of the fixed rate commission structure of Wall Street on May 1, 1975.

The 1980's witnessed the rise of leveraged buyouts fueled by junk bonds and their demise in 1989. It is also difficult to forget the collapse of portfolio insurance products and the firm LOR (Leland, O'Brien, and Rubenstein) caused by the stock market crash on October 19, 1987.

In the 1990's, investment bankers were aided and abetted by research analysts who were too involved in their firms' underwriting business. This conflict of interest dynamic ended with higher 'Chinese Walls' and increased 'disclosures' forced in settlements with then Attorney General of the State of New York, Eliot Spitzer.

The Present

Last year, our separate accounts adviser GAMCO, which manages a diverse base of institutional and private wealth management clients, fared well and earned absolute returns that substantially exceeded inflation rates but did not attain our long term goal of ten percent real.

Our Gabelli All Cap Value composite of separately managed accounts has annualized returns of 16.8% gross and 15.9% net over a thirty-seven year history.

Our mutual funds also fared well. Our first open end mutual fund, the Asset Fund, which is a broadly diversified all cap value fund, increased nearly 5% and our ABC Fund, which is focused on absolute performance, delivered another positive return and continues to serve as an alternative to money market funds.

Alternative investments were again a source of positive returns for our partners. Gabelli Associates, our arbitrage partnership, which has generated positive gross returns for the last twenty-seven consecutive years earned a 3.9% gross return and a 2.3% net return in 2014.

Chairman's Letter

The Investor's Conundrum

Where should investors put their money given today's unprecedented investment backdrop? Should it be in fixed income or equities? If fixed income, should it be global or in the U.S. and what credit quality and duration ? There are no clear choices in today's near zero interest rate environment. If equities, should the benchmarks be absolute performance or relative performance? If the performance is relative, should the funds be managed on a passive or an active basis? Should you invest in growth or value stocks? Large cap or small cap? Our answer remains the same – hold a diversified, actively managed stock portfolio for the long term.

The Chairman's letter in Berkshire Hathaway's 2014 annual report (his fiftieth) talks about some of these dynamics. "Investors, of course, can, by their own behavior, make stock ownership highly risky. And many do. Active trading , attempts to "time" market movements, inadequate diversification, the payment of high and unnecessary fees to managers and advisors, and the use of borrowed money can destroy the decent returns that a life-long owner of equities would otherwise enjoy.....The commission of the investment sins....is not limited to "the little guy". Huge institutional investors, viewed as a group, have long underperformed the unsophisticated index-fund investor who simply sits tight for decades.....There are a few investment managers, of course, who are very good – though in the short run, it's difficult to determine whether a great record is due to luck or talent......Decades ago, Ben Graham pointed the blame for investment failure, using a quote from Shakespeare: 'The fault, dear Brutus, is not in our stars, but in ourselves' ".

Mr. Buffett also talks about bottoms up research and investing, which is what we do, and those that adhere to the "efficient market".

"As Ben Graham said many decades ago: 'In the short-term the market is a voting machine; in the long-run it acts as a weighing machine.' Occasionally, the voting decisions of investors – amateurs and professionals alike – border on lunacy. Since I know of no way to reliably predict market movements, I recommend that you purchase Berkshire shares only if you expect to hold them for at least five years. Those who seek short-term profits should look elsewhere".

The Next Challenge

Today, our active management, bottoms-up Private Market Value with a Catalyst™ (PMV) stock selection process remains the bedrock of the large majority of long only equity assets entrusted to us. Fundamental research is being challenged by the success of passive investing and the return of tactical asset allocation where traders flip the 'risk-on / risk-off' trading switch through the use of electronically traded funds or index funds. Many of these so called investors were taught in school that volatility is the same as risk. Those of us schooled in the Graham & Dodd, Murray, Greenwald world of value investing disagree and believe that the loss of purchasing power over time is risky.

As a result of the changing dynamics of our world, we are examining all aspects of our business including implementing our own version of financial engineering. This may include the segmentation of our active management business with a more intense focus on our institutional and mutual fund segments and splitting off our alternatives business as well as providing the financial resources to seed new investment vehicles. Additionally, the ownership of entire companies through private equity may be utilized. We successfully followed financial engineering when we distributed our Teton investment to shareholders in 2009. At that time, the stock traded at $3 per share. In large part because of the fine work of Nick Galluccio and his team, the stock is now trading at $52.

A Century of Investing

Compound Annual Rates of Return

	Stocks	Bonds	Bills	Inflation
10s	15.5	9.9	0.1	1.7
00s	-0.9	7.7	2.8	2.5
90s	18.2	8.8	4.9	2.9
80s	17.5	12.6	8.9	5.1
70s	5.9	5.5	6.3	7.4
60s	7.8	1.4	3.9	2.5
50s	19.4	-0.1	1.9	2.2
40s	9.2	3.2	0.4	5.4
30s	-0.1	4.9	0.6	-2.0
1926-2014	10.1%	5.7%	3.5%	2.9%

Source: Ibbotson Associates as of December 31, 2014

As a business, our active strategies continue to form the foundation of our investment approach with a goal of generating absolute real returns for plan sponsors, foundations and individuals. Yet, we remain sensitive to those whose objectives are to track "benchmarks".

We plan to engage in our own form of ETFs through the use of non-transparent electronically traded funds. We think of this as a business i.e., a financial decision rather than a new approach to investing.

Our investment model will remain anchored in our intensive stock selection research where we have accumulated knowledge in companies, industries and sectors that we call our "core competencies". Through this research, we select companies with a focus mostly on their ability to do well in both inflationary and deflationary environments and to generate cash. We look at Private Market Value, which is the price a financial buyer would pay for an entire publicly traded company, and for catalysts to narrow the spread between the public share price and the private market value. The larger the stock price's discount to its PMV the greater 'margin of safety' to cushion the stock price in down markets.

At the same time, as a business, we have developed alternative investment products that reduce the volatility of returns while striving to meet client specific mandates. A good example is our thirty years of focus on "mergers and acquisitions" and our merger arbitrage funds.

Our Next Thirty-Eight Years

Should we extend our fundamental approach to investing to a more global business model? The answer is yes. We started doing this over two decades ago through research efforts in Europe and Asia utilizing our same focus on industries in which we have accumulated knowledge.

Chairman's Letter

For example, one of our teammates, Robert Leininger who has expertise in the beverage industry coined the phrase "if you drink it anywhere in the world, we will follow it". This underscores our belief in the pricing and earnings power of beverage companies which benefit from the demand tailwind generated by the demographic growth of the middle income populations in China and India.

Another teammate, Chris Marangi, hitchhiked on our knowledge of the entertainment industry and coined the phrase "if you watch content on any device, we will follow it" which includes both the content and distribution of sports, entertainment, news and more.

The Investment Business

Wall Street's investment strategies continue to evolve. Some years ago money was managed primarily by financial institutions (banks). Then along came boutique investment firms that generated outsized investment returns as well as hedge funds (to mention a few from the past Alfred Winslow Jones/Berkshire Partner Ltd/Steinhardt). There are many that have succeeded in the more recent thirty years.

Over time, mutual funds emerged and the closed end fund re-emerged in the mid-80s. At the same time, index funds were launched by Vanguard and John Bogle. Over the last fifteen or so years, we have examined and discussed with you products such as 130/30, tactical asset allocation, and target date investing. Another trend that has developed is what is referred to as "OCIO" (Outsourced Chief Investment Officer) and LDI (liability driven) investing.

Clearly, there has also been a shift in emphasis to allocating money to emerging markets, hedge funds, socially responsible investing and , in the past several years, passive investments such as ETFs and index funds, which aim to mimic the returns of specific equity or fixed income indices. Today ETFs have $3 trillion AUM globally and index funds have approximately $2 trillion AUM.

GAMCO continues to be an "equity manager", doing bottoms up research in its all cap value products that are essentially an extension of Graham & Dodd's book "Security Analysis" first published in 1934. The text was augmented by Roger Murray and, for the last twenty years, by Bruce Greenwald, all from the value investing program at the Columbia Graduate School of Business.
We also added our ingredients to value investing, primarily the "Private Market Value with a Catalyst™" approach which we have been credited for introducing to the academic community.

We believe that over time we will continue to deliver our historical goal which was first articulated in 1977. We will attempt to generate a 10% real rate of return over investment cycles. Indeed, and to echo what we said earlier, since inception in 1977, we have generated returns of 16.8% gross and 15.9% net. Inflation during that period was 3.7% generating a real rate of return of 12.2% for our clients. For those who are cynics, for the last five years we have generated returns of 16.8% gross, 16.1% net with inflation of 1.7% resulting in a 14.4% real rate of return.

How do we do it?

We believe that as time goes on we have benefitted from:

A. Accumulated compound knowledge of industries and stock specifics – our circle of competence
B. The process of fundamental analysis we call GAPI - Gather, Array, Project and Interpret the data
C. Looking for catalysts that could surface values. Here we have added the role of "the activist" to our long standing list.

Challenges in the year ahead

As previously mentioned, Warren Buffett indicated in his annual report the concerns that become inherent in companies. He calls it "the ABCs of Business" – Arrogance, Bureaucracy, Complacency.

While certain other aspects of these elements creep into even entrepreneurial organizations like our own, we continue to examine everything we do from a zero base budgeting approach. We announced in our third quarter 2014 10Q that we are exploring alternatives to the way our business is currently structured. Along these lines and perhaps by the time you read this annual report, and subject to our Board of Directors' approval, regulatory review, and other related dynamics, we may enter into another version of financial engineering and this time on a somewhat larger scale than Teton.

Whatever we do from a business point of view, rest assured that we will continue to have the same approach to earning money for our most important constituents, our clients, thereby earning money for our teammates and earning money for our shareholders. 2015 shapes up as a good year for investing. The markets are likely to go through a turbulent period but finish the year on a solid footing as investors focus on 2016 when we see a recovery in Europe, a recovery in Japan, continuing strength in the United States and a re-emergence of a higher growth rate in real terms in China.

We look forward to seeing everyone at our annual meeting. Thanks to all of our teammates for their sweat, love and tears and, more importantly, their passion for earning returns, and thanks to all of our Directors who have served our shareholders/partners so well.

Sincerely,

Mario Gabelli

Mario J. Gabelli
Chairman

— Economic and Market Outlook —

Howard F. Ward, CFA
Chief Investment Officer - Growth Investments

joined GAMCO Investors, Inc. in 1995. In 2004 he assumed his current role as Director of Growth Products.

He graduated from Northwestern University in 1978 with a BA in economics.

The American economy continues to frustrate skeptics as 2014 concluded five consecutive years of positive economic growth. We added three million new jobs, the most in fifteen years. Consumer confidence is at multi-year highs. Concerns that the end of quantitative easing (QE) would spell doom for the economy and stock market proved unfounded. Interest rates actually fell during the year, even with the Fed exiting QE. With consumer spending accounting for 68% of gross domestic product (GDP), the uptick in employment bodes well for 2015.

Operating profits advanced at about a 6% rate in 2014 and a similar gain is forecast for 2015. Quarterly comparisons in the first half of the year could be negative due to the strength of the dollar (which hurts multinationals) and commodity deflation, mostly in the energy patch. Earnings growth of about 6% is consistent with long term trends of close to 7%, as earnings have shadowed nominal GDP growth over long periods. Nominal GDP was 4.0% last year.

There is no denying the existence of asset price inflation, whether in stocks, real estate or collectibles, to name a few asset classes. The consumer price index, however, remains subdued, registering about 1.6%, compared to 1.5% in 2013. Historically, this level of consumer price inflation has correlated to a healthy price to earnings ratio for stocks of close to 17. This is close to where we are as we start 2015, but interest rates are historically low, suggesting that earnings multiples may rise further.

The outlook for the U.S. economy in 2015 is favorable. Prospects for generating GDP growth greater than 3% are pretty good and exceeding last year's 2.4% rate of growth is as certain as anything can be in economic forecasting. With rising employment and lower fuel prices, consumers are enjoying a record level of free cash flow. This bodes well for the nearly 70% of GDP represented by consumer spending. We are also anticipating a better year for capital spending as well as household formation and residential investment. Exports may have a hard time besting last year's record due to the strength of the dollar, but dollar strength is a plus for consumer spending so that provides some offset.

Lower oil prices are a tailwind for most consumers and businesses. Every one cent decline in the price of gasoline translates into an extra $1 billion in consumer free cash flow on an annualized basis. While capital spending on energy projects is being cut, it represents only 8% of total capital spending or about 1% of GDP. Oil prices are likely to remain volatile as the market strives to achieve some sort of equilibrium. Since domestic oil production remains at a multi decade record level of about 9.2 million barrels per day in early February, despite a declining rig count, it is hard to make the case for higher oil prices, at least in the first half of the year.

Lower fuel prices are a boon to much of the developed world, aiding growth in places as varied as Europe, China, Japan and India. Europe is growth challenged but none of the countries in the Eurozone are in recession, not even Greece, Spain, Portugal or Italy. Most of the European countries are expected to grow between 1 and 2%. In addition to lower fuel prices, Europe will benefit from the recent 20% decline in the euro relative to the dollar, record low interest rates and the commencement of QE in March, as the European Central Bank (ECB) tries to wrestle the inflation rate higher.

The possibility of Greece exiting the Eurozone appears more manageable than during the 2011 crisis, based upon a relatively ho-hum capital market reaction to the election of Alexis Tsipras, leader of the anti-austerity movement known as Syriza, as the new Prime Minister of Greece. While Greece appears to have the capacity to repay its debt, it is unclear if it has the willingness to make the necessary sacrifices.

Elsewhere, efforts are underway to stimulate growth in both China and Japan. China's growth has slowed as fixed asset investment has declined. The transition from an investment led economy to a consumption driven economy implies continued slow growth for a period of years. Japan's growth suffers from a shrinking population which no amount of fiscal or monetary stimulus can overcome for more than a brief period.

The stock market made it six consecutive years of gains last year, with the Standard & Poor's 500 Stock Index returning about 13% with dividends, establishing another record high in late December. Individuals were net buyers of stocks for the second year in a row, after five years of net selling. In our base case forecast of estimated investment returns for 2015, an 8 to 10% return for stocks would be consistent with 6 to 8% profit growth plus dividends. This appears attractive compared to estimated returns for money market funds and bonds that hover near 0%.

Examining the Federal Reserve's data on equity allocation, pension funds and households kept their equity allocations relatively static last year. As of September 30, 2014, Households, with $46 trillion in financial assets, had a 41% commitment to stocks, unchanged from the previous year. Pension funds, with $13.8 trillion in assets, saw their allocation to stocks dip from 38% to 36%. Equity allocations have generally been north of 50% at market peaks during times when interest rates were materially higher and provided greater competition for stocks.

Over the past 20 years stocks (S&P 500) have returned 9.8% compounded annually, very much consistent with long-term historical averages of about 10%. Of course the past 20 years were volatile. For the last 15 years the market compounded at 4.2%, and for 10 years, 7.7%, both below the historical trend. Yet for the past 6 years, the market returned 17.2% annually, well above the historical trend. One of the messages here is that timing the market is very difficult and most who tried in the past 20 years failed. This is especially true on an after-tax basis for taxable investors.

The market's strength in recent years does not preclude further gains. We have a favorable backdrop for stocks that should be a tailwind beyond 2015. The economy continues to slowly build momentum and is far from capacity constrained. Stock valuations are defensible given sub 2% inflation and among the lowest interest rates on record. Additionally, given a lackluster outlook for fixed income returns for the next several years, higher equity allocations are likely.

— Private Wealth Management —

Douglas R. Jamieson
President and COO

joined GAMCO in 1981 and is the President and Chief Operating Officer of the Company since August 2004.

Mr. Jamieson received a BA from Bucknell University and an MBA from the Columbia Business School.

Equity investors were rewarded in 2014 as GAMCO's Gabelli Value Composite earned 5.3% (net) for the year. Over the past five years the compound annualized return for the GAMCO composite is 16.1% versus 15.5% for the unmanaged S&P 500. From inception in 1977, the composite's annualized return of 15.9% (net) exceeds the S&P 500 by 4.0% on an annualized basis - or in dollar terms, by $18,090 on a $100 investment. Over the past 37 years we added other investment styles to complement our value strategy. The common thread of our various investment approaches is that they are all based on fundamental research. At the core is our proprietary, research-driven, Private Market Value (PMV) with a Catalyst™ stock selection methodology. We do not use leverage or derivatives. Our long-term buy-hold, tax-sensitive strategy works.

The environment for financial engineering remains robust. Several portfolio companies announced deals in 2014, including the acquisition of DIRECTV by AT&T (on track to be completed this year), Beam was acquired by Suntory at the end of April and Hillshire agreed to Tyson Foods' final offer in May following a heated bidding war. We witnessed a number of spin-off's as well and most notably, the split up of Energizer into batteries (which will remain Energizer) and personal care, re-branded as Edgewell (EPC). Chemtura completed the sale of its Agrosolutions business and launched a Dutch auction to re-deploy cash via a cap-shrink. Exelis, formerly part of ITT, spun off Vectrus, the military logistics business in October, and subsequent to year end, announced an agreement to be acquired by Harris Corporation. The deal is expected to close by the end of June. Chris Marangi, portfolio manager for the value portfolios wrote a white paper on Financial Engineering which outlines the various opportunities to surface value through the financial restructuring of a business. Please let us know if you would like a copy and we will send it to you.

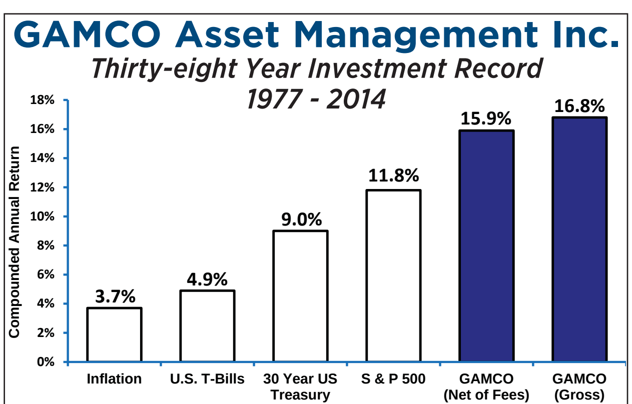
Colleen B. Brown, President & CEO,
Fisher Communications
2014 GAMCO Hall of Fame Honoree

As the economic outlook continues to unfold, we expect global merger and acquisition activity to accelerate. As rising confidence in board rooms and on Main Street, the low cost of capital, tax incentives and high levels of low yielding cash all lead to a robust deal environment.

We will continue to do what we have done best since 1977 – invest in companies based on our Private Market Value (PMV) with a Catalyst™ approach. The foundation of our focused research is the passion for investing in cash-generating businesses with solid franchises that sell at attractive discounts to their Private Market Values. This discount to PMV provides us with a margin of safety while the catalysts transition the underlying value into a higher stock price.

Our Investor Symposium

Each year we hold an investment seminar for our wealth management and institutional clients. In 2014, Frank Fahrenkopf, Co-Chair of the Commission on Presidential Debates, presented his views with an update on the mid-term elections political landscape. We again had the privilege of honoring three new GAMCO Management Hall of Fame recipients, Colleen Brown of Fisher Communications; Carl Icahn of Icahn Enterprises and Matthew Shattock of Beam, Inc. We look forward to seeing our clients on Friday, May 15th at the Pierre Hotel in New York City to discuss our investment ideas and provide an outlook for the coming year.



Expressed Another Way

	Gabelli Value	S&P 500	Russell 2000	CPI +10
Number of Up Years	34	31	26*	
Number of Down Years	4	7	10*	
Years Gabelli Beat Index		27	24*	25
Total Return (CAGR) (a)	16.8%	11.8%	11.9%*	13.7%
Number of Stocks	105	502	2,011	
Median Market Capitalization	$5.5 bn	$18.8 bn	$729 mm	
Mean Market Capitalization	$23.3 bn	$39.6 bn	$1.1 bn	

* Calculation of Russell 2000 commenced 1/1/79.
(a) Annual periods ending December 31, 2014, gross of fees

— Focus On Fundamentals —

Kevin V. Dreyer
Portfolio Manager

joined GAMCO in 2005 as a research analyst and now is a Portfolio Manager.

Mr. Dreyer received a BSE from the University of Pennsylvania and an MBA from the Columbia Business School.

Christopher J. Marangi
Portfolio Manager

joined GAMCO in 2003 as a research analyst and now is a Portfolio Manager.

Mr. Marangi graduated magna cum laude and Phi Beta Kappa with a BA from Williams College and an MBA with honors from the Columbia Business School.

More than in previous years, 2014 offered many surprises, both positive and negative. We suspect few prognosticators correctly predicted the 10-year Treasury yield would end the year 86 bps lower at 2.17%, the Euro would be worth $1.21 (-12%) or WTI crude would be $53.46 per barrel (-26%). As Private Market Value (PMV) with a Catalyst™ bottom up stock pickers, we didn't hazard guesses at these numbers last year and we won't again this year. However, we were admittedly surprised at just what a constructive environment it turned out to be for US stocks. The stock market, it seems, got it right in 2014.

However, that conclusion is made in a vacuum with the benefit of hindsight. Reality has been more eventful – skirmishes in the Ukraine, ISIS' reign of terror in the Middle East and the spread of the ebola virus added plenty of what, for now, appears to have been noise to the investment mosaic. More recently, the crash in oil prices has been a topic. Notwithstanding the uncertainty around the culprits and implications for falling commodity prices, today's leading indicators would lead one to favor continued improvement for the US economy. But world events could be more than just distractions for the market in 2015. Sometimes noise is meaningful and sometimes ... it's just noise. Our job as analysts and portfolio managers is to pick stocks using our Private Market Value (PMV) methodology and not to make predictions. We strive to construct an adaptable world view that is informed by new and changing data while we make value based stock selections.

All this reinforces our confidence in the two basic components of our investment process and philosophy. First, we are fundamental bottom up stock pickers. We have chosen to emphasize companies in a subset of industries in which sustainable competitive advantages can be cultivated. Volatile and unpredictable crude prices, for example, are reasons we tend to avoid the energy sector and gravitate to less commoditized industries. Second, we are value investors. Our contribution to the body of work begun by Benjamin Graham and David Dodd has been the concept of Private Market Value (PMV) with a Catalyst™ – we seek businesses selling in the public markets at a substantial discount to their PMVs and for which we can identify one or more events that will narrow that discount. We tend to gravitate toward tangible assets and cash flow and away from visions of grandeur and speculation.

What Worked in 2014

Our focus on financial engineering and dealmaking bore fruit last year. In January, our ownership of Fortune Brands' spin-off, Beam Inc. was rewarded when Suntory of Japan offered to purchase Beam at $83.50 per share. In May, the remaining fragment of Sara Lee, known as Hillshire Brands became the subject of a bidding war between Pilgrims' Pride and Tyson Foods, with Tyson the victor at $63 per share. In media, DIRECTV, once a tracker stock of General Motors, then a holding of Dr. John Malone's Liberty Entertainment, agreed to a sale to AT&T for $95 per share in cash and stock. Dr. Malone continued to be the most prolific financial engineer, giving birth to two new companies, Liberty TripAdvisor and Liberty Broadband, while repositioning other assets.

Other holdings announced restructurings, including The Madison Square Garden Co., itself a spin-off, which is evaluating the separation of its media networks from its sports and entertainment segments. Graham Holding Company, formerly the Washington Post Company, announced it would spin-off its cable unit in a year in which it was rewarded for concluding a cash-rich split-off transaction with Berkshire Hathaway. Energizer announced it would split its Household Products and Personal Care businesses, with each company possibly following the path of Sara Lee into the arms of acquirers. Many other holdings have catalysts in place, with Sony Entertainment, CBS and Viacom, among others, prime candidates for change.

Our returns, relative to the S&P 500 were negatively impacted by our investment in small capitalization stocks which took a rest in 2014, and our underweighting of certain strongly performing sectors including utilities and biotechnology. Sometimes, areas where we have accumulated compounded knowledge fall out of favor - 2014 was one of those periods. While small caps and media, for example, might not immediately revert to market leadership, over an investment cycle we are confident our stock selection in those areas will be rewarded.

Our time tested PMV process, investment philosophy and professionals have delivered superior tax-efficient returns over the history of our firm and we are confident in the future.

— Financial Engineering 2014 —

GAMCO has focused on absolute returns since the firm was founded in 1977. We launched our first partnership, or hedge fund, in 1985 to invest in merger arbitrage situations. In 2014, Gabelli Associates recorded its twenty-seventh consecutive year of positive gross returns. Worldwide mergers and acquisitions activity totaled $3.5 trillion in 2014, an increase of 47% from 2013.

Arbitrage Team
Ralph Rocco, Willis M. Brucker, Paolo A. Vicinelli (rear left to right)
Brian M. Keenan, William J. Gregorio (front left to right)

Ralph Rocco *joined GAMCO in 1994 and now is Managing Partner in the Alternative Investment Group. His primary responsibilities include management of M&A portfolios and arbitrage research. He is a graduate of Rutgers University with a B.A in Economics.*

Paolo A. Vicinelli *is a Senior Analyst with responsibilities dedicated to global arbitrage research and assists in the management of M&A portfolios. He earned a B.A. from Colgate Univ. and an MBA from Columbia Business School.*

Willis M. Brucker *joined GAMCO in 2004 and now is a Senior Analyst with responsibilities dedicated to the Gabelli merger arbitrage funds. He is a graduate of Boston College with a B.S. in Finance & Accounting.*

William J. Gregorio *joined GAMCO in 2006 and is the Head Trader for the Gabelli merger arbitrage funds. He has a B.A. from Univ. of Albany.*

Brian M. Keenan *joined GAMCO in 2013 and is an Analyst for the Gabelli merger arbitrage funds. He is a graduate of the University of Miami.*

In merger arbitrage, the investment process begins with the announcement of an acquisition, a deal. In most mergers, an acquirer makes an offer for all of the target's stock. The target's shares usually trade at a discount, or spread, to the final deal price because of the time value of money, regulatory approval risk, financial risks and other risks specific to the transaction. Our role, as arbitrageurs, is to quantify and discount these factors and make investment decisions that compensate our Partners for the assumed deal-completion risk.

Merger arbitrage is a natural extension of the Private Market Value with a Catalyst™ methodology employed at GAMCO since the catalyst that surfaces a company's private market value is frequently a merger or acquisition. The Gabelli merger arbitrage portfolio team leverages the research capabilities of our more than thirty analysts to evaluate deal risk resulting from antitrust, regulatory, financing and timing, as well as to determine synergies, strategic considerations and alternative interested buyers. Our focus on strategic buyers in industries GAMCO knows well is fundamental to earning absolute returns not correlated to the market.

Last year we wrote that the separation of Sara Lee into two companies in 2012 led to the acquisition of D.E. Master Blenders by 15% shareholder Joh A. Benckiser in April 2013 for €12.50 per share, or about €8 billion. We also suggested that we might be writing the concluding chapter in Sara Lee's history in this letter, and although it looked for a while like Hillshire might be the acquirer and not the target, in June 2014 Hillshire agreed to be acquired by Tyson Foods for $8.4 billion.

Regina Pitaro
Managing Director

joined GAMCO in 1984. As Managing Director, she is responsible for the institutional and private wealth clients.

She has a BS from Fordham University, MA from Loyola University of Chicago, and an MBA from Columbia Business School.

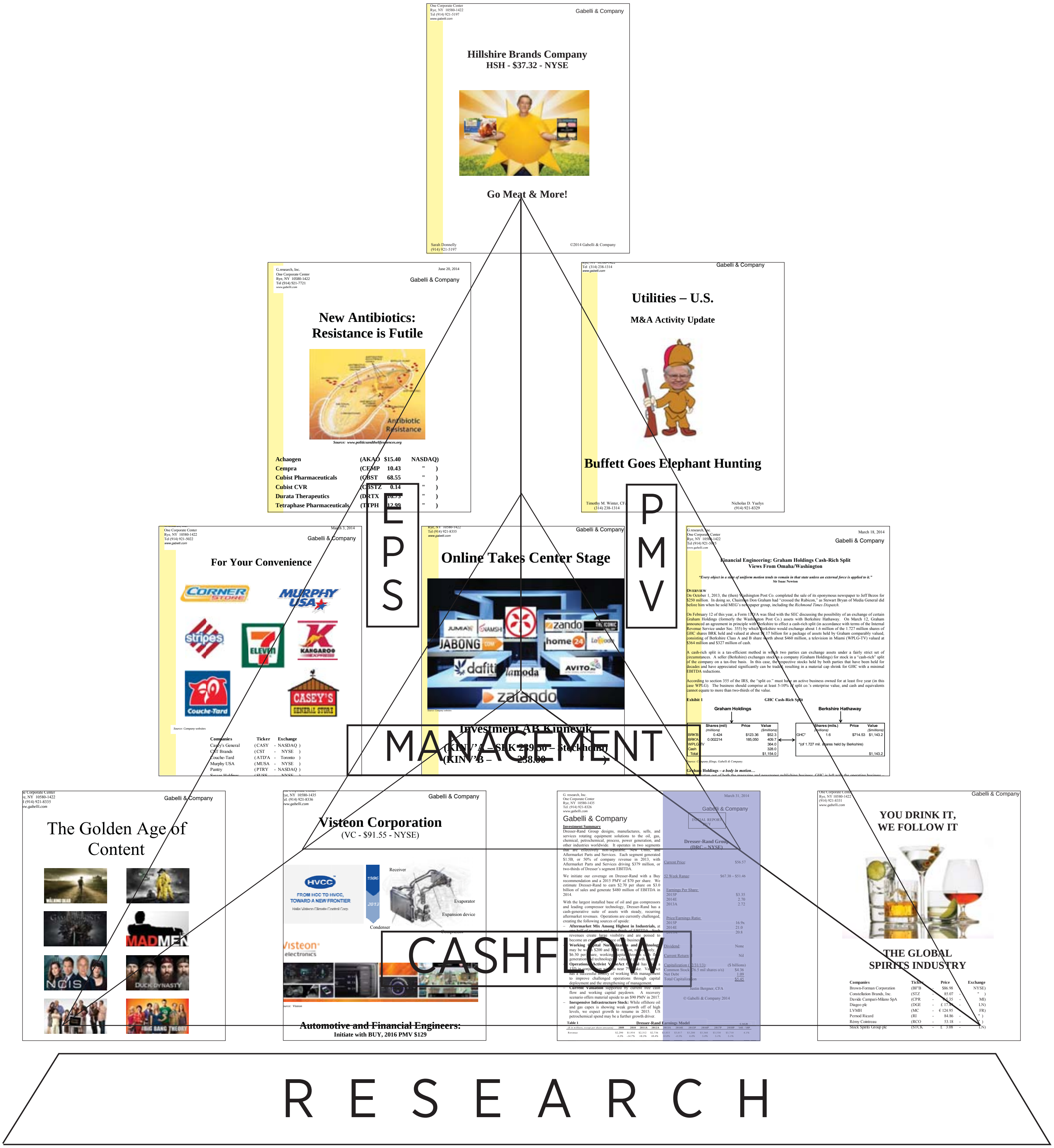
In May 2014, Hillshire Brands announced it would acquire branded food products company Pinnacle Foods for cash and stock totaling $6.6 billion. The merger arbitrage team worked with the Gabelli consumer products analysts and concluded that the transaction was inconsistent with Hillshire's shareholder value and, more importantly, seemed defensive. We felt that there were multiple avenues of success for Hillshire, particularly because the transaction was subject to Hillshire shareholder approval. When Hillshire was being split from Sara Lee, Brazilian meat producer JBS was speculated to have an interest in acquiring Hillshire for its higher margin, value-added food products. Other parties we believed might have an interest in acquiring Hillshire included Tyson and Hormel.

On May 27, Pilgrim's Pride, a poultry products company that is 75% owned by Brazil's JBS, unveiled a $45 cash per share unsolicited bid for Hillshire Brands, which valued the company at $6.2 billion. Shortly thereafter, on May 29, Tyson Foods, a diversified protein producer and marketer, made an unsolicited proposal to acquire Hillshire for $50 cash per share, or about $6.8 billion. The bidding continued until Hillshire announced that its Board of Directors had authorized the company to provide information to Tyson and Pilgrim's Pride to assist in making a bid for the company. In early June, Hillshire agreed to be acquired by Tyson Foods for $63 cash per share, or about $8.4 billion. We expect financial engineering to continue to play a major role in M&A activity.

We remain confident that we are in the midst of the "Fifth Wave" of M&A activity. The ingredients remain in place for a robust wave of M&A: elevated cash levels, amenable capital markets, historically low interest rates and a need for new avenues of growth. The missing ingredient has been executive confidence, and with a strengthening global economy we believe the pump is primed for 2015 and beyond. Our merger arbitrage strategies will benefit from increased levels of M&A and from a rising interest rate environment in the form of wider spreads as we approach "lift off."

— 2014 —

Ideas . . . Focus . . . Innovation



— Global Business Development —

GAMCO International SICAV

The UCITS directive has shaped the way investors access specific managers and funds globally. It provides daily or weekly liquidity, regulatory oversight, and a potentially global market place. As GAMCO seeks to raise assets more broadly in Europe and around the globe, the SICAV structure acts as an invaluable asset through which we are able to offer our core investment capabilities to a wider investor base.

- Merger Arbitrage: GAMCO Merger Arbitrage, a UCITS-compliant sub-fund, was launched in October 2011. This fund mirrors the Gabelli Associates Fund which we have been managing since 1985. Ralph Rocco and Mario Gabelli, CFA, are the Portfolio Managers of the fund, which invests primarily in announced mergers and acquisitions.
- U.S. All Cap Value: GAMCO All Cap Value, the firm's flagship 37 year equity long only investment capability will now be available in a daily liquidity UCITS compliant sub-fund. The new fund managed by (Y)our value team is expected to formally launch on May 1, 2015.

Global Opportunities

In order to expand our core focus on company research, GAMCO has opened offices globally, beginning with London in 1999. We followed that success with expansion into Asia, operating offices today in Shanghai and Tokyo. Over the last few years, we have moved forward with further business and product development opportunities in Europe and Asia, and we continue to look for new partners.

In March of 2014, GAMCO Asset Management partnered with DIAM Co., Ltd. to bring our flagship All Cap Value capability to Japan in an open ended structure – The Value Hunter. The fund is distributed by Resona Bank, Ltd., Saitama Resona Bank Ltd., and Kinki Osaka Bank, Ltd.

Last year our team continued to explore opportunities in Continental Europe and Asia, as well as the Nordic region. We see a vast amount of opportunity institutionally and we have engaged interest in these markets through sub advisory mandates, open and closed end funds and customized solutions.

We continue to seek opportunities across the globe to invest in companies and manage mandates within our core asset management capabilities. We have the experience and ability to provide customized solutions to match the market and the client.

— Alternative Investments —

Overview

Within alternative investments, Gabelli & Partners has a suite of absolute return products with dedicated teams looking for investment opportunities as an extension of the Gabelli PMV with a Catalyst™ proprietary investment methodology. In today's markets, we believe these investment structures provide our clients with proven absolute returns that can meet their investment goals. Our initial alternative offering, a dedicated merger arbitrage fund, was introduced in 1985. Our partners have enjoyed positive absolute returns for almost thirty years. Many of our initial partners are still investing alongside us today. Building on the Firm's core capabilities in research, new strategies have been launched over the years, including, High Yield Credit, Health and Wellness, Capital Structure Arbitrage, and in Q1 2015, the launch of Gabelli Global Infrastructure and Development Partners L.P., highlighting our research expertise in these areas.

Business Management

Michael M. Gabelli, based in New York, is a Managing Director within GAMCO Investors, Inc. and is President and COO of Gabelli & Partners, LLC, where he is responsible for the business affairs of the Alternative Investment Group. In addition, he serves as Director of Global Business Development for GAMCO. He is also Non-Executive Chairman of Gabelli Japan K.K. His team is focused on alternative investments globally and general business development as it relates to positioning the GAMCO brand and our core investment capabilities outside of the U.S.

Customized Solutions

Our alternative investment group is a specialized investment division within GAMCO which utilizes the full resources of the organization, while maintaining its independence and flexibility. We are dedicated to achieving your investment goals through our value-enhanced portfolios, products and services. We can individually tailor alternative investment solutions to specific regulatory and social requirements and can provide commingled on and offshore fund vehicles, funds-of-funds, separately managed accounts, 1940 Act funds, and UCITS registered funds, as well as sub advised portfolios with various liquidity requirements.

Investment Partnerships, Offshore Funds & GAMCO International SICAV

- Merger Arbitrage
- High Yield Credit
- Medical Opportunities
- Event Driven Value with a Catalyst
- Capital Structure Arbitrage
- Global Infrastructure and Development

— Precision Medicine —

In his recent State of the Union address, President Obama announced a new Precision Medicine initiative with $215 million of new funding to vastly expand our understanding of the human genome. This plan appears to have bipartisan support and is likely to become law, building upon work that has been ongoing since at least 1985 with the beginning of the project to sequence the human genome. Fifteen years later, industry pioneer Craig Venter won the race to sequence all 20,500 human genes, at a total cost of as much as $3 billion. This work is proving crucial to identifying the causes of disease, who may be carrying them, and tailoring treatments specific to individual patients. And thanks to constant, incredible advances in technology, today an individual's genome can be sequenced in less than three days for close to $1,000 by industry leader Illumina.

Kevin Kedra *Analyst*	***Jennie Tsai*** *Analyst*	***Jeff Jonas, CFA*** *Portfolio Manager*	***Sara Wojda*** *Analyst*
joined GAMCO in 2005.	*joined GAMCO in 2001.*	*joined GAMCO in 2003.*	*joined GAMCO in 2014.*
Kevin received a B.S.E in Bioengineering from Univ. of Pennsylvania	*Jennie received a B.S. from the Univ. of Virginia and an MBA from Columbia Business School.*	*Jeff graduated from Boston College, with a B.S. in Finance & Management info systems.*	*Sara graduated summa cum laude from Babson College with a B.S. in Econ. & Accounting.*

The rise in precision medicine goes hand in hand with our improved understanding of cancer and other diseases. We now understand that there are many different genotypes of skin, lung, and other cancers, each with their own best course of treatment. We also are beginning to understand that people respond to the same drug differently, based on many factors including their genes. This is driving rapid advances in diagnostic testing to create, in advance, a customized treatment plan for each individual patient. The first commercial use of precision medicine began in 1998 with the launch of a new breast cancer drug, Herceptin, specifically for women with an overactive gene called HER2. Herceptin is extremely effective for the 20-25% of patients who carry this gene abnormality, but not particularly effective for the rest, spurring the need for a genetic test. Today there is a highly competitive testing market supporting this $6 billion per year drug, proving both the commercial and scientific need for this type of therapy. Beyond Herceptin, there are numerous other drugs on the market today including Gleevec for patients with certain types of Leukemia, Xalkori for lung cancer and many others.

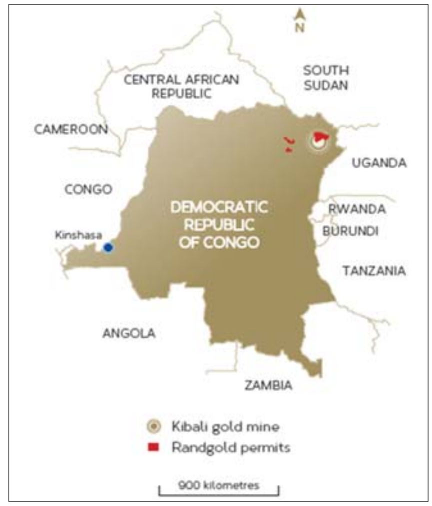
Going forward, the majority of new cancer drugs will include some type of "companion diagnostic" to identify those patients most likely to benefit from its use. Specialized laboratories run these tests, taking a tissue biopsy and/or fluid sample to generate a customized treatment plan for each patient. Drug companies partner with one or more labs early in the drug development process, creating an important bond between the two parties from the clinical trial stage through FDA approval and product launch. Tailoring treatment to ensure the highest chance of success is especially important in an era of very high drug prices, minimizing the chance that the patient won't respond to a drug that costs tens of thousands of dollars. Breast cancer, colorectal cancer, leukemia and lymphoma are some of the most common diseases for genetic testing, but the field is expanding rapidly. This is currently a $3 billion annual market that is expected to grow to as much as $9 billion annually by the end of the decade. Personalized medicine is also moving beyond oncology and into more traditional diseases. For instance, approximately 30% of people don't respond to the blood-thinner Plavix, leaving them at risk for blood clots after major surgery. In treating mental health conditions, where a patient may only respond to one or two of dozens of different medications, physicians have historically used a trial and error approach rather than precision medicine. Identifying who will and will not respond to these drugs in advance is significantly improving the practice of medicine.

We have successfully invested in this space for years, starting when Roche first bid for Ventana Medical Systems in 2007. We have seen significant consolidation in the market, as industry leaders such as Quest Diagnostics, Novartis and Roche try — sometimes unsuccessfully — to acquire the innovators in this space. Innovation remains robust as healthcare professionals find new ways to utilize all this genetic data, aided by huge advances in gene sequencing equipment and computing power, and financed by a very active venture capital industry. We continue to identify new companies to put into our clients' portfolios, and this year we hired a dedicated analyst to follow the diagnostic and life science companies that drive this industry. Our two dedicated healthcare funds, the Gabelli Healthcare & Wellness^Rx Trust and the Medical Opportunities hedge fund, have had great success since inception, and we look forward to continuing to expand our healthcare team and product offerings.

— Research —

A View From the Congo

We visited the newly operating Kibali Mine in the Democratic Republic of the Congo (DRC), operated by Randgold Resources, the largest holding in the Gabelli Gold Fund. When assessing the quality of a gold mine we look for "The Three G's: Grade, Geometry, and Geography." Kibali has all three. We then assess risks to mining the deposit effectively and cost efficiently. Kibali is located in an extremely remote region in the northeastern DRC in the province of Orientale. Prior to Randgold's development of the project, there was no existing ground or air infrastructure in the immediate vicinity of the deposit. After our visit we found that, perhaps counter to popular perception, the operational risks at the deposit are relatively low.



While on site we reviewed :

- the metallurgical plant and associated crushing and grinding facilities
- fully developed and producing underground stope
- two hydropower stations both built and operated by Randgold,
- local community and social relations at a newly built Catholic church in a recently relocated village

The metallurgical plant has the ability to process up to 6.8 million metric tons of ore per year with metallurgical recoveries of gold targeted at 82%. At 3.5 grams per ton, the plant should recover 610,000 ounces per year, or $730 million with gold priced at $1200 per ounce. There is a high probability that targeted recovery and production rates can be sustained.

Once potential output at the plant has been estimated, two additional factors are the ability to feed the plant to its maximum capacity, and the costs involved in mining and processing the ore. The more technically challenging aspect of ore extraction is the underground mine. Building an underground operation in such a remote location is a challenge. However, the characteristics of the deposit allows for it to be mined with relatively easy ramp access from the surface, and more importantly, allows for very large mining areas.

If production and revenue goals at the mine are met, then the next important question is what it will cost to run the entire mining complex. Operating costs at the metallurgical plant are the single biggest operating expense, a large amount of it being energy usage to grind the ore to a fine size. The large yearly rainfall in the region and subsequent plentiful river flow provide a cost efficient source for hydropower. The company's goal is to have a hydro/diesel ratio of 80/20 by 2017. The cost to generate hydroelectricity is 2 cents per kilowatt hour as opposed to 45 cents for diesel. Labor could also be a high cost given the region's remote location. But eighty percent of the workforce is currently Congolese, and almost all of them live in a nearby village. The absence of ex-patriot employees limits labor costs and embeds Kibali and Randgold within the community. Costs which are currently running at around $300 million per year, can be controlled. Hence despite its remoteness, Kibali's location is a benefit to keeping operating costs low.

River being prepared for hydropower station and hydro turbine at plant

The next question involves the risks to achieving the targeted $430 million in annual profit. When Randgold built the Kibali mine, the company had to physically move over 4,000 people living on the site of the current open pit. Randgold built a small village about 5 miles away. Mud and thatched roof huts were exchanged for cement buildings with electricity. A Catholic church was built as the centerpiece for community life. However, the village is now a small portion of the overall community. Many people have moved near the mine site to look for work. Income disparity seemed apparent, and we are concerned that this could eventually lead to some form of social unrest if not managed appropriately.

In conclusion, Kibali is a great asset. High margins, leverage to the gold price, and low risks make for a great mine - the type of mine we look to own for our clients in the Gabelli Gold Fund.

— Financial Highlights —

We ended the year with assets under management ("AUM") of $47.5 billion, just ahead of the $47.0 billion we reported at the close of 2013. Revenues and operating income were higher while net income and per share earnings were lower as earnings from our investments declined from the previous year's record level. Revenues for the year were $440.4 million, an 11% increase from $397.6 million in the prior year. Investment advisory fees were $358.4 million, before incentive fees, up 15.5% from $310.3 million in the previous year reflecting higher levels of average AUM for each of our divisions: Gabelli Funds, Institutional and Private Wealth Management and Alternative Investments. Incentive fees contributed $11.6 million in 2014 and $26.4 million in 2013. Incentive fees are earned on certain accounts based on absolute returns or by matching or exceeding performance benchmarks. We have $4.8 billion in AUM on which incentive fees may be earned. Distribution revenues rose nearly 18% to $61.2 million due primarily to higher levels of average AUM. Revenues from institutional research services grew 3% to $9.2 million.

Operating income before management fee was $178.2 million, up $17.0 million or 10.5% from the prior year's $161.2 million. The 2014 results include an incremental $5.1 million in stock compensation costs from the issuance of restricted stock awards in the second half of 2013 and additional awards issued during 2014. Operating margins were 40.5% in 2014 and 40.6% in 2013. Our operating costs, primarily compensation and distribution expenses, are largely variable in nature and will increase or decrease with changes in AUM or revenues. Other operating expenses, which are largely fixed in nature, declined nearly 3% in 2014. We remain vigilant in monitoring our costs and cost structures. Through prudent management of our general and administrative expenses, we are able to allocate a portion of these savings to our sales, marketing and research efforts.

Other income was lower in 2014 at $8.1 million versus $41.1 million in 2013 as earnings from firm investments declined to $16.1 million in 2014, from $51.7 million in the prior year.

Net income was $4.28 per diluted share in 2014 versus $4.54 in 2013 due to increased stock compensation awards and lower incentive fees and investment income. Earnings contributed from operations rose 9% to $3.95 per diluted share in 2014 while non-operating income added $0.33 per diluted share. In 2013, earnings from operations were $3.61 per diluted share with non-operating income adding $0.93 per share.

Our balance sheet remains strong and highly liquid. We ended the year with cash and investments of $705 million, $112 million of debt and $525 million in shareholders' equity. The debt consists principally of $100 million of 5.875% Notes due in 2021. We have $400 million remaining on our shelf registration which can be used for equity, debt or a combination of offerings to take advantage of organic growth opportunities, acquisitions and lift outs.

During 2014, we returned $45.6 million of our earnings to shareholders through dividends and stock buybacks. Since our IPO in 1999, we have returned $879.6 million to shareholders.

Assets Under Management

($ in millions)

	IPO	December 31,										% CAGR
	1999	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	1999-2014
Equity:												
Mutual Funds	$10,075	$12,558	$13,794	$15,686	$9,931	$13,085	$16,723	$18,072	$18,790	$24,023	$24,633	6.1 %
Institutional and High Net Worth												
Direct	8,227	9,550	10,282	10,708	6,861	9,312	11,005	10,853	12,030	16,486	16,597	
Sub-advisory	1,143	2,832	2,340	2,584	1,585	1,897	2,637	2,600	2,924	3,797	3,704	
Total Equity	19,445	24,940	26,416	28,978	18,377	24,294	30,365	31,525	33,744	44,306	44,934	5.7
Fixed Income:												
Mutual Funds	1,175	724	734	1,111	1,507	1,721	1,616	1,824	1,681	1,735	1,455	
Institutional and High Net Worth	694	84	50	24	22	26	26	26	60	62	58	
Total Fixed Income	1,869	808	784	1,135	1,529	1,747	1,642	1,850	1,741	1,797	1,513	-1.4
SICAV	-	-	-	-	-	-	-	105	119	96	135 (a)	
Investment Partnerships:												
Alternative Investments	230	634	491	460	295	305	515	605	801	811	905	9.6
Total Assets Under Management	$21,544	$26,382	$27,691	$30,573	$20,201	$26,346	$32,522	$34,085	$36,405	$47,010	$47,487	5.4
Assets Under Management:												
Mutual Funds	$11,250	$13,282	$14,528	$16,797	$11,438	$14,806	$18,339	$19,896	$20,471	$25,758	$26,088	5.8
Institutional and High Net Worth												
Direct	8,921	9,634	10,332	10,732	6,883	9,338	11,031	10,879	12,090	16,548	16,655	
Sub-advisory	1,143	2,832	2,340	2,584	1,585	1,897	2,637	2,600	2,924	3,797	3,704	
SICAV	-	-	-	-	-	-	-	105	119	96	135 (a)	
Alternative Investments	230	634	491	460	295	305	515	605	801	811	905	9.6
Total Assets Under Management	$21,544	$26,382	$27,691	$30,573	$20,201	$26,346	$32,522	$34,085	$36,405	$47,010	$47,487	5.4 %

(a) Includes $100 million, $104 million, $96 million and $71 million of proprietary seed capital at December 31, 2011, December 31, 2012, December 31, 2013 and December 31, 2014, respectively

Quarterly Financial Data

2014 - 2013

(In thousands, except per share data)

	2014				
	1ST Quarter	2ND Quarter	3RD Quarter	4TH Quarter	Full Year
Income Statement Data:					
Revenues	$104,477	$108,296	$110,858	$116,751	$440,382
Expenses	63,250	65,615	63,516	69,848	262,229
Operating income before management fee	41,227	42,681	47,342	46,903	178,153
Investment income/(loss)	8,085	10,942	(8,002)	5,119	16,144
Interest expense	(1,992)	(2,021)	(1,987)	(2,049)	(8,049)
Other income (expense), net	6,093	8,921	(9,989)	3,070	8,095
Income before management fee, income taxes and noncontrolling interest	47,320	51,602	37,353	49,973	186,248
Management fee	4,728	5,144	3,756	4,999	18,627
Income before income taxes and noncontrolling interest	42,592	46,458	33,597	44,974	167,621
Income taxes	14,616	17,135	13,045	17,709	62,505
Net income	27,976	29,323	20,552	27,265	105,116
Noncontrolling interest	22	373	(3,113)	(1,556)	(4,274)
Net income attributable to GAMCO	$27,954	$28,950	$23,665	$28,821	$109,390
Net income per share:					
Basic	$1.10	$1.14	$0.94	$1.14	$4.32
Diluted	$1.09	$1.13	$0.93	$1.13	$4.28
Total shares outstanding:					
As on December 31					25,855

	2013				
	1ST Quarter	2ND Quarter	3RD Quarter	4TH Quarter	Full Year
Income Statement Data:					
Revenues	$86,181	$92,290	$96,377	$122,714	$397,562
Expenses	51,474	55,660	58,020	71,167	236,321
Operating income before management fee	34,707	36,630	38,357	51,547	161,241
Investment income	8,636	14,648	20,155	8,211	51,650
Interest expense	(3,488)	(2,796)	(2,164)	(2,063)	(10,511)
Other income net	5,148	11,852	17,991	6,148	41,139
Income before management fee, income taxes and noncontrolling interest	39,855	48,482	56,348	57,695	202,380
Management fee	3,980	4,846	5,629	4,374	18,829
Income before income taxes and noncontrolling interest	35,875	43,636	50,719	53,321	183,551
Income taxes	13,195	15,724	17,515	19,752	66,186
Net income	22,680	27,912	33,204	33,569	117,365
Noncontrolling interest	135	19	106	252	512
Net income attributable to GAMCO	$22,545	$27,893	$33,098	$33,317	$116,853
Net income per share:					
Basic	$0.88	$1.09	$1.29	$1.30	$4.56
Diluted	$0.88	$1.09	$1.29	$1.29	$4.54
Total shares outstanding:					
As on December 31					26,086

See Notes on Non-GAAP Financial Measures on page 15.

Condensed Consolidated Balance Sheet

(in thousands)

	December 31, 2014	2013
ASSETS		
Investments (including cash and cash equivalents)	704,935	581,713
Receivables	123,723	107,205
Other assets	37,772	20,567
Total assets	$866,430	$709,485
LIABILITIES AND EQUITY		
Compensation payable	39,983	34,663
Income taxes payable	27,939	39,846
Accrued expenses and other liabilities	90,216	56,132
Sub-total	158,138	130,641
5.875% Senior notes (due June 1, 2021)	100,000	100,000
Zero coupon subordinated debenture (Face value: $13.1 million at December 31, 2014; $13.8 million at December 31, 2013 - due December 31, 2015)	12,163	11,911
Total liabilities	270,301	242,552
Redeemable noncontrolling interests	68,334	6,751
Stockholders' equity	525,061	457,331
Noncontrolling interests	2,734	2,851
Total equity	527,795	460,182
Total liabilities and equity	$866,430	$709,485

Information derived from audited financial statements on Form 10-K.

Notes on Non-GAAP Financial Measures

A. Operating income before management fee expense is used by management for purposes of evaluating its business operations. We believe this measure is useful in illustrating the operating results of the Company as management fee expense is based on pre-tax income and includes non-operating items including investment gains and losses from the Company's proprietary investment portfolio and interest expense.

Reconciliation of Non-GAAP Financial Measures to GAAP:

	2014					2013				
	1st QTR	2nd QTR	3rd QTR	4th QTR	Full Year	1st QTR	2nd QTR	3rd QTR	4th QTR	Full Year
Operating income	$36,499	$37,537	$43,586	$41,904	$159,526	$30,727	$31,784	$32,728	$47,173	$142,412
Add: Management fee	4,728	5,144	3,756	4,999	18,627	3,980	4,846	5,629	4,374	18,829
Operating income before management fee	$41,227	$42,681	$47,342	$46,903	$178,153	$34,707	$36,630	$38,357	$51,547	$161,241

SPECIAL NOTE REGARDING FORWARD-LOOKING INFORMATION

Our disclosure and analysis in this Annual Report contain some forward-looking statements. Forward-looking statements give our current expectations or forecasts of future events. You can identify these statements because they do not relate strictly to historical or current facts. They use words such as "anticipate," "estimate," "expect," "project," "intend," "plan," "believe," and other words and terms of similar meaning. They also appear in any discussion of future operating or financial performance. In particular, these include statements relating to future actions, future performance of our products, expenses, the outcome of any legal proceedings, and financial results. Although we believe that we are basing our expectations and beliefs on reasonable assumptions within the bounds of what we currently know about our business and operations, there can be no assurance that our actual results will not differ materially from what we expect or believe. Some of the factors that could cause our actual results to differ from our expectations or beliefs include, without limitation: the adverse effect from a decline in the securities markets; a decline in the performance of our products; a general downturn in the economy; changes in government policy or regulation; changes in our ability to attract or retain key employees; and unforeseen costs and other effects related to legal proceedings or investigations of governmental and self-regulatory organizations. We also direct your attention to any more specific discussions of risk contained in our Form 10-K and other public filings. We are providing these statements as permitted by the Private Litigation Reform Act of 1995. We do not undertake to update publicly any forward-looking statements if we subsequently learn that we are unlikely to achieve our expectations or if we receive any additional information relating to the subject matters of our forward-looking statements.

Board of Directors

Edwin L. Artzt
Former Chairman and Chief Executive Officer
Procter & Gamble Company

Raymond C. Avansino, Jr.
Chairman
E.L. Wiegand Foundation

Richard L. Bready
Former Chairman & Chief Executive Officer
Nortek Inc.

Elisa M. Wilson
President
Gabelli Foundation, Inc.

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

Eugene R. McGrath
Former Chairman and Chief Executive Officer
Consolidated Edison Company of NY

Robert S. Prather, Jr.
President and Chief Executive Officer
Heartland Media, LLC.

Marc Gabelli
President
GGCP, Inc.
Co-Chairman,
Gabelli Securities, Inc.

Officers

Mario J. Gabelli, CFA
Chairman and Chief Executive Officer

Douglas R. Jamieson
President and Chief Operating Officer

Henry G. Van der Eb, CFA
Senior Vice President

Kevin Handwerker
Executive Vice President, General Counsel
and Secretary

Robert S. Zuccaro
Executive Vice President and
Chief Financial Officer

Bruce N. Alpert
Executive Vice President
Gabelli Funds, LLC

Agnes Mullady
Senior Vice President,
President and Chief Operating Officer,
Open-End Fund Division, Gabelli Funds, LLC

Corporate and Shareholder Information

Investor Relations
For our 10-K and other shareholder information,
as well as information on our products and services,
visit our website at www.gabelli.com or write to:
One Corporate Center
Rye, New York 10580-1422
914-921-5088
email: investor@gabelli.com

Transfer Agent
Computershare
250 Royall Street
Canton, MA 02021
(781) 575-2000

Trading Information
New York Stock Exchange
Class A Common Stock
Symbol - GBL

Website
www.gabelli.com

Investment Services Information

Mutual Funds
Contact: Jason G. Swirbul
800-GABELLI
email: jswirbul@gabelli.com

Institutional Accounts
Contact: Christopher C. Desmarais
914-921-5237
email: cdesmarais@gabelli.com

Private Wealth Management
Contact: Paul M. Swirbul / Timothy M. Malay
914-921-5037
email: tmalay@gabelli.com

Investment Partnerships
Contact: Michael Gabelli
914-921-5135
email: alternatives@gabelli.com

Annual Meeting
Our 2015 Annual Meeting of Shareholders
will be held at 8:30 a.m. on May 5, 2015 at the
Company's main office at 401 Theodore Fremd Ave
Rye, NY 10580

“The more you give, the more you receive”

Our shareholders designated contributions to the following organizations in 2014

The Board of Directors of GAMCO Investors, Inc. (“GAMCO”) renewed the Shareholder Designated Charitable Contribution program for 2014. Shareholders who directly registered their ownership by March 31, 2014 were able to designate $0.25 per share to a recognized 501(c)(3) organization.

GAMCO’s program is tracking, in part, the shareholder program established by Berkshire Hathaway in 1981. The Berkshire Hathaway program continued for over 20 years, until 2003. Warren Buffett’s letter to shareholders at the inception of Berkshire’s program explained that charitable giving in this manner provides significant benefits to shareholders. Each eligible shareholder is able to choose whether a contribution of corporate funds based on his/her ownership interest is to be made, and if so, to specify the recipient of that contribution. The shareholder’s judgment – not the judgment of the company’s directors or management – controls the contribution process.

Under this program, each registered shareholder of GAMCO was able to designate one charitable organization (two charitable organizations for holders with 8,000 shares or more) to which GAMCO contributed $0.25 per share on the shareholder’s behalf.

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Advanced Macular Degeneration Foundation ♦ Alzheimer’s Association ♦ American Cancer Society ♦ American Friends of Magen David Adom ♦ American Museum of Natural History ♦ American Red Cross ♦ ASPCA ♦ Baltimore Community Fund ♦ Baltimore Symphony Orchestra ♦ Bedford Audubon Society ♦ Boca Community Regional Hospital ♦ Boston College Fund ♦ Boys & Girls Club of Truckee Meadows ♦ Bristol Riverside Theater Co, Inc. ♦ Caddie Scholarship Fund, Inc. - WGA ♦ Camp Jewell YMCA - Annual Campaign ♦ Cancer Research Fund ♦ Caritas of Port Chester, Inc. ♦ Chaminade Development Fund ♦ City Meals on Wheels ♦ Cityterm at the Masters School ♦ Daisy’s Eye Cancer Fund ♦ De Smet Jesuit High School ♦ Don Bosco Community Center ♦ Environmental Defense Fund ♦ Fountain Valley School ♦ Friends of McMaster Inc ♦ Futures in Education of the Diocese of Brooklyn ♦ Golden Empire Council - Boy Scouts of America ♦ Greenwich Country Day School ♦ Greenwich Old Timers Association ♦ Haley House ♦ Heifer International ♦ Hilarity for Charity ♦ Indiana University Foundation ♦ Inner-City Scholarship Fund ♦ KBAQ ♦ Kids in Crisis ♦ Life Center of Long Island ♦ Long House Reserve ♦ Marine Corps Scholarship Foundation ♦ Memorial Sloan-Kettering Cancer Center ♦ Millbrook School ♦ National Breast Cancer Foundation, Inc. ♦ National MS Society ♦ Nevada Museum of Art ♦ New York Needs You ♦ New York Presbyterian Hospital ♦ Notre Dame High School: Field of Dreams Campaign ♦ NURU International ♦ Our Lady of Guadalupe School ♦ Project Sunshine ♦ Riverkeeper ♦ Robert & Gene Dickman Philanthropic Fund ♦ San Francisco Ballet ♦ Simon Wiesenthal Center ♦ St. Francis De Sales Catholic Church ♦ St. Jude Childrens Research Hospital Inc. ♦ Student U ♦ Susan G. Komen for the Cure ® ♦ The Associated JCF of Baltimore ♦ The Hackley School ♦ The Life Raft Group ♦ The Littlest Lamb ♦ The Mancheski Foundation ♦ The Michael J. Fox Foundation for Parkinson’s Research ♦ The Prospector Theater ♦ The Ronald McDonald House of Long Island ♦ The School of the Holy Child ♦ The Ursuline School ♦ Think Pink Rocks, Inc. ♦ Tuxedo Park School ♦ United Way ♦ Westchester Children’s Museum ♦ Women’s Funding Network ♦ Wounded Warrior Project ♦ Xavier High School ♦ Yorktown Teen Center

We are fortunate to live in the wealthiest nation in the world and to have the ability to share our good fortune. **IN 2014, WE WERE ABLE TO SUPPORT MANY WORTHY ENDEAVORS, INCLUDING THESE 78 RECIPIENTS.** Our firm has grown for 38 years, and the stock market has rewarded long term investors. This has also enabled us to donate countless hours to scores of charitable organizations.

GAMCO Investors, Inc.
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