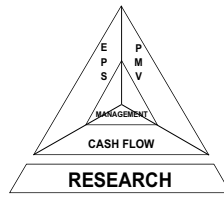


One Corporate Center  
Rye, NY 10580-1422



GAMCO Investors, Inc

Fax (914) 921-5392  
[www.gabelli.com](http://www.gabelli.com)

For Immediate Release:

Contact: Jeffrey M. Farber  
Executive Vice President  
and Chief Financial Officer  
(914) 921-5147

For further information please visit  
[www.gabelli.com](http://www.gabelli.com)

**2<sup>nd</sup> Quarter 2010 Fully Diluted Earnings of \$0.30 Per Share versus \$0.48 Per Share for 2<sup>nd</sup> Quarter 2009**  
**Operating Margin improves to 38.3% in 2<sup>nd</sup> Quarter 2010 as compared to 33.1% in the 2<sup>nd</sup> Quarter 2009**  
**AUM at June 30, 2010 were \$26.1 billion up over 22% from June 30, 2009**  
**Operating Income up 60% to \$24.0 million**  
**Earnings per share hurt by \$18 million negative swing in other income**

Rye, New York, August 3, 2010 – GAMCO Investors, Inc. (GAMCO) (NYSE: GBL) announced second quarter 2010 earnings of \$0.30 per fully diluted share versus \$0.48 per fully diluted share in the second quarter 2009. Net income was \$8.0 million in the second quarter of 2010 compared to \$13.3 million in the second quarter of 2009. Assets Under Management (AUM) were \$26.1 billion as of June 30, 2010, 22.1% higher than June 30, 2009 AUM of \$21.4 billion and 6.7% lower than March 31, 2010 AUM of \$28.0 billion. Equity AUM rose 25.0% to \$24.5 billion at June 30, 2010 from the \$19.6 billion at June 30, 2009 and were 6.6% lower than the \$26.2 billion at March 31, 2010.

For the six months ended June 30, 2010, earnings were \$0.80 per fully diluted share versus \$0.78 per fully diluted share in 2009. Net income was \$21.8 million for the six months ended June 30, 2010 compared to \$21.5 million in the prior year's period.

Revenues increased 38.4% to \$62.5 million in the second quarter of 2010 from \$45.2 million a year ago. Operating income before management fee was \$24.0 million in the 2010 second quarter, up 60.1% from \$15.0 million in the 2009 second quarter. Operating margin, excluding management fee, increased to 38.3% in the second quarter of 2010 from 33.1% in the 2009 second quarter.

The increase in operating income was dampened by \$10.1 million of other expense in the second quarter of 2010 due to the volatility of the equity markets, an \$18 million swing from the \$8.1 million of income in the year ago quarter. On a per share basis this represented a loss of \$0.21 per share in the second quarter for 2010 and a gain of \$0.16 per share in the second quarter of 2009.

The Company had adjusted cash and investments of \$453.3 million or \$16.62 per share (net of \$179 million of debt as well as noncontrolling interests and mandatorily redeemable interests) at June 30, 2010. Book value was \$442.1 million or \$16.21 per share at June 30, 2010 excluding noncontrolling interests of \$4.1 million.

The second quarter 2010 was highlighted by positive net AUM flows of \$179 million, including inflows of \$180 million in open-end equity funds, \$139 million in our closed-end funds and \$65 million in our Investment Partnerships partially offset by outflows in institutional and private wealth management and our Money-Market Fund.

***Assets Under Management – Up 22.1% from June 30, 2009 but 6.7% below March 31, 2010***

Assets Under Management (AUM) were \$26.1 billion as of June 30, 2010, 22.1% greater than June 30, 2009 AUM of \$21.4 billion but 6.7% below the March 31, 2010 AUM of \$28.0 billion. Equity AUM were \$24.5 billion on June 30, 2010, 25.0% above the \$19.6 billion on June 30, 2009 and 6.6% below the March 31, 2010 equity AUM of \$26.2 billion. Highlights are as follows:

- Our open-end equity funds AUM were \$8.7 billion on June 30, 2010, 29.9% higher than the \$6.7 billion on June 30, 2009 but 5.1% below the \$9.2 billion on March 31, 2010. During the second quarter of 2010, we experienced net inflow of \$180 million.
- Our institutional and private wealth management business ended the quarter with \$10.9 billion in separately managed accounts, up 23.9% from the \$8.8 billion on June 30, 2009 and 9.2% lower than the March 31, 2010 level of \$12.0 billion. During the second quarter of 2010, we had net outflow of \$57 million.
- Our closed-end funds had AUM of \$4.5 billion on June 30, 2010, climbing 17.0% from the \$3.8 billion on June 30, 2009 but declining 6.2% from the \$4.8 billion on March 31, 2010. During the second quarter of 2010 we realized net inflow of \$139 million.
- Our investment partnerships AUM were \$406 million on June 30 2010 versus \$266 million on June 30, 2009 and \$341 million on March 31, 2010. During the second quarter of 2010, we had net inflow of \$65 million, including a proprietary investment of \$50 million into Gabelli Associates Limited II E, our new merger arbitrage fund.
- AUM in The Gabelli U.S. Treasury Money Market Fund, our 100% U.S. Treasury money market fund, ranked #1 by Lipper based on total return among 70 U.S. Treasury Money Market Funds for the twelve month period

ended June 30, 2010, declined to \$1.6 billion at June 30, 2010 compared with \$1.7 billion at March 31, 2010 and the June 30, 2009 AUM of \$1.8 billion.

- We earn base fees and incentive fees for certain institutional client assets, assets attributable to preferred issues for our closed-end funds, our Gabelli Global Deal Fund (NYSE: GDL) and investment partnership assets. As of June 30, 2010, assets with incentive based fees were \$2.8 billion, 7.7% higher than the \$2.6 billion on June 30, 2009 but 3.4% below the \$2.9 billion on March 31, 2010. In general, our incentive fees are booked in the fourth quarter when the uncertainty is removed at the end of the annual measurement period. Incentive fees recorded in the fourth quarter of 2009 and 2008 contributed \$0.26 per share and \$0.01 per share, respectively, after estimated direct costs and taxes. Unearned performance fees relating solely to the first six months of 2010 were \$0.05 per share after estimated costs and taxes. Performance fees for the full year, if earned, would be recorded in the fourth quarter.

The Gabelli U.S. Treasury Money Market Fund ranked #1 out of 71 funds for the first six months of 2010, #1 out of 70 funds for the one-year period, #2 out of 64 funds for the five-year period and #2 out of 47 funds for the ten-year period. The rankings are based on total return over the length of the period. *Past performance is not indicative of future results. Investment returns and yield will fluctuate. Income will be subject to federal income tax. An investment in the Fund is not guaranteed nor insured by the Federal Deposit Insurance Corporation or any government agency. Although the Fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the Fund. During the respective periods, the Adviser has waived certain fees and reimbursed expenses. Without such reimbursements or waivers, return and rankings would have been lower.*

***Investors should consider the investment objectives, risks, charges and expenses of the Fund carefully before investing. The prospectus, which contains more complete information about this and other matters, should be read carefully before investing. You can obtain a prospectus by calling Gabelli & Company, Inc. at 1-800-GABELLI (1-800-422-3554), or by visiting <http://www.gabelli.com>. Distributed by Gabelli & Company, Inc. One Corporate Center, Rye, NY 10580***

## ***Revenues***

### **For the Quarter**

Investment advisory and incentive fees for the second quarter 2010 were \$50.3 million, an increase of 39.7% from the \$36.0 million in the 2009 second quarter:

- Open-end fund revenues were \$23.3 million versus \$16.8 million in second quarter 2009, an increase of 38.7% primarily due to higher average AUM.
- Our closed-end fund revenues rose 36.4% to \$9.0 million in the second quarter 2010 from \$6.6 million in 2009.

- Institutional and private wealth management account revenues, which are based primarily upon beginning of quarter AUM, increased 44.2% to \$17.3 million from \$12.0 million in second quarter 2009.
- Investment partnership revenues were \$0.7 million, an increase of 40.0% from the \$0.5 million in 2009.

Our institutional research services generated revenues of \$4.5 million in the second quarter 2010, increasing 14.6% from \$3.9 million in the second quarter 2009.

Open-end fund distribution fees and other income were \$7.7 million for the second quarter 2010, an increase of \$2.5 million or 47.2% from the prior year quarter of \$5.2 million traceable to higher quarterly average assets in our open-end equity funds that generate such fees.

#### For the Six Months

Investment advisory and incentive fees for the six months ended June 30, 2010 were \$99.6 million, an increase of 39.9% from \$71.2 million in the 2009 period:

- Open-end fund revenues were \$45.3 million for the six months ended June 30, 2010 versus \$32.5 million for the six months ended June 30, 2009, an increase of 39.4% primarily due to higher average AUM.
- Our closed-end fund revenues rose 42.7% to \$17.7 million for the six months ended June 30, 2010 from \$12.4 million in 2009 on higher AUM.
- Institutional and private wealth management account revenues, which are based primarily upon prior quarter-end AUM, increased 39.3% to \$35.1 million for the six months ended June 30, 2010 from \$25.2 million for the six months ended June 30, 2009.
- Investment partnership revenues were \$1.5 million, an increase of \$0.5 million or 50.0% from \$1.0 million in 2009.

Institutional research services revenues were \$7.9 million for the six months ended June 30, 2010, increasing 4.6% from the six months ended June 30, 2009 amount of \$7.6 million reflecting an expanded client base attributable to increased sales and trade execution as well as the success of our research product offerings.

Open-end fund distribution fees and other income were \$14.9 million for the six months ended June 30, 2010, an increase of \$5.2 million or 53.3% from the prior year six month period of \$9.7 million. The main driver of this increase was higher average assets in our open-end equity funds that generate distribution fees.

### ***Operating Income and Margin***

Operating income before management fee was \$24.0 million in the second quarter 2010, increasing \$9.0 million from the second quarter 2009 amount of \$15.0 million, or 60.1%. For the second quarter 2010, the operating margin before management fee increased to 38.3%, versus 33.1% in the second quarter of 2009.

Operating income before management fee was \$45.8 million for the six months ended June 30, 2010, increasing \$18.0 million from the 2009 amount of \$27.8 million, or 64.9%. For the six months ended June 30, 2010, the operating margin before management fee increased to 37.4%, versus 31.4% in the 2009 period.

### ***Other Income / (Expense)***

Other income/(expense) (net of interest expense) was an expense of \$10.1 million in the second quarter 2010 versus income of \$8.1 million in the prior year's second quarter.

Other income/(expense) (net of interest expense) was an expense of \$7.4 million in the first six months of 2010 versus income of \$8.7 million in the prior year's period.

The 2010 periods reflect losses on our proprietary portfolio, including investments in our mutual funds, while the 2009 periods reflected gains.

### ***Income Taxes***

The effective tax rate for the second quarter 2010 was 35.3%, compared to the 2009 quarter's effective rate of 34.4%.

The effective tax rate for the six months ended June 30, 2010 was 36.7%, compared to the prior year's effective rate of 33.8%. The prior period's rate included a reduction to prior period income tax reserves.

### ***Investment Highlights***

- Six members of our Gabelli & Company research team were ranked in the top three of their respective industries for the 2009 year, including three number one rankings in Media, Hotels & Leisure, and Diversified Telecommunications Services, in the 2010 StarMine Analyst Awards.
- Two members of the research team were also ranked #1 in the Wall Street Journal's annual rankings in the areas of Advertising & Publishing and Investment Services.

- Absolute performance was challenging given the overall decline of global equity markets in the quarter. On a relative basis, mutual fund performance continued to be solid during the second quarter as highlighted in J.P.Morgan's July 15<sup>th</sup> report on publicly traded U.S. Asset Managers that listed GAMCO Investors, Inc. with the highest percentage of 4 & 5 star funds followed in terms of AUM at 87.8% and the Bank of America Merrill Lynch Asset Management report from July 1<sup>st</sup> which noted that GAMCO had the best relative performance during the second quarter among equity managers.

### **Business Highlights**

- Howard Ward, team leader of the GAMCO Growth strategy and the portfolio manager of The GAMCO Growth Fund (GABGX) since 1994, has made numerous on-air appearances and has been quoted in several articles, including CNBC, FOX Business, The Wall Street Journal, Reuters and Bloomberg.com.
- David E. Ourlicht joined GAMCO Investors, Inc. in May as Special Advisor to the Chairman of GAMCO and as a Managing Director of GAMCO Asset Management, the institutional asset manager. Mr. Ourlicht's focus will be public markets, foundations and endowments, Taft-Hartley as well as corporate plans and their consultants. He will continue to serve as a commissioner of the New York State Insurance Fund where he chairs its Investment Committee as well as serve as a Trustee of the SUNY Construction Fund.
- In May, GAMCO agreed to the assignment of the separate accounts of Florida-based NMF Asset Management LLC and the addition of several of its staff to the team in the Palm Beach office of GAMCO, which also includes Gino Torretta, a member of the College Football Hall of Fame. Nola Falcone, the former President of Evergreen Asset Management and former portfolio manager of a 5-star-rated Small Cap Fund, will continue in a relationship role as we integrate NMF into GAMCO.
- The Gabelli Prize honoring Graham & Dodd, Murray, Greenwald Award for Value Investing was awarded to Charles M. Royce, President and Co-Chief Investment Officer of Royce & Associates, LLC. Mr. Royce is the sixth recipient of the Gabelli Prize. The Gabelli Prize which includes a \$50,000 honorarium, in cooperation with the Columbia University Graduate School of Business, was established to honor individual contributions which serve the goals of refining, extending, and disseminating the practice of Value Investing.
- During May, we held our twenty-fifth annual meeting for institutional and private wealth management clients at the Hotel Pierre in New York.
- We added a no-load AAA share class to the Gabelli Value Fund (Nasdaq: GVCAX) to enhance distribution through No Transaction Fee platforms.

- As part of our European sales initiative, the Company is in the final stages of launching a Luxembourg SICAV in accordance with the UCITS III regime. This launch will allow us to ultimately reach both institutional and retail investors throughout Europe.

## **Other Financial Highlights**

### *Statement of Financial Condition – Liquidity and Flexibility*

Our liquid balance sheet provides access to financial markets and the flexibility to opportunistically add operating resources to our firm, repurchase our stock and consider strategic initiatives, including acquisitions and lift-outs. We have a BBB rating from Standard & Poor's and a Baa3 rating from Moody's.

The Company's shelf registration provides GAMCO with the flexibility of issuing any combination of senior and subordinate debt securities, convertible debt securities and common and preferred securities up to a total amount of \$400 million.

We ended the quarter with approximately \$646 million in cash and investments versus \$671 million at March 31, 2010. This included approximately \$78.2 million of our investments in The Gabelli Dividend & Income Trust, The Gabelli Global Deal Fund and Westwood Holdings Group, as well as other investments of \$10.9 million, all classified as available for sale securities.

Our debt at June 30, 2010 consisted of \$99 million of 5.5% senior notes due May 2013, a \$20 million 6% convertible note (convertible at \$53 per share) due August 2011 and a \$60 million 6.5% convertible note (convertible at \$66.89 per share) due October 2018. We had adjusted cash and investments in securities, net of debt, noncontrolling interests and mandatorily redeemable shares, of \$16.62 per share on June 30, 2010 compared with \$16.95 per share on March 31, 2010. We caution that this metric, while correct from an accounting point of view, is not always the same as investors would view cash-on-hand.

In late May, we redeemed \$20 million of the \$40 million 6% convertible note due August 2011. The redemption at 101% of par value had limited impact on the second quarter of 2010, but the interest savings will add about one cent per share over the second half of 2010.

Book value was \$442.1 million or \$16.21 per share on June 30, 2010 compared to \$447.7 million or \$16.32 per share on March 31, 2010.

### *Shareholder Compensation*

## **Dividends**

On May 4, 2010, our Board of Directors declared a quarterly dividend of \$.03 per share to all of its Class A and Class B shareholders, payable on June 29, 2010 to

shareholders of record on June 15, 2010. We returned \$0.8 million in dividends during both the second quarter of 2010 and 2009. For the six months ended June 30, we returned \$1.6 million and \$2.0 million in 2010 and 2009, respectively.

GAMCO announced that on August 3, 2010 its Board of Directors declared a special dividend of \$0.90 per share to all of its Class A and Class B shareholders, payable on September 14, 2010 to shareholders of record on August 31, 2010 and a quarterly dividend of \$.03 per share to all of its Class A and Class B shareholders, payable on September 28, 2010 to shareholders of record on September 14, 2010.

### **Share Repurchase and Stockholders' Equity**

From April 1, 2010 to August 3, 2010, the Company repurchased 232,500 of the Company's shares at an average investment of \$40.51 per share.

Since our IPO of six million shares at a price of \$17.50 per share in 1999, we have repurchased 6,621,783 shares at an average price of \$40.05 per share for an investment of \$265 million and paid cumulative dividends of \$205.1 million or \$7.31 per share.

On May 4, 2010, the Board of Directors authorized an additional 500,000 shares to the current buyback authorization. The remaining authorization is approximately 796,000 as of August 3, 2010.

Shares outstanding on June 30, 2010 were 27.3 million, 0.4% below the 27.4 million at March 31, 2010 and 1.4% below the 27.7 million shares outstanding on June 30, 2009. The decline in the outstanding shares from June 2009 to June 2010 primarily reflects open market repurchases. Fully diluted shares outstanding for the second quarter of 2010 were 27.2 million, 1.1% lower than the second quarter 2009's level of 27.5 million and 3.2% lower than the first quarter 2010's level of 28.1 million, largely due to the dilutive effect of the convertible notes during first quarter 2010. The convertible notes are assumed to be converted when such assumption dilutes earnings per share in a period. When that occurs, the interest expense is added back to net income for EPS purposes. Whether a convertible note is dilutive is dependent on the level of earnings in a given period. The \$20 million redemption will add about two cents per year to EPS.

At June 30, 2010, the company had 440,900 shares of restricted stock (RSAs) outstanding. Of these, approximately 95,000 will vest in the fourth quarter of this year.



## NOTES ON NON-GAAP FINANCIAL MEASURES

A.

(in millions, except per share data)

|  | <u>6/30/10</u>  | <u>12/31/09</u> | <u>6/30/09</u>  |
|--|-----------------|-----------------|-----------------|
| Cash and cash equivalents  | \$ 321.0        | \$ 400.5        | \$ 452.5        |
| Investments (trading)  | 184.4           | 113.8           | 123.8           |
| Total cash and investments (trading)                                   | 505.4           | 514.3           | 576.3           |
| Net amounts receivable from/(payable to) brokers                       | 51.2            | 29.7            | 10.3            |
| Adjusted cash and investments (trading)                                | 556.6           | 544.0           | 586.6           |
| Investments (available for sale)                                       | 89.1            | 96.7            | 91.3            |
| Gross adjusted cash and investments                                    | 645.7           | 640.7           | 677.9           |
| Less: Debt, noncontrolling interests and mandatorily redeemable shares | 192.4           | 206.0           | 205.4           |
| Total adjusted cash and investments                                    | <u>\$ 453.3</u> | <u>\$ 434.7</u> | <u>\$ 472.5</u> |
| Shares outstanding   | 27.3            | 27.6            | 27.7            |
| Total adjusted cash and investments per share                          | <u>\$ 16.62</u> | <u>\$ 15.75</u> | <u>\$ 17.03</u> |

We believe adjusted cash and investments is a useful measure of the company's liquidity for analytical purposes.

Net amounts receivable from/(payable to) brokers reflect cash and cash equivalents held with brokers and cash payable for securities purchased and recorded on a trade date basis for which settlement occurs subsequent to period-end.

B. 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 GAMCO Investors, Inc. (the "Company") as management fee expense is based on pre-tax income before management fee expense, which includes non-operating items including investment gains and losses from the Company's proprietary investment portfolio and interest expense. The reconciliation of operating income before management fee expense to operating income is provided in Table VII.

C. Incentive fees per share

|                                       | <b>Second<br/>Quarter 2010<br/>(unearned)</b> | <b>Second<br/>Quarter 2009</b> | <b>Fourth<br/>Quarter 2009</b> | <b>Fourth<br/>Quarter 2008</b> |
|---------------------------------------|---|--------------------------------|--------------------------------|--------------------------------|
| (in thousands, except per share data) |   |                                |                                |                                |
| Performance fee revenue               | \$ 4,315                                      | \$ 154                         | \$ 20,989                      | \$ 743                         |
| Related expenses and taxes            | 2,919   | 104                            | 13,410                         | 488                            |
| Net income                            | <u>\$ 1,396</u>                               | <u>\$ 50</u>                   | <u>\$ 7,579</u>                | <u>\$ 255</u>                  |
| EPS                                   | <u>\$ 0.05</u>                                | <u>\$ -</u>                    | <u>\$ 0.26</u>                 | <u>\$ 0.01</u>                 |

- D. Operating income before management fee expense per share and other income, net per share is used by management for purposes of evaluating its business operations. We believe this measure is useful in comparing the operating and non-operating results of the Company for the purposes of understanding the composition of net income per fully diluted share. The reconciliation of operating income before management fee expense per share and other income, net per share to net income per fully diluted share is provided below.

|   | 2nd Quarter       |                 | YTD June          |                 |
|---|-------------------|-----------------|-------------------|-----------------|
|   | 2010              | 2009            | 2010              | 2009            |
| Operating income before management fee                    | \$ 23,960         | \$ 14,965       | \$ 45,778         | \$ 27,816       |
| Management fee expense                                    | (2,391)           | (1,494)         | (4,564)           | (2,780)         |
| Tax expense   | (7,615)           | (4,629)         | (15,126)          | (8,464)         |
| Noncontrolling interest (expense)/income                  | (91)              | 7               | 54                | 72              |
| Operating income (after management fee and taxes)         | <u>13,863</u>     | <u>8,849</u>    | <u>26,142</u>     | <u>16,644</u>   |
| per fully diluted share                                   | <u>\$ 0.51</u>    | <u>\$ 0.32</u>  | <u>\$ 0.96</u>    | <u>\$ 0.60</u>  |
| Other income (loss), net                                  | \$ (10,114)       | \$ 8,096        | \$ (7,359)        | \$ 8,732        |
| Management fee (expense)/benefit                          | 1,011             | (810)           | 736               | (873)           |
| Tax (expense)/benefit                                     | 3,214             | (2,504)         | 2,431             | (2,657)         |
| Noncontrolling interest (expense)/income                  | 75                | (315)           | (175)             | (318)           |
| Other income (loss), net (after management fee and taxes) | <u>\$ (5,814)</u> | <u>\$ 4,467</u> | <u>\$ (4,367)</u> | <u>\$ 4,884</u> |
| per fully diluted share                                   | <u>\$ (0.21)</u>  | <u>\$ 0.16</u>  | <u>\$ (0.16)</u>  | <u>\$ 0.18</u>  |
| Net income per fully diluted share                        | <u>\$ 0.30</u>    | <u>\$ 0.48</u>  | <u>\$ 0.80</u>    | <u>\$ 0.78</u>  |

## SPECIAL NOTE REGARDING FORWARD-LOOKING INFORMATION

Our disclosure and analysis in this press release 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.

The Company reported Assets Under Management as follows (in millions):

**Table I: Fund Flows - 2<sup>nd</sup> Quarter 2010**

|                                    | Closed-end Fund   |   |                       |   | June 30,<br>2010 |
|------------------------------------|-------------------|---|-----------------------|---|------------------|
|                                    | March 31,<br>2010 | distributions,<br>net of<br>reinvestments | Net cash<br>flows (a) | Market<br>appreciation/<br>(depreciation) |                  |
| Equities:                          |                   |   |                       |   |                  |
| Open-end Funds                     | \$ 9,153          | \$ -                                      | \$ 180                | \$ (649)                                  | \$ 8,684         |
| Closed-end Funds                   | 4,766             | (76)                                      | 139                   | (359)                                     | 4,470            |
| Institutional & PWM - direct       | 9,904             | -   | (116)                 | (800)                                     | 8,988            |
| Institutional & PWM - sub-advisory | 2,059             | -   | 59                    | (183)                                     | 1,935            |
| Investment Partnerships            | 341               | -   | 65 (b)                | -   | 406              |
| Total Equities                     | 26,223            | (76)                                      | 327                   | (1,991)                                   | 24,483           |
| Fixed Income:                      |                   |   |                       |   |                  |
| Money-Market Fund                  | 1,727             | -   | (148)                 | -   | 1,579            |
| Institutional & PWM                | 26                | -   | -                     | -   | 26               |
| Total Fixed Income                 | 1,753             | -   | (148)                 | -   | 1,605            |
| Total Assets Under Management      | \$ 27,976         | \$ (76)                                   | \$ 179                | \$ (1,991)                                | \$ 26,088        |

(a) Includes \$139 million of shares issued for closed-end funds.

(b) Includes \$50 million invested by the Company in a new merger arbitrage fund.

The Company reported Assets Under Management as follows (in millions):

**Table II: Fund Flows - Six months ended June 30, 2010**

|                                    | Closed-end Fund      |   |                       |   | June 30,<br>2010 |
|------------------------------------|----------------------|---|-----------------------|---|------------------|
|                                    | December 31,<br>2009 | distributions,<br>net of<br>reinvestments | Net cash<br>flows (a) | Market<br>appreciation/<br>(depreciation) |                  |
| Equities:                          |                      |   |                       |   |                  |
| Open-end Funds                     | \$ 8,476             | \$ -                                      | \$ 461                | \$ (253)                                  | \$ 8,684         |
| Closed-end Funds                   | 4,609                | (149)                                     | 191                   | (181)                                     | 4,470            |
| Institutional & PWM - direct       | 9,312                | -   | (162)                 | (162)                                     | 8,988            |
| Institutional & PWM - sub-advisory | 1,897                | -   | 83                    | (45)                                      | 1,935            |
| Investment Partnerships            | 305                  | -   | 94 (b)                | 7   | 406              |
| Total Equities                     | 24,599               | (149)                                     | 667                   | (634)                                     | 24,483           |
| Fixed Income:                      |                      |   |                       |   |                  |
| Money-Market Fund                  | 1,721                | -   | (143)                 | 1   | 1,579            |
| Institutional & PWM                | 26                   | -   | -                     | -   | 26               |
| Total Fixed Income                 | 1,747                | -   | (143)                 | 1   | 1,605            |
| Total Assets Under Management      | \$ 26,346            | \$ (149)                                  | \$ 524                | \$ (633)                                  | \$ 26,088        |

(a) Includes \$191 million of shares issued for closed-end funds.

(b) Includes \$50 million invested by the Company in a new merger arbitrage fund.

**Table III:**

|                                    | June 30,<br>2009 | June 30,<br>2010 | %          |
|------------------------------------|------------------|------------------|------------|
|                                    |                  |                  | Inc.(Dec.) |
| Equities:                          |                  |                  |            |
| Open-end Funds                     | \$ 6,684         | \$ 8,684         | 29.9%      |
| Closed-end Funds                   | 3,822            | 4,470            | 17.0       |
| Institutional & PWM - direct       | 7,332            | 8,988            | 22.6       |
| Institutional & PWM - sub-advisory | 1,476            | 1,935            | 31.1       |
| Investment Partnerships            | 266              | 406              | 52.6       |
| Total Equities                     | <u>19,580</u>    | <u>24,483</u>    | 25.0       |
| Fixed Income:                      |                  |                  |            |
| Money-Market Fund                  | 1,765            | 1,579            | (10.5)     |
| Institutional & PWM                | 21               | 26               | 23.8       |
| Total Fixed Income                 | <u>1,786</u>     | <u>1,605</u>     | (10.1)     |
| Total Assets Under Management      | <u>\$ 21,366</u> | <u>\$ 26,088</u> | 22.1%      |

**Table IV: Assets Under Management by Quarter**

|                                    | 6/09             | 9/09             | 12/09            | 3/10             | 6/10             | % Increase/<br>(decrease) from |        |
|------------------------------------|------------------|------------------|------------------|------------------|------------------|--------------------------------|--------|
|                                    |                  |                  |                  |                  |                  | 6/09                           | 3/10   |
| Equities:                          |                  |                  |                  |                  |                  |                                |        |
| Open-end Funds                     | \$ 6,684         | \$ 7,906         | \$ 8,476         | \$ 9,153         | \$ 8,684         | 29.9%                          | (5.1%) |
| Closed-end Funds                   | 3,822            | 4,369            | 4,609            | 4,766            | 4,470            | 17.0                           | (6.2)  |
| Institutional & PWM - direct       | 7,332            | 8,491            | 9,312            | 9,904            | 8,988            | 22.6                           | (9.2)  |
| Institutional & PWM - sub-advisory | 1,476            | 1,777            | 1,897            | 2,059            | 1,935            | 31.1                           | (6.0)  |
| Investment Partnerships            | 266              | 291              | 305              | 341              | 406              | 52.6                           | 19.1   |
| Total Equities                     | <u>19,580</u>    | <u>22,834</u>    | <u>24,599</u>    | <u>26,223</u>    | <u>24,483</u>    | 25.0                           | (6.6)  |
| Fixed Income:                      |                  |                  |                  |                  |                  |                                |        |
| Money-Market Fund                  | 1,765            | 1,616            | 1,721            | 1,727            | 1,579            | (10.5)                         | (8.6)  |
| Institutional & PWM                | 21               | 26               | 26               | 26               | 26               | 23.8                           | -      |
| Total Fixed Income                 | <u>1,786</u>     | <u>1,642</u>     | <u>1,747</u>     | <u>1,753</u>     | <u>1,605</u>     | (10.1)                         | (8.4)  |
| Total Assets Under Management      | <u>\$ 21,366</u> | <u>\$ 24,476</u> | <u>\$ 26,346</u> | <u>\$ 27,976</u> | <u>\$ 26,088</u> | 22.1%                          | (6.7%) |

Table V

| <b>GAMCO INVESTORS, INC.</b>                                   |  |                  |                          |
|--|--|------------------|--------------------------|
| <b>UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF INCOME</b>   |  |                  |                          |
| <b>(Dollars in thousands, except per share data)</b>           |  |                  |                          |
|  | <b>For the Three Months Ended June 30,</b> |                  |                          |
|  | <b>2010</b>                                | <b>2009</b>      | <b>% Inc.<br/>(Dec.)</b> |
| Investment advisory and incentive fees                         | \$ 50,271                                  | \$ 35,989        | 39.7%                    |
| Insitutional research services                                 | 4,524                                      | 3,949            | 14.6                     |
| Distribution fees and other income                             | <u>7,704</u>                               | <u>5,233</u>     | 47.2                     |
| Total revenues   | 62,499                                     | 45,171           | 38.4                     |
| Compensation costs   | 25,871                                     | 19,681           | 31.5                     |
| Distribution costs   | 7,099                                      | 5,583            | 27.2                     |
| Other operating expenses                                       | <u>5,569</u>                               | <u>4,942</u>     | 12.7                     |
| Total expenses   | 38,539                                     | 30,206           | 27.6                     |
| Operating income before management fee                         | 23,960                                     | 14,965           | 60.1                     |
| Investment income/(loss)                                       | (6,708)                                    | 11,531           | (158.2)                  |
| Interest expense   | <u>(3,406)</u>                             | <u>(3,435)</u>   | (0.8)                    |
| Other income/(expense), net                                    | <u>(10,114)</u>                            | <u>8,096</u>     | (224.9)                  |
| Income before management fee and income taxes                  | 13,846                                     | 23,061           | (40.0)                   |
| Management fee expense   | <u>1,380</u>                               | <u>2,304</u>     | (40.1)                   |
| Income before income taxes                                     | 12,466                                     | 20,757           | (39.9)                   |
| Income taxes expense   | <u>4,401</u>                               | <u>7,133</u>     | (38.3)                   |
| Net income   | 8,065                                      | 13,624           | (40.8)                   |
| Net income/(loss) attributable to the noncontrolling interests | 16   | 308              | (94.8)                   |
| Net income attributable to GAMCO Investors, Inc.               | <u>\$ 8,049</u>                            | <u>\$ 13,316</u> | (39.6)                   |
| Net income attributable to GAMCO Investors, Inc. per share:    |  |                  |                          |
| Basic  | <u>\$ 0.30</u>                             | <u>\$ 0.49</u>   | (38.8)                   |
| Diluted  | <u>\$ 0.30</u>                             | <u>\$ 0.48</u>   | (37.5)                   |
| Weighted average shares outstanding:                           |  |                  |                          |
| Basic  | <u>26,979</u> (a)                          | <u>27,384</u>    | (1.5)                    |
| Diluted  | <u>27,219</u>                              | <u>27,508</u>    | (1.1%)                   |

Notes:

(a) Shares outstanding at June 30, 2010 were 27,276,614, including 440,900 RSAs.

See GAAP to non-GAAP reconciliation on page 15.

Table VI

| <b>GAMCO INVESTORS, INC.</b>                                 |  |                  |                          |
|--|--|------------------|--------------------------|
| <b>UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF INCOME</b> |  |                  |                          |
| <b>(Dollars in thousands, except per share data)</b>         |  |                  |                          |
|  | <b>For the Six Months Ended June 30,</b> |                  |                          |
|  | <b>2010</b>                              | <b>2009</b>      | <b>% Inc.<br/>(Dec.)</b> |
| Investment advisory and incentive fees                       | \$ 99,613                                | \$ 71,188        | 39.9%                    |
| Insitutional research services                               | 7,948                                    | 7,599            | 4.6                      |
| Distribution fees and other income                           | 14,936                                   | 9,743            | 53.3                     |
| Total revenues   | <u>122,497</u>                           | <u>88,530</u>    | 38.4                     |
| Compensation costs   | 52,084                                   | 40,466           | 28.7                     |
| Distribution costs   | 14,130                                   | 11,005           | 28.4                     |
| Other operating expenses                                     | 10,505                                   | 9,243            | 13.7                     |
| Total expenses   | <u>76,719</u>                            | <u>60,714</u>    | 26.4                     |
| Operating income before management fee                       | 45,778                                   | 27,816           | 64.6                     |
| Investment income/(loss)                                     | (661)                                    | 15,401           | (104.3)                  |
| Interest expense   | (6,698)                                  | (6,669)          | 0.4                      |
| Other income/(expense), net                                  | <u>(7,359)</u>                           | <u>8,732</u>     | (184.3)                  |
| Income before management fee and income taxes                | 38,419                                   | 36,548           | 5.1                      |
| Management fee expense                                       | 3,828                                    | 3,653            | 4.8                      |
| Income before income taxes                                   | <u>34,591</u>                            | <u>32,895</u>    | 5.2                      |
| Income taxes expense   | 12,695                                   | 11,121           | 14.2                     |
| Net income   | <u>21,896</u>                            | <u>21,774</u>    | 0.6                      |
| Net income attributable to the noncontrolling interests      | 121                                      | 246              | (50.8)                   |
| Net income attributable to GAMCO Investors, Inc.             | <u>\$ 21,775</u>                         | <u>\$ 21,528</u> | 1.1                      |
| Net income attributable to GAMCO Investors, Inc. per share:  |  |                  |                          |
| Basic  | <u>\$ 0.80</u>                           | <u>\$ 0.79</u>   | 1.3                      |
| Diluted  | <u>\$ 0.80</u>                           | <u>\$ 0.78</u>   | 2.6                      |
| Weighted average shares outstanding:                         |  |                  |                          |
| Basic  | <u>27,081 (a)</u>                        | <u>27,381</u>    | (1.1)                    |
| Diluted  | <u>27,306</u>                            | <u>27,446</u>    | (0.5%)                   |

Notes:

(a) Shares outstanding at June 30, 2010 were 27,276,614, including 440,900 RSAs.

See GAAP to non-GAAP reconciliation on page 15.

Table VII

**GAMCO INVESTORS, INC.**  
**UNAUDITED QUARTERLY CONDENSED CONSOLIDATED STATEMENTS OF INCOME**  
(Dollars in thousands, except per share data)

|   | 2010           |                |             | 2009           |                |             |                |                |            |
|---|----------------|----------------|-------------|----------------|----------------|-------------|----------------|----------------|------------|
|   | 1st<br>Quarter | 2nd<br>Quarter | YTD<br>2010 | 1st<br>Quarter | 2nd<br>Quarter | YTD<br>2009 | 3rd<br>Quarter | 4th<br>Quarter | Full-Year  |
| Income Statement Data:  |                |                |             |                |                |             |                |                |            |
| Revenues  | \$ 59,998      | \$ 62,499      | \$ 122,497  | \$ 43,359      | \$ 45,171      | \$ 88,530   | \$ 51,582      | \$ 78,002      | \$ 218,114 |
| Expenses  | 38,180         | 38,539         | 76,719      | 30,508         | 30,206         | 60,714      | 32,084         | 43,348         | 136,146    |
| Operating income before<br>management fee                         | 21,818         | 23,960         | 45,778      | 12,851         | 14,965         | 27,816      | 19,498         | 34,654         | 81,968     |
| Investment income/(loss)  | 6,047          | (6,708)        | (661)       | 3,870          | 11,531         | 15,401      | 10,257         | 3,325          | 28,983     |
| Interest expense  | (3,292)        | (3,406)        | (6,698)     | (3,234)        | (3,435)        | (6,669)     | (3,296)        | (3,325)        | (13,290)   |
| Other income/(expense), net                                       | 2,755          | (10,114)       | (7,359)     | 636            | 8,096          | 8,732       | 6,961          | -              | 15,693     |
| Income before management<br>fee and income taxes                  | 24,573         | 13,846         | 38,419      | 13,487         | 23,061         | 36,548      | 26,459         | 34,654         | 97,661     |
| Management fee expense  | 2,448          | 1,380          | 3,828       | 1,349          | 2,304          | 3,653       | 2,638          | 3,467          | 9,758      |
| Income before income taxes  | 22,125         | 12,466         | 34,591      | 12,138         | 20,757         | 32,895      | 23,821         | 31,187         | 87,903     |
| Income tax expense  | 8,294          | 4,401          | 12,695      | 3,988          | 7,133          | 11,121      | 8,913          | 11,727         | 31,761     |
| Net income  | 13,831         | 8,065          | 21,896      | 8,150          | 13,624         | 21,774      | 14,908         | 19,460         | 56,142     |
| Net income/(loss) attributable<br>to the noncontrolling interests | 105            | 16             | 121         | (62)           | 308            | 246         | 257            | 106            | 609        |
| Net income attributable to<br>GAMCO Investors, Inc.               | \$ 13,726      | \$ 8,049       | \$ 21,775   | \$ 8,212       | \$ 13,316      | \$ 21,528   | \$ 14,651      | \$ 19,354      | \$ 55,533  |
| Net income attributable to<br>GAMCO Investors, Inc.<br>per share: |                |                |             |                |                |             |                |                |            |
| Basic   | \$ 0.50        | \$ 0.30        | \$ 0.80     | \$ 0.30        | \$ 0.49        | \$ 0.79     | \$ 0.54        | \$ 0.71        | \$ 2.03    |
| Diluted   | \$ 0.50        | \$ 0.30        | \$ 0.80     | \$ 0.30        | \$ 0.48        | \$ 0.78     | \$ 0.53        | \$ 0.70        | \$ 2.02    |
| Weighted average shares outstanding:                              |                |                |             |                |                |             |                |                |            |
| Basic   | 27,184         | 26,979         | 27,081      | 27,379         | 27,384         | 27,381      | 27,366         | 27,256         | 27,345     |
| Diluted   | 28,148         | 27,219         | 27,306      | 27,386         | 27,508         | 27,446      | 27,505         | 29,085         | 28,214     |
| Reconciliation of non-GAAP<br>financial measures to GAAP:         |                |                |             |                |                |             |                |                |            |
| Operating income before<br>management fee                         | \$ 21,818      | \$ 23,960      | \$ 45,778   | \$ 12,851      | \$ 14,965      | \$ 27,816   | \$ 19,498      | \$ 34,654      | \$ 81,968  |
| Deduct: management fee expense                                    | 2,448          | 1,380          | 3,828       | 1,349          | 2,304          | 3,653       | 2,638          | 3,467          | 9,758      |
| Operating income  | \$ 19,370      | \$ 22,580      | \$ 41,950   | \$ 11,502      | \$ 12,661      | \$ 24,163   | \$ 16,860      | \$ 31,187      | \$ 72,210  |
| Operating margin before<br>management fee                         | 36.4%          | 38.3%          | 37.4%       | 29.6%          | 33.1%          | 31.4%       | 37.8%          | 44.4%          | 37.6%      |
| Operating margin after<br>management fee                          | 32.3%          | 36.1%          | 34.2%       | 26.5%          | 28.0%          | 27.3%       | 32.7%          | 40.0%          | 33.1%      |

Table VIII

**GAMCO INVESTORS, INC.**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION**  
(Dollars in thousands, except per share data)

|   | June 30,<br>2010  | December 31,<br>2009 | June 30,<br>2009  |
|---|-------------------|----------------------|-------------------|
| <b>ASSETS</b>                                 |                   |                      |                   |
| Cash and cash equivalents (a)                 | \$ 321,029        | \$ 400,528           | \$ 452,545        |
| Investments (a)                               | 287,186           | 220,057              | 222,124           |
| Receivable from brokers                       | 54,548            | 30,072               | 15,226            |
| Other receivables                             | 21,693            | 41,915               | 16,077            |
| Income tax receivable and deferred tax assets | 3,436             | -                    | 9,303             |
| Other assets                                  | 15,596            | 15,237               | 14,749            |
| <b>Total assets</b>                           | <b>\$ 703,488</b> | <b>\$ 707,809</b>    | <b>\$ 730,024</b> |
| <b>LIABILITIES AND EQUITY</b>                 |                   |                      |                   |
| Payable to brokers                            | \$ 3,351          | \$ 395               | \$ 4,914          |
| Income taxes payable                          | -                 | 8,523                | -                 |
| Compensation payable                          | 18,613            | 13,302               | 13,539            |
| Securities sold short, not yet purchased      | 13,652            | 9,569                | 7,037             |
| Accrued expenses and other liabilities        | 34,997            | 32,044               | 29,512            |
| Sub-total                                     | 70,613            | 63,833               | 55,002            |
| 5.5% Senior notes (due May 15, 2013)          | 99,000            | 99,000               | 99,000            |
| 6% Convertible note (due August 14, 2011)     | 19,948            | 39,851               | 39,808            |
| 6.5% Convertible note (due October 2, 2018)   | 60,000            | 60,000               | 60,000            |
| Total debt                                    | 178,948           | 198,851              | 198,808           |
| Total liabilities                             | 249,561           | 262,684              | 253,810           |
| Redeemable noncontrolling interests           | 7,773             | 1,464                | 1,326             |
| GAMCO Investors, Inc.'s stockholders' equity  | 442,086           | 439,618              | 471,101           |
| Noncontrolling interests                      | 4,068             | 4,043                | 3,787             |
| Total equity                                  | 446,154           | 443,661              | 474,888           |
| <b>Total liabilities and equity</b>           | <b>\$ 703,488</b> | <b>\$ 707,809</b>    | <b>\$ 730,024</b> |

(a) At June 30, 2010, December 31, 2009 and June 30, 2009, \$62.3 million, \$62.3 million and \$42.2 million, respectively, and \$0.0 million, \$0.0 million and \$20.0 million, respectively, are held in escrow for the Cascade Note and classified as cash and cash equivalents and investments, respectively.



**GABELLI/GAMCO FUNDS**

**Gabelli Funds Lipper Rankings as of June 30, 2010**

| Fund Name                  | Lipper Category                       | 1 Yr - 06/30/09-06/30/10 |                    | 3 Yrs - 06/30/07-06/30/10 |                    | 5 Yrs - 06/30/05-06/30/10 |                    | 10 Yrs - 06/30/00-06/30/10 |                    |
|----------------------------|---------------------------------------|--------------------------|--------------------|---------------------------|--------------------|---------------------------|--------------------|----------------------------|--------------------|
|                            |                                       | Percentile Rank          | Rank / Total Funds | Percentile Rank           | Rank / Total Funds | Percentile Rank           | Rank / Total Funds | Percentile Rank            | Rank / Total Funds |
| Gabelli Asset; AAA         | Multi-Cap Core Funds                  | 14                       | 116/857            | 19                        | 139/741            | 12                        | 67/595             | 21                         | 52/257             |
| Gabelli Value Fund; A      | Multi-Cap Core Funds                  | 1                        | 4/857              | 33                        | 244/741            | 33                        | 192/595            | 32                         | 80/257             |
| Gabelli SRI; AAA           | Multi-Cap Growth Funds                | 92                       | 377/412            | 11                        | 38/365             | -                         | -                  | -                          | -                  |
| Gabelli Eq;Eq Inc; AAA     | Equity Income Funds                   | 32                       | 88/275             | 24                        | 54/233             | 20                        | 36/187             | 14                         | 14/106             |
| GAMCO Growth; AAA          | Large-Cap Growth Funds                | 94                       | 791/848            | 73                        | 534/733            | 61                        | 374/617            | 81                         | 270/335            |
| Gabelli Eq;SC Gro; AAA     | Small-Cap Core Funds                  | 70                       | 527/760            | 16                        | 101/666            | 17                        | 92/549             | 25                         | 69/278             |
| Gabelli Eq;Wd SCV; AAA     | Small-Cap Core Funds                  | 94                       | 714/760            | 43                        | 284/666            | 65                        | 355/549            | -                          | -                  |
| GAMCO Gl;Oppty; AAA        | Global Large-Cap Growth               | 37                       | 44/119             | 17                        | 14/85              | 26                        | 18/70              | 29                         | 12/41              |
| GAMCO Gl;Growth; AAA       | Global Large-Cap Growth               | 66                       | 79/119             | 31                        | 26/85              | 41                        | 29/70              | 89                         | 37/41              |
| GAMCO Gold; AAA            | Precious Metal Funds                  | 52                       | 42/80              | 44                        | 28/63              | 38                        | 20/52              | 28                         | 9/32               |
| GAMCO Intl Gro; AAA        | International Large-Cap Growth        | 15                       | 28/186             | 45                        | 68/153             | 65                        | 72/111             | 55                         | 36/65              |
| Gabelli BI Chp Val; AAA    | Large-Cap Core Funds                  | 64                       | 621/979            | 28                        | 228/834            | 22                        | 151/709            | 22                         | 88/417             |
| Gabelli Inv;ABC; AAA       | Specialty Diversified Equity Funds    | 68                       | 27/39              | 23                        | 8/34               | 14                        | 3/22               | 30                         | 3/9                |
| GAMCO Mathers; AAA         | Specialty Diversified Equity Funds    | 75                       | 30/39              | 38                        | 13/34              | 53                        | 12/22              | 90                         | 9/9                |
| Comstock Cap Val; A        | Specialty Diversified Equity Funds    | 93                       | 37/39              | 12                        | 4/34               | 79                        | 18/22              | 60                         | 6/9                |
| GAMCO Gl;Telecom; AAA      | Telecommunications Funds              | 28                       | 12/43              | 18                        | 6/34               | 28                        | 8/28               | 10                         | 2/20               |
| GAMCO Gl;Convert; AAA      | Convertible Securities Funds          | 7                        | 4/65               | 88                        | 44/49              | 84                        | 41/48              | 93                         | 37/39              |
| Gabelli Utilities; AAA     | Utility Funds                         | 13                       | 11/89              | 3                         | 2/81               | 19                        | 13/70              | 20                         | 10/50              |
| 787:Gabelli Merg&Acq; A    | Mid-Cap Core Funds                    | 88                       | 362/400            | 11                        | 37/327             | 28                        | 76/262             | -                          | -                  |
| Gabelli Capital Asset Fund | Distributed through Insurance Channel | 8                        | 25/342             | 45                        | 135/300            | 24                        | 58/241             | 12                         | 11/95              |
| % of funds in top half     |                                       | <b>45.0%</b>             |                    | <b>90.0%</b>              |                    | <b>68.4%</b>              |                    | <b>64.7%</b>               |                    |

Data presented reflects past performance, which is no guarantee of future results. Strong rankings are not indicative of positive fund performance. Absolute performance for some funds was negative for certain periods. Other share classes are available which may have different performance characteristics.

Lipper, a wholly-owned subsidiary of Reuters, provides independent insight on global collective investments including mutual funds, retirement funds, hedge funds, fund fees and expenses to the asset management and media communities. Lipper ranks the performance of mutual funds within a classification of funds that have similar investment objectives. Rankings are historical with capital gains and dividends reinvested and do not include the effect of loads. If an expense waiver was in effect, it may have had a material effect on the total return or yield for the period.

Relative long-term investment performance remained strong with approximately 45%, 90%, 68% and 65% of firmwide mutual funds in the top half of their Lipper categories on a one-, three-, five-, and ten-year total-return basis, respectively, as of June 30, 2010.

Investors should consider carefully the investment objective, risks, charges and expenses of a fund before investing. The Prospectus which contains more information about this and other matters, should be read carefully before investing. You can obtain a prospectus by calling 1-800-GABELLI. Distributed by Gabelli & Company. Other share classes are available that have different performance characteristics.

The inception date for the Gabelli SRI Green Fund was June 1, 2007. The inception date for the Gabelli Woodland Small Cap Value Fund was December 31, 2002. The inception date for the Gabelli Enterprise Mergers & Acquisitions Fund was February 28, 2001.