



For Immediate Release:

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GAMCO Investors, Inc. Reports First Quarter Results

- **First Quarter Earnings of \$0.88 per diluted share vs. \$0.91**
- **Average AUM at \$37.5 billion**

Rye, New York, May 5, 2016 – GAMCO Investors, Inc. (“GAMCO” or the “Company”) (NYSE: GBL) today reported financial results for the first quarter including revenues of \$81.4 million, net income of \$26.0 million and earnings of \$0.88 per diluted share. On a comparable continuing operations basis, revenues were \$99.8 million, net income was \$23.1 million, and earnings were \$0.91 per diluted share in the first quarter of 2015.

Financial Highlights	Q1 2016 (a)	Q1 2015 (b)
(\$'s in 000's except AUM and per share data)		
AUM - end of period (in millions)	\$ 38,721	\$ 45,507
AUM - average (in millions)	37,542	45,756
Revenues	81,385	99,806
Operating income before management fee (c)	46,022	42,725
Operating margin before management fee	56.5%	42.8%
Operating income	44,942	38,590
Operating margin	55.2%	38.7%
Other expense, net	(2,815)	(1,364)
Income before income taxes	42,127	37,226
Effective tax rate	38.2%	37.8%
Income from continuing operations	26,025	23,148
Income per share - continuing operations	\$ 0.88	\$ 0.91
Income from discontinued operations	-	1,628
Discontinued operations per share	-	\$ 0.06
Net income	26,025	24,776
Net income per share	\$ 0.88	\$ 0.97
Shares outstanding at March 31 (d)	29,790	25,810

(a) See page 3 for discussion of deferred compensation impact.

(b) Adjusted for spin-off of AC.

(c) See GAAP to non-GAAP reconciliation on page 10.

(d) Shares outstanding consist of 29,237 non-RSA shares and 553 RSA shares at March 31, 2016 and 25,103 non-RSA shares and 707 RSA shares at March 31, 2015.

Assets Under Management

			% Change From		
	March 31, 2016	December 31, 2015	March 31, 2015	December 31, 2015	March 31, 2015
Equities:					
Open-end Funds	\$ 13,807	\$ 13,811	\$ 16,643	(0.0%)	(17.0%)
Closed-end Funds	6,663	6,492	7,071	2.6	(5.8)
Institutional & PWM - direct	13,280	13,366	16,407	(0.6)	(19.1)
Institutional & PWM - sub-advisory	3,427	3,401	3,814	0.8	(10.1)
SICAV	38	37	-	2.7	n/m
Total Equities	37,215	37,107	43,935	0.3	(15.3)
Fixed Income:					
Money-Market Fund	1,474	1,514	1,520	(2.6)	(3.0)
Institutional & PWM	32	38	52	(15.8)	(38.5)
Total Fixed Income	1,506	1,552	1,572	(3.0)	(4.2)
Total Assets Under Management	\$ 38,721	\$ 38,659	\$ 45,507	0.2	(14.9)

Average AUM were \$37.5 billion for the first quarter of 2016 versus \$40.3 billion for the fourth quarter of 2015 and \$45.8 billion for the first quarter of 2015.

Our first quarter 2016 increase in AUM versus December 31, 2015 was due to market appreciation of \$1.0 billion partially offset by net outflows of \$0.8 billion and net distributions of \$0.1 billion.

Revenues

- Total revenues for the first quarter of 2016 were \$81.4 million, compared with \$99.8 million in the prior year, reflecting fees earned in investment advisory services on a lower level of assets and a decline in distribution and other income.
- Investment advisory fees were \$70.8 million in the first quarter of 2016 versus \$86.1 million in the first quarter of 2015. Revenues from our open-end and closed-end funds and Institutional and Private Wealth Management accounts tracked our decline of average AUM in the open-end and closed-end funds as well as lower billable assets in our Institutional and Private Wealth Management accounts.
- Distribution fees from our open-end equity funds and other income were \$10.5 million for the first quarter 2016, down from \$13.7 million in the prior year quarter.

Operating Income – First Quarter – Operating margin 56.5% vs. 42.8%

Operating income, which is net of management fee expense, increased 16.3% or \$6.3 million, to \$44.9 million in the first quarter of 2016 versus \$38.6 million in the prior year period. The first quarter of 2016 was impacted by lower revenues of \$18.4 million offset by reduced variable compensation expense of \$10.4 million due to the accounting for the RSU agreement that the Company entered into with Mr. Gabelli in December 2015 while first quarter 2015 included a \$1.0 million charge to launch a closed-end fund and \$603,000 in incremental RSA expenses. After adjusting for removal of these non-recurring items in both the 2016 and 2015 periods, operating income was \$34.5 million in the first

quarter of 2016 or \$5.7 million lower than the \$40.2 million of the comparable prior year period. On the same basis, operating margin improved from 40.3% to 42.4%. See Notes to Non-GAAP measures on pages 7 for further information.

Operating income before management fee was \$46.0 million in the first quarter 2016 versus \$42.7 million in the first quarter 2015. Operating margin before management fee was 56.5% versus 42.8% in the first quarter of 2015. After adjusting for the removal of the non-recurring items in both the 2016 and 2015 periods, operating income before management fee was \$35.6 million in the first quarter of 2016 as compared to \$44.3 million in the first quarter of 2015 while operating margins before management fee declined from 44.4% to 43.8%. See Notes on Non-GAAP measures on page 7 for further information. Management believes evaluating operating income before management fee is an important measure in analyzing the Company's operating results. Further information regarding Non-GAAP measures is included in Notes on Non-GAAP Financial Measures and Table III included elsewhere herein.

Other expense

We recognized \$2.8 million in net other expenses in the 2016 quarter versus an expense of \$1.4 million in the first quarter of 2015. This is comprised of investment income of \$0.6 million in the 2016 quarter versus \$0.5 million in the 2015 quarter offset by interest expense of \$3.4 million in the 2016 quarter versus \$1.9 million in the first quarter of 2015, reflective of the AC 4% PIK Note being outstanding for the entire first quarter of 2016 partially offset by the reduction in the Senior Notes.

Income Taxes

The Company's effective tax rate ("ETR") for the quarter ended March 31, 2016 was 38.2% versus 37.8% for the quarter ended March 31, 2015.

Deferred compensation

The first quarter 2016 results were materially bolstered by the GAAP-mandated treatment of the December 2015 deferred compensation agreement whereby certain variable compensation for 2016 will be paid in the form of Restricted Stock Units determined by the volume-weighted average price of the Company's Class A Stock during 2016. Margins for the first quarter 2016 therefore are not comparable with prior periods. Under GAAP, only 25% of this deferred compensation expense is being recognized in the current year with the remainder amortized as expense in 2017, 2018, and 2019. Expressed another way, the 2016 first quarter as well as the remainder of 2016 benefit from a reduction of 75% of the compensation, and 2017, 2018, and 2019 will, in turn, be impacted by an additional 25% of the compensation from 2016 in each year. The Board's decision to grant these RSUs in December 2015 and thereby defer the cash payment of certain 2016 variable compensation until January 1, 2020 was to provide the Company with greater financial flexibility. No decision has been made regarding whether the RSU will be repeated for 2017.

The balance sheet is also impacted; the compensation payable at March 31, 2016 and in each future period-end of 2016 is only 25% of the full amount of the 2016 compensation that will be due once the

RSUs are fully vested. At March 31, 2016, the amount of unrecognized compensation was \$12.6 million.

The following tables show a reconciliation of our results for the first quarter of 2016 and our balance sheet at March 31, 2016 between the GAAP basis and a non-GAAP adjusted basis of the deferred compensation (the RSU grant) in 2016. We believe this adjusted measure is useful in evaluating the ongoing operating results of the Company absent the material adjustment related to the treatment of the deferred compensation agreement.

	For the three months ended March 31, 2016		
	Reported GAAP	Impact of Deferred	
		Compensation	Non-GAAP
Total revenues	\$ 81,385	\$ -	\$ 81,385
Compensation costs	20,274	10,412	30,686
Distribution costs	10,717	-	10,717
Other operating expenses	4,372	-	4,372
Total expenses	35,363	10,412	45,775
Operating income before management fee	46,022	(10,412)	35,610
Other expense, net	(2,815)	-	(2,815)
Income before management fee and income taxes	43,207	(10,412)	32,795
Management fee expense	1,080	2,199	3,279
Income before income taxes	42,127	(12,611)	29,516
Income tax expense	16,102	(4,820)	11,282
Net income attributable to GAMCO Investors, Inc.	\$ 26,025	\$ (7,791)	\$ 18,234
Net income per share attributable to GAMCO Investors, Inc.:			
Basic	\$ 0.89	\$ (0.27)	\$ 0.62
Diluted	\$ 0.88	\$ (0.26)	\$ 0.61

	March 31, 2016		
	Reported GAAP	Impact of Deferred Compensation	Non-GAAP
ASSETS			
Total assets	\$ 115,925	\$ -	\$ 115,925
LIABILITIES AND EQUITY			
Income taxes payable and deferred tax liabilities	\$ 13,032	\$ (4,820)	\$ 8,212
Compensation payable	19,218	12,611	31,829
Accrued expenses and other liabilities	37,775	-	37,775
Sub-total	70,025	7,791	77,816
5.875% Senior notes (due June 1, 2021)	24,103	-	24,103
4% PIK note (due November 30, 2020)	250,000	-	250,000
Loan from GGCP (due December 28, 2016)	20,000	-	20,000
Total debt	294,103	-	294,103
Total liabilities	364,128	7,791	371,919
GAMCO Investors, Inc.'s stockholders' equity (deficit)	(248,203)	(7,791)	(255,994)
Total liabilities and equity	\$ 115,925	\$ -	\$ 115,925

The following table further illustrates the effect that the GAAP accounting for the compensation deferral will have on our results for 2016 through 2019 under certain assumptions. For simplicity in arriving at the 2016 through 2019 illustrative effects, we have assumed that the first quarter RSU expense is predictive of the full year results but there is no assurance that this will be the case. Please see the note regarding forward-looking information on page 12 of this release.

Effect of recording RSU on a GAAP basis:

	2016	2017	2018	2019
RSU expense	(50,444)	16,815	16,815	16,815

Business and Investment Highlights

- On March 31, 2016, Gabelli Equity Trust completed the offering of \$80 million of 5.45% Series J Cumulative Preferred Stock. The preferred stock is perpetual, non-callable for five years, and was issued at \$25 per share.

Balance Sheet

We ended the quarter with cash and investments of \$64.5 million and debt of \$294.1 million. During the first quarter of 2016 we paid down \$15 million of the loan to GGCP. We have \$500 million available on our universal shelf registration. Together with earnings from operations, the shelf provides us with flexibility to do acquisitions, lift-outs, seed new investment strategies, and co-invest, as well as to fund shareholder compensation, including share repurchases and dividends.

Shareholder Compensation

During the quarter ended March 31, 2016, we returned \$1.5 million of our earnings to shareholders through dividends and stock repurchases. We repurchased 30,503 shares at an average price of \$29.42 per share for a total investment of \$0.9 million and distributed \$0.6 million in dividends. Since our IPO, in February 1999, we have returned \$1.9 billion in total to shareholders comprised of \$1.0 billion of spin-offs, \$487 million in the form of dividends and \$429 million through stock buybacks of 9,583,156 shares.

On May 3, 2016, GAMCO's Board of Directors declared a regular quarterly dividend of \$0.02 per share payable on June 28, 2016 to its Class A and Class B shareholders of record on June 14, 2016.

About GAMCO Investors, Inc.

GAMCO Investors, Inc., through its subsidiaries, manages private advisory accounts (GAMCO Asset Management Inc.) and open-end funds and closed-end funds (Gabelli Funds, LLC).

NOTES ON NON-GAAP FINANCIAL MEASURES

- A. Operating income before management fee expense is used by management to evaluate 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 III.
- B. Adjusted operating income and adjusted operating income before management fee expense are used by management to evaluate its ongoing business operations. We believe these measures are useful in evaluating the ongoing operating results of the Company absent any of these adjustments.

	1st Quarter	
	2016	2015
Operating income before management fee	\$ 46,022	\$ 42,725
Adjustments:		
Add back: Incremental RSA expense	-	603
Costs to launch Closed-end fund	-	1,000
Deduct: Variable compensation reduction from RSU	(10,412)	-
Adjusted operating income before management fee	<u>35,610</u>	<u>44,328</u>
Adjusted operating margin before management fee	<u>43.8%</u>	<u>44.4%</u>

	1st Quarter	
	2016	2015
Operating income	\$ 44,942	\$ 38,590
Adjustments:		
Add back: Incremental RSA expense	-	603
Costs to launch Closed-end fund	-	1,000
Deduct: Variable compensation reduction from RSU	(10,412)	-
Adjusted operating income	<u>34,530</u>	<u>40,193</u>
Adjusted operating margin	<u>42.4%</u>	<u>40.3%</u>

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

Table I: Fund Flows - 1st Quarter 2016

	December 31, 2015	Market appreciation/ (depreciation)	Net cash flows	Fund distributions, net of reinvestments	March 31, 2016
Equities:					
Open-end Funds	\$ 13,811	\$ 465	\$ (458)	\$ (11)	\$ 13,807
Closed-end Funds	6,492	213	70	(112)	6,663
Institutional & PWM - direct	13,366	241	(327)	-	13,280
Institutional & PWM - sub-advisory	3,401	67	(41)	-	3,427
SICAV	37	1	-	-	38
Total Equities	37,107	987	(756)	(123)	37,215
Fixed Income:					
Money-Market Fund	1,514	-	(40)	-	1,474
Institutional & PWM	38	-	(6)	-	32
Total Fixed Income	1,552	-	(46)	-	1,506
Total Assets Under Management	\$ 38,659	\$ 987	\$ (802)	\$ (123)	\$ 38,721

Table II

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

	For the Quarter Ended March 31,	
	<u>2016</u>	<u>2015</u>
Investment advisory and incentive fees	\$ 70,848	\$ 86,068
Distribution fees and other income	10,537	13,738
Total revenues	<u>81,385</u>	<u>99,806</u>
Compensation costs	20,274	37,977
Distribution costs	10,717	14,441
Other operating expenses	4,372	4,663
Total expenses	<u>35,363</u>	<u>57,081</u>
Operating income before management fee	46,022	42,725
Investment income	591	541
Interest expense	(3,406)	(1,905)
Other expense, net	<u>(2,815)</u>	<u>(1,364)</u>
Income before management fee and income taxes	43,207	41,361
Management fee expense	1,080	4,135
Income before income taxes	42,127	37,226
Income tax expense	16,102	14,078
Income from continuing operations	26,025	23,148
Income from discontinued operations, net of taxes	-	1,628
Net income attributable to GAMCO Investors, Inc.	<u>\$ 26,025</u>	<u>\$ 24,776</u>
Net income per share attributable to GAMCO Investors, Inc.:		
Basic - Continuing operations	\$ 0.89	\$ 0.92
Basic - Discontinued operations	-	0.07
Basic - Total	<u>\$ 0.89</u>	<u>\$ 0.99</u>
Diluted - Continuing operations	\$ 0.88	\$ 0.91
Diluted - Discontinued operations	-	0.06
Diluted - Total	<u>\$ 0.88</u>	<u>\$ 0.97</u>
Weighted average shares outstanding:		
Basic	<u>29,247</u>	<u>25,132</u>
Diluted	<u>29,684</u>	<u>25,414</u>
Actual shares outstanding (a)	<u>29,790</u>	<u>25,810</u>

Notes:

(a) Includes 553,100 and 707,050 of RSAs, respectively.
See GAAP to non-GAAP reconciliation on page 10.

Table III

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

	2016		2015			
	1st Quarter	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Full Year
Income Statement Data:						
Revenues	\$ 81,385	\$ 99,806	\$ 98,693	\$ 92,160	\$ 90,317	\$380,976
Expenses	35,363	57,081	55,518	50,828	54,097	217,524
Operating income before management fee	46,022	42,725	43,175	41,332	36,220	163,452
Investment income	591	541	638	625	4,304	6,108
Interest expense	(3,406)	(1,905)	(1,855)	(1,815)	(3,061)	(8,636)
Shareholder-designated contribution	-	-	-	-	(6,396)	(6,396)
Other expense, net	(2,815)	(1,364)	(1,217)	(1,190)	(5,153)	(8,924)
Income before management fee and income taxes	43,207	41,361	41,958	40,142	31,067	154,528
Management fee expense	1,080	4,135	4,194	4,056	3,118	15,503
Income before income taxes	42,127	37,226	37,764	36,086	27,949	139,025
Income tax expense	16,102	14,078	13,989	13,635	10,024	51,726
Income from continuing operations	26,025	23,148	23,775	22,451	17,925	87,299
Income/(loss) from discontinued operations, net of taxes	-	1,628	326	(7,483)	1,642	(3,887)
Net income attributable to GAMCO Investors, Inc.	\$ 26,025	\$ 24,776	\$ 24,101	\$ 14,968	\$ 19,567	\$ 83,412
Net income per share attributable to GAMCO Investors, Inc.:						
Basic - Continuing operations	\$ 0.89	\$ 0.92	\$ 0.95	\$ 0.90	\$ 0.68	\$ 3.43
Basic - Discontinued operations	-	0.07	0.01	(0.30)	0.06	(0.15)
Basic - Total	\$ 0.89	\$ 0.99	\$ 0.96	\$ 0.60	\$ 0.74	\$ 3.28
Diluted - Continuing operations	\$ 0.88	\$ 0.91	\$ 0.94	\$ 0.89	\$ 0.67	\$ 3.40
Diluted - Discontinued operations	-	0.06	0.01	(0.30)	0.06	(0.15)
Diluted - Total	\$ 0.88	\$ 0.97	\$ 0.95	\$ 0.59	\$ 0.73	\$ 3.24
Weighted average shares outstanding:						
Basic	29,247	25,132	25,065	24,947	26,547	25,425
Diluted	29,684	25,414	25,358	25,241	26,813	25,711
Reconciliation of non-GAAP financial measures to GAAP:						
Operating income before management fee	46,022	42,725	43,175	41,332	36,220	163,452
Deduct: management fee expense	1,080	4,135	4,194	4,056	3,118	15,503
Operating income	\$ 44,942	\$ 38,590	\$ 38,981	\$ 37,276	\$ 33,102	\$147,949
Operating margin before management fee						
	56.5%	42.8%	43.7%	44.8%	40.1%	42.9%
Operating margin after management fee						
	55.2%	38.7%	39.5%	40.4%	36.7%	38.8%

Table IV

GAMCO INVESTORS, INC.			
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION			
(Dollars in thousands, except per share data)			
	March 31, 2016	December 31, 2015	March 31, 2015
ASSETS			
Cash and cash equivalents	\$ 28,045	\$ 13,719	\$ 11,261
Investments	36,422	32,979	37,954
Receivable from brokers	1,135	1,091	2,100
Other receivables	35,961	37,252	61,539
Income tax receivable	2,452	6,787	2,433
Other assets	11,910	12,071	10,755
Assets of discontinued operations	-	-	673,263
Total assets	\$ 115,925	\$ 103,899	\$ 799,305
LIABILITIES AND EQUITY			
Payable to brokers	\$ -	\$ 12	\$ 46
Income taxes payable and deferred tax liabilities	12,198	4,823	23,133
Compensation payable	19,218	24,426	38,823
Securities sold short, not yet purchased	-	129	-
Accrued expenses and other liabilities	38,609	41,739	37,333
Liabilities of discontinued operations	-	-	35,782
Sub-total	70,025	71,129	135,117
5.875% Senior notes (due June 1, 2021)	24,103	24,097	99,398
4% PIK note (due November 30, 2020)	250,000	250,000	-
Loan from GGCP (due December 28, 2016)	20,000	35,000	-
0% Subordinated Debentures (due December 31, 2015) (a)	-	-	9,936
Total debt	294,103	309,097	109,334
Total liabilities	364,128	380,226	244,451
Redeemable noncontrolling interests of discontinued operations	-	-	5,519
GAMCO Investors, Inc.'s stockholders' equity (deficit)	(248,203)	(276,327)	546,609
Noncontrolling interests	-	-	2,726
Total equity (deficit)	(248,203)	(276,327)	549,335
Total liabilities and equity	\$ 115,925	\$ 103,899	\$ 799,305

(a) The 0% Subordinated Debentures due December 31, 2015 have a face value of \$0.0 million, \$0.0 million and \$10.4 million, respectively.

SPECIAL NOTE REGARDING FORWARD-LOOKING INFORMATION

The financial results set forth in this press release are preliminary. Our disclosure and analysis in this press release, which do not present historical information, contain “forward-looking statements” within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements convey 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, the economy and other conditions, there can be no assurance that our actual results will not differ materially from what we expect or believe. Therefore, you should proceed with caution in relying on any of these forward-looking statements. They are neither statements of historical fact nor guarantees or assurances of future performance.

Forward-looking statements involve a number of known and unknown risks, uncertainties and other important factors, some of which are listed below, that are difficult to predict and could cause actual results and outcomes to differ materially from any future results or outcomes expressed or implied by such forward-looking statements. Some of the factors that could cause our actual results to differ from our expectations or beliefs include a decline in the securities markets that adversely affect our assets under management, negative performance of our products, the failure to perform as required under our investment management agreements, a general downturn in the economy that negatively impacts our operations. We also direct your attention to the more specific discussions of these and other risks, uncertainties and other important factors contained in our Form 10-K and other public filings. Other factors that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. We do not undertake to update publicly any forward-looking statements if we subsequently learn that we are unlikely to achieve our expectations whether as a result of new information, future developments or otherwise, except as may be required by law.