SECURITIES & EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q/A
(Amendment No. 3)

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2006

or

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to

Commission File No. 1-106

GAMCO INVESTORS, INC.
(Exact name of Registrant as specified in its charter)

New York	13-4007862
(State of other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
One Corporate Center, Rye, NY	10580-1422
(Address of principle executive offices)	(Zip Code)

(914) 921-3700
Registrant's telephone number, including area code

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes __X__ No ____

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer _____ Accelerated filer __X__ Non-accelerated filer ______

Indicate by check mark whether the registrant is a shell company (as defined in Exchange Act Rule 12b-2). Yes _____ No __X__

Indicate the number of shares outstanding of each of the Registrant's classes of Common Stock, as of the latest practical date.

Class	Outstanding at April 30, 2006
Class A Common Stock, .001 par value	5,645,985
Class B Common Stock, .001 par value	23,128,500

Explanatory Note

This Form 10-Q/A of GAMCO Investors, Inc. (the "Company") constitutes Amendment No. 3 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2006, which was initially filed with the Securities and Exchange Commission on May 10, 2006 and amended on May 11, 2006. On November 9, 2006, Amendment No. 2 was filed to restate the Financial Statements and amend Management's Discussion and Analysis of Financial Condition and Results of Operations (Including Quantitative and Qualitative Disclosure about Market Risk) in Part I, Items 1 and 2, respectively, as a result of the Company changing its accounting method for recognizing incentive fee revenues on Investment Partnerships effective January 1, 2006. As further described in Note A to the Condensed Consolidated Financial Statements, the purpose of this filing is to restate the Financial Statements and amend Management's Discussion and Analysis of Financial Condition and Results of Operations (Including Quantitative and Qualitative Disclosure about Market Risk) in Part I, Items 1 and 2, respectively, relating to the reporting of individual assets and liabilities of certain proprietary investment accounts. In addition, certain reclassifications on the Condensed Consolidated Statements of Financial Condition and on the Condensed Consolidated Statements of Cash Flows have been made relating to the consolidation of certain investment partnerships and offshore funds in accordance with the provisions of FASB Interpretation No. 46R ("FIN 46R") and Emerging Issue Task Force 04-5 ("EITF 04-5") and relating to the voluntary change in accounting principle.

INDEX

GAMCO INVESTORS, INC. AND SUBSIDIARIES

GAMCO INVESTORS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
UNAUDITED
(In thousands, except per share data)

	Three Months Ended March 31,	
	2005 (a)	**2006 (a)**
Revenues		
Investment advisory and incentive fees	$ 52,713	$ 50,398
Commission revenue	2,465	3,451
Distribution fees and other income	5,135	5,435
Total revenues	60,313	59,284
Expenses		
Compensation and related costs	25,622	25,277
Management fee	2,206	3,367
Distribution costs	6,213	5,215
Other operating expenses	6,556	7,391
Total expenses	40,597	41,250
Operating income	19,716	18,034
Other income (expense)		
Net gain from investments	595	23,125
Interest and dividend income	3,472	6,373
Interest expense	(3,929)	(3,875)
Total other income, net	138	25,623
Income before income taxes and minority interest	19,854	43,657
Income tax provision	7,445	16,371
Minority interest	(20)	8,586
Net income	$ 12,429	$ 18,700
Net income per share:		
Basic	$ 0.42	$ 0.64
Diluted	$ 0.41	$ 0.63
Weighted average shares outstanding:		
Basic	29,560	29,180
Diluted	31,684	30,185
Dividends declared:		
Quarterly	$ 0.02	$ 0.03

(a) As restated for the change in accounting method as described in Note A in item 1 of this report on Form 10-Q/A which were previously reported on Form 10-Q/A (Amendment No. 2) filed with the Securities and Exchange Commission on November 9, 2006.

See accompanying notes.

GAMCO INVESTORS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
(In thousands, except per share data)

	December 31, 2005 (a)	March 31, 2005 (a)	March 31, 2006 (a)
ASSETS		(Unaudited)	
Cash and cash equivalents, including restricted cash of $2,503, $51,811 and $739.	$ 173,161	$ 332,927	$ 126,842
Investments in securities, including restricted securities of $52,219, $51,895 and $81,059.	421,404	293,455	412,031
Investments in partnerships and affiliates	74,827	68,388	89,250
Receivable from brokers	9,827	27,639	77,731
Investment advisory fees receivable	22,098	22,499	16,619
Other assets	26,821	25,581	20,798
Total assets	$ 728,138	$ 770,489	$ 743,271
LIABILITIES AND STOCKHOLDERS' EQUITY			
Payable to brokers	$ 3,937	$ -	$ 3,406
Income taxes payable, including deferred taxes of $1,699, $708, and $4,129.	10,097	7,782	14,539
Compensation payable	27,820	32,212	34,296
Capital lease obligation	2,992	3,127	2,943
Securities sold, not yet purchased	3,183	2,921	4,833
Accrued expenses and other liabilities	17,579	18,990	20,590
Total operating liabilities	65,608	65,032	80,607
5.5% Senior notes (due May 15, 2013)	100,000	100,000	100,000
5% Convertible note (conversion price, $52.00 per share; note due August 14, 2011)	50,000	100,000	50,000
5.22% Senior notes (due February 17, 2007)	82,308	82,308	82,308
Total liabilities	297,916	347,340	312,915
Minority interest	6,147	6,135	19,997
Stockholders' equity			
Class A Common Stock, $0.001 par value; 100,000,000 shares authorized; 9,648,339, 9,612,314 and 9,658,339 issued, respectively; 6,414,517, 7,192,992 and 5,645,985 outstanding, respectively	10	10	10
Class B Common Stock, $0.001 par value; 100,000,000 shares authorized; 23,128,500, 23,128,500 and 23,128,500 issued and outstanding, respectively	23	23	23
Additional paid-in capital	226,353	232,540	226,640
Retained earnings	329,036	280,085	346,939
Accumulated comprehensive gain	526	1,088	2,985
Treasury stock, at cost (3,233,822, 2,419,322 and 4,012,354 shares, respectively)	(131,873)	(96,732)	(166,238)
Total stockholders' equity	424,075	417,014	410,359
Total liabilities and stockholders' equity	$ 728,138	$ 770,489	$ 743,271

(a) As restated for (1) the change in accounting method which was previously reported on Form 10-Q/A (Amendment No. 2) filed with the Securities and Exchange Commission on November 9, 2006 as described in Note A in item 1 of this report on Form 10-Q/A, and (2) the reporting of individual assets and liabilities of certain proprietary investment accounts as described in Note A in item 1 of this report on Form 10-Q/A.

See accompanying notes.

GAMCO INVESTORS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY AND COMPREHENSIVE INCOME
UNAUDITED
(In thousands)

	Three Months Ended March 31,	
	2005 (a)	**2006 (a)**
Stockholders' equity – beginning of period	$ 334,878	$ 424,075
Cumulative effect of change in accounting principle	(178)	-
Beginning balance, as restated	334,700	424,075
Comprehensive income:		
Net income	12,429	18,700
Foreign currency translation adjustments	50	74
Net unrealized gain on securities available for sale	1,142	2,455
Comprehensive income	13,621	21,229
Dividends declared	(735)	(867)
Stock option expense	485	6
Proceeds from settlement of purchase contracts	70,568	-
Exercise of stock options including tax benefit	435	281
Purchase of treasury stock	(2,060)	(34,365)
Stockholders' equity – end of period	$ 417,014	$ 410,359

(a) As restated for the change in accounting method as described in Note A in item 1 of this report on Form 10-Q/A which were previously reported on Form 10-Q/A (Amendment No. 2) filed with the Securities and Exchange Commission on November 9, 2006.

See accompanying notes.

GAMCO INVESTORS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
UNAUDITED
(In thousands)

	Three Months Ended March 31,	
	2005 (a)	**2006 (a)**
Operating activities		
Net income	$ 12,429	$ 18,700
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Equity in gains from partnerships and affiliates	(2,110)	(2,864)
Depreciation and amortization	234	224
Stock-based compensation expense	485	6
Tax benefit from exercise of stock options	102	66
Foreign currency loss	211	-
Other-than-temporary loss on available for sale securities	3,179	-
Impairment of goodwill	1,127	-
Minority interest in net income of consolidated subsidiaries	(20)	240
Realized gains on sales of available for sale securities, net	-	(442)
Realized gains on sales of investments in securities, net	(1,239)	(6,585)
Change in unrealized value of investments in securities, net	(2,455)	(1,018)
(Increase) decrease in operating assets:		
Purchases of trading investments in securities	(400,400)	(287,602)
Proceeds from sales of trading investments in securities	407,615	321,529
Investments in partnerships and affiliates	(6,557)	(1,225)
Distributions from partnerships and affiliates	29,619	848
Investment advisory fees receivable	2,938	5,430
Other receivables from affiliates	3,425	6,669
Receivable from brokers	(22,100)	(62,873)
Other assets	(2,290)	(884)
Increase (decrease) in operating liabilities:		
Payable to brokers	(301)	(531)
Income taxes payable	(1,310)	2,884
Compensation payable	5,185	6,040
Accrued expenses and other liabilities	1,221	215
Effects of consolidation of investment partnerships and offshore funds consolidated under FIN 46R and EITF 04-5:		
Realized gains on sales of investments in securities and securities sold short, net	-	(11,917)
Change in unrealized value of investments in securities and securities sold short, net	-	(1,430)
Equity in net gains from partnerships and affiliates	-	(425)
Purchases of trading investments in securities and securities sold short	-	(642,059)
Proceeds from sales of trading investments in securities and securities sold short	-	619,704
Investments in partnerships and affiliates	-	(982)
Distributions from partnerships and affiliates	-	380
Increase in receivable from brokers	-	(12,469)
Decrease in other assets	-	354
Increase in payable to brokers	-	5,783
Decrease in accrued expenses and other liabilities	-	(9,786)
Income related to investment partnerships and offshore funds consolidated under FIN 46R and EITF 04-5, net	-	14,430
Total adjustments	16,559	(58,290)
Net cash provided by (used in) operating activities	28,988	(39,590)

GAMCO INVESTORS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
UNAUDITED
(In thousands)

	Three Months Ended March 31,	
	2005 (a)	2006 (a)
Investing activities		
Purchases of available for sale securities	(3,944)	(3,006)
Proceeds from sales of available for sale securities	-	1,486
Net cash used in investing activities	(3,944)	(1,520)
Financing activities		
Contributions related to investment partnerships and offshore funds consolidated under FIN 46R and EITF 04-5, net	-	28,190
Proceeds from exercise of stock options	333	215
Dividends paid	(18,037)	(867)
Proceeds from the settlement of purchase contracts	70,568	-
Purchase of treasury stock	(2,060)	(34,365)
Net cash provided by (used in) financing activities	50,804	(6,827)
Net increase (decrease) in cash and cash equivalents	75,848	(47,937)
Net increase in cash from partnerships and offshore funds consolidated under FIN 46R and EITF 04-5	-	1,550
Effect of exchange rates on cash and cash equivalents	(17)	68
Cash and cash equivalents at beginning of period	257,096	173,161
Cash and cash equivalents at end of period	$ 332,927	$ 126,842

(a) As restated for (1) the change in accounting method which was previously reported on Form 10-Q/A (Amendment No. 2) filed with the Securities and Exchange Commission on November 9, 2006 as described in Note A in item 1 of this report on Form 10-Q/A, and (2) the reporting of individual assets and liabilities of certain proprietary investment accounts as described in Note A in item 1 of this report on Form 10-Q/A.

See accompanying notes.

A. Basis of Presentation

Unless we have indicated otherwise, or the context otherwise requires, references in this report to "GAMCO Investors, Inc.," "GAMCO," "we," "us" and "our" or similar terms are to GAMCO Investors, Inc. (formerly Gabelli Asset Management Inc.), its predecessors and its subsidiaries.

The unaudited interim Condensed Consolidated Financial Statements of GAMCO Investors, Inc. included herein have been prepared in conformity with generally accepted accounting principles in the United States for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all the information and footnotes required by generally accepted accounting principles in the United States for complete financial statements. In the opinion of management, the unaudited interim condensed consolidated financial statements reflect all adjustments, which are of a normal recurring nature, necessary for a fair presentation of financial position, results of operations and cash flows of GAMCO for the interim periods presented and are not necessarily indicative of a full year's results.

In preparing the unaudited interim condensed consolidated financial statements, management is required to make estimates and assumptions that affect the amounts reported in the financial statements. Actual results could differ from those estimates.

These financial statements should be read in conjunction with our audited consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2005, from which the accompanying Condensed Consolidated Statement of Financial Condition was derived.

Certain items previously reported have been reclassified to conform to the current period's financial statement presentation.

Changes in Accounting Policy

GAMCO has voluntarily changed its accounting method to recognize management fee revenues on closed-end preferred shares at the end of the measurement period, effective January 1, 2006. Unlike most money management firms, GAMCO does not charge fees on leverage in its closed-end funds unless the total return to the common shareholders (of the closed-end fund at year-end) exceeds the dividend rate of the preferred shares. In 2005, GAMCO recognized these revenues during each interim reporting period if and when the total return to common shareholders of the closed-end fund exceeded the dividend rate of the preferred shares. Under this method, management fee revenues recognized in prior interim periods during the measurement period were subject to possible reversal in subsequent periods during that measurement period. Had this method not changed, we would have recorded approximately $1.5 million in management fee revenues on closed-end preferred shares for the three month period ended March 31, 2006.

GAMCO inadvertently incorrectly applied the voluntary accounting change discussed in the preceding paragraph because it did not include changing the method of accounting for the investment partnerships. Therefore, GAMCO has changed its accounting method to recognize incentive fee revenues on investment partnerships at the end of the measurement period, effective January 1, 2006. The restatement effects of this correction of the application of this accounting change were previously reported in Form 10-Q/A (Amendment No. 2) filed with the Securities and Exchange Commission on November 9, 2006. Prior to that correction of the application of the voluntary accounting change, GAMCO recognized these revenues during each interim reporting period. Under this method, incentive fee revenues recognized in prior interim periods during the measurement period were subject to possible reversal in subsequent periods during the measurement period. Had this method not changed, we would have recorded approximately $1.3 million in incentive fee revenues on investment partnerships for the three month period ended March 31, 2006. The result of the restatement includes a reduction in net income of $0.6 million and a reduction in fully diluted EPS of $0.02 per share for the three month period ended March 31, 2006.

After considering the guidance provided in EITF D-96, "Accounting for Management Fees Based on Formula", GAMCO believes that the preferable method of accounting is to recognize management fee revenues on closed-end preferred shares and incentive fees on investment partnerships at the end of the measurement period. This method results in revenue recognition only when the measurement period has been completed and when the management fees and incentive fees have been earned. This eliminates the possibility of revenues that have been recognized in interim measurement periods subsequently being reversed in later periods during a fiscal year.

Under SFAS No. 154 "Accounting Changes and Error Corrections," which GAMCO adopted on January 1, 2006, a voluntary change in accounting principle requires retrospective application to each period presented as if the different accounting principle had always been used and requires an adjustment at the beginning of the first period presented for the cumulative effect of the change to the new accounting principle. Whereas some investment partnerships have a fiscal year-end differing from GAMCO's fiscal year-end, there is an adjustment for the cumulative effect of a change to the accounting principle at January 1, 2005 and a change in full year 2005 revenues and net income from what was previously reported. Therefore, this change in accounting principle resulted in a reduction of revenues of approximately $1.2 million in the first quarter of 2005, approximately $23,000 in the second quarter of 2005, $5.5 million in the third quarter of 2005 and an increase in revenues of $7.7 million in the fourth quarter of 2005.

		Quarter Ended (a)			
($ millions)		**March 31, 2005**	**June 30, 2005**	**September 30, 2005**	**December 31, 2005**
Revenue	**Reported**	$61.5	$59.8	$66.2	$64.8
	Restated	$60.3	$59.8	$60.7	$72.5
	Change	($1.2)	-	($5.5)	$7.7
EPS	**Reported**	$0.42	$0.43	$0.64	$0.61
	Restated	$0.41	$0.42	$0.59	$0.67
	Change	($0.01)	($0.01)	($0.05)	$0.06

(a) Differences due to rounding.

As disclosed in our Annual Report on Form 10-K for the year ended December 31, 2006 (filed with the Securities and Exchange Commission on March 19, 2007), GAMCO is restating its financial statements included herein to properly report individual assets and liabilities relating to certain of GAMCO's proprietary investments. The assets and liabilities (primarily short positions and margin) associated with these investment accounts were previously reported on a net asset basis but should have been reported on a gross asset and liability basis. This change had no effect on net income or stockholders' equity. See Item 7 and Note A contained in Item 8 of our Annual Report on Form 10-K for the year ended December 31, 2006 for further details. The impact of the change on our Condensed Consolidated Statements of Financial Condition for March 31, 2005, June 30, 2005, September 30, 2005 and December 31, 2005, respectively, is as follows:

($ millions)	3/31/2005	6/30/2005	9/30/2005	12/31/2005
Assets:				
Reported	$ 768.7	$ 709.9	$ 733.4	$ 720.9
Restated	770.5	712.0	738.2	728.1
Change	1.8	2.1	4.8	7.2
Operating Liabilities:				
Reported	63.2	55.1	64.7	58.4
Restated	65.0	57.2	69.5	65.6
Change	1.8	2.1	4.8	7.2
Total Liabilities:				
Reported	345.5	287.4	297.0	290.7
Restated	347.3	289.5	301.8	297.9
Change	1.8	2.1	4.8	7.2
Equity:				
Reported	417.0	416.8	430.5	424.1
Restated	417.0	416.8	430.5	424.1
Change	$ -	$ -	$ -	$ -

The impact of the change on our Condensed Consolidated Statement of Financial Condition at March 31, 2006 is as follows:

($ millions)	Assets	Operating Liabilities	Total Liabilities	Equity
Reported	$ 734.9	$ 72.2	$ 304.5	$ 410.4
Restated	743.3	80.6	312.9	410.4
Change	$ 8.4	$ 8.4	$ 8.4	$ -

B. Investment in Securities

Management determines the appropriate classification of debt and equity securities at the time of purchase and reevaluates such designation as of each balance sheet date. Investments in Treasury Bills and Notes with maturities of greater than three months at the time of purchase are classified as investments in securities and with maturities of three months or less at time of purchase are classified as cash and cash equivalents. A substantial portion of Investments in Securities are held for resale in anticipation of short-term market movements and therefore are classified as trading securities. Available for sale (“AFS”) investments are stated at fair value, with any unrealized gains or losses, net of deferred taxes, reported as a component of stockholders’ equity except for losses deemed to be other than temporary which are recorded as realized losses in the statement of income.

The Company accounts for derivative financial instruments in accordance with Statement of Financial Accounting Standards (“SFAS”) No. 133 (“Statement No. 133”), Accounting for Derivative Instruments and Hedging Activities, as amended. Statement No. 133 requires that an entity recognize all derivatives, as defined, as either assets or liabilities measured at fair value. The Company uses swaps and treasury futures to manage its exposure to market and credit risks from changes in certain equity prices, interest rates, and volatility and does not hold or issue swaps and treasury futures for speculative or trading purposes. These swaps and treasury futures are not designated as hedges, and changes in fair values of these derivatives are recognized in earnings as gains (losses) on derivative contracts. The fair value of swaps and treasury shares are included in the investments in securities in the statements of financial condition, and gains and losses from the swaps and treasury shares are included in net gain from investments in the statement of income.

For the three months ended March 31, 2006, there was no impairment of AFS securities. For the three month period ended March 31, 2005, there was $3.2 million in losses on AFS securities deemed to be other than temporary which were recorded in the statement of income.

The losses related to AFS securities in the three month period ended March 31, 2005 were partially offset by gains related to our $100,000 venture capital investment in optionsXpress Holdings, Inc. (Nasdaq: OXPS) made in 2001 through our 92% owned subsidiary, Gabelli Securities, Inc. OXPS completed its initial public offering during the first quarter of 2005. We recorded a total gain of $2.1 million on OXPS for the three months of 2005.

At March 31, 2006 and 2005, the market value of investments available for sale was $87.6 million and $78.5 million, respectively. Unrealized gains in market value, net of management fee and taxes, of $3.0 million and $1.1 million have been included in stockholders' equity for the three month periods ended March 31, 2006 and 2005, respectively.

Proceeds from sales of investments available for sale were approximately $1.5 million for the three month period ended March 31, 2006. There were no sales of investments available for sale for the three month period ended March 31, 2005. For the first three months of 2006, gross gains on the sale of investments available for sale amounted to $442,000; there were no gross losses on the sale of investments available for sale.

C. Investments in Partnerships and Affiliates

Beginning January 1, 2006, the provisions of FIN 46R and EITF 04-5 have been adopted and require consolidation of the majority of our investment partnerships and offshore funds managed by our subsidiaries. However, due to amendments effected to some of these partnership and offshore fund agreements during the three month period ended March 31, 2006, consolidation of these entities ceased on March 31, 2006 in accordance with FIN 46R and EITF 04-5. Accordingly, these entities are consolidated on our statement of income and our statement of cash flows for the three months ended March 31, 2006 but not on the statement of financial condition at March 31, 2006.

We consolidated five other investment partnerships and two offshore funds in which we have a direct or indirect controlling financial interest as of and for the period ended March 31, 2006. These entities have been consolidated within our financial statements for the first quarter 2006 and will continue to be consolidated in future periods as long as we continue to maintain a direct or indirect controlling financial interest. In addition to minor FIN 46R and EITF 04-5 adjustments to the statement of income and statement of cash flows for the three months ended March 31, 2006 related to these entities, the consolidation of these entities also resulted in minor adjustments to our statement of financial condition at March 31, 2006. The consolidation of these entities on the statement of financial condition has increased assets by $16.5 million, liabilities by $2.9 million and minority interest by $13.6 million. Prior to consolidation of these entities, our investments in these entities were reflected within Investments in partnerships and affiliates on the statement of financial condition and accounted for under the equity method.

For the three months ended March 31, 2006, the consolidation of these entities had no impact on net income but did result in (a) the elimination of revenues and expenses which are now intercompany transactions; (b) the recording of all the partnerships' operating expenses of these entities including those pertaining to third-party interests; (c) the recording of all other income of these entities including those pertaining to third-party interests; (d) recording of income tax expense of these entities including those pertaining to third party interests and (e) the recording of minority interest which offsets the net amount of any of the partnerships' revenues, operating expenses, other income and income taxes recorded in these respective line items which pertain to third-party interest in these entities. While this had no impact on net income, the consolidation of these entities does affect the classification of income between operating and other income.

D. Earnings Per Share

The computations of basic and diluted net income per share are as follows:

(in thousands, except per share amounts)	Three Months Ended March 31, 2005 (a)	Three Months Ended March 31, 2006 (a)
Basic:		
Net income	$ 12,429	$ 18,700
Average shares outstanding	29,560	29,180
Basic net income per share	$ 0.42	$ 0.64
Diluted:		
Net income	$ 12,429	$ 18,700
Add interest expense on 5% convertible note, net of management fee and taxes	703	352
Total	$ 13,132	$ 19,052
Average shares outstanding	29,560	29,180
Dilutive stock options	201	43
Assumed conversion of 5% convertible note	1,923	962
Total	31,684	30,185
Diluted net income per share	$ 0.41	$ 0.63

(a) As restated for the change in accounting method as described in Note A in item 1 of this report.

E. Stockholders' Equity

Shares outstanding on March 31, 2006 were 28,774,485, which is approximately 2.6% lower than shares outstanding of 29,543,017 at the end of 2005 and approximately 5.1% below shares outstanding of 30,321,492 on March 31, 2005. Fully diluted shares outstanding for the first quarter 2006 were 30,185,312 approximately 1.5% lower than fourth quarter 2005 fully diluted shares of 30,652,102 and approximately 4.7% lower than our fully diluted shares of 31,684,268 for the first quarter 2005, primarily due to our stock repurchase program.

The Board of Directors declared a quarterly dividend of $0.03 per share that was paid on March 28, 2006 to shareholders of record on March 15, 2006.

Stock Award and Incentive Plan

Effective January 1, 2003, we adopted the fair value recognition provisions of SFAS No. 123 in accordance with the transition and disclosure provisions under the recently issued SFAS No. 148, "Accounting for Stock Based Compensation – Transition and Disclosure."

We adopted SFAS 123 (R) on January 1, 2005. In light of our modified prospective adoption of the fair value recognition provisions of SFAS 123 (R) for all grants of employee stock options, the adoption of SFAS 123 (R) did not have a material impact on our consolidated financial statements. During June 2005, we announced that our Board of Directors approved the accelerated vesting of all unvested stock options. In accordance with Statement of Financial Accounting Standards ("SFAS") 123(R), the acceleration of vesting resulted in the recognition of approximately $1.8 million of incremental compensation expense during the second quarter 2005. For the three months ended March 31, 2006 and 2005, we recognized stock-based compensation expense of $6,000 and $485,000, respectively. The total compensation costs related to non-vested awards not yet recognized is approximately $104,000. This will be recognized as expense in the following periods:

Remainder of 2006	2007	2008	2009
$29,000	$37,000	$32,000	$6,000

Proceeds from the exercise of 10,000 and 13,475 stock options were $215,000 and $333,000 for the three months ended March 31, 2006 and 2005, respectively, resulting in a tax benefit to GAMCO of $66,000 and $102,000 for the three months ended March 31, 2006 and 2005, respectively.

Stock Repurchase Program

In March 1999, the Board of Directors established the Stock Repurchase Program to grant us authority to repurchase shares of our Class A common stock. For the three months ended March 31, 2006, we repurchased 778,532 shares at an average investment of $44.13. Since the inception of the program we have repurchased 4,113,158 shares at an average investment of $39.87 per share. During March 2006, the Board of Directors authorized an additional 500,000 shares to be repurchased. At March 31, 2006, the total shares available under the program to be repurchased was approximately 804,000.

F. Goodwill

In accordance with SFAS 142 “Accounting for Goodwill and Other Intangible Assets,” we assess the recoverability of goodwill and other intangible assets at least annually, or more often should events warrant. There was no impairment charge recorded for the three months ended March 31, 2006. During the first quarter of 2005, assets under management for our fixed income business decreased approximately 42% from the beginning of the year, triggering under our accounting policies the need to reassess goodwill for this 80% owned subsidiary. Using a present value cash flow method, we reassessed goodwill for this entity and determined that the value of the entity no longer justified the amount of goodwill. Accordingly, we recorded a charge of $1.1 million for the impairment of goodwill that represented the entire amount of goodwill for this entity during the first quarter of 2005. At March 31, 2006, there remains $3.5 million of goodwill related to our 92% owned subsidiary, Gabelli Securities, Inc.

G. Other Matters

GBL and certain of its subsidiaries have received, and have been responding to, information requests and subpoenas from the New York Attorney General’s Office and the SEC requesting documents and testimony on mutual fund share trading practices. Since this matter is ongoing, we cannot determine at this time what effect, if any, this matter may have on GBL’s financial position or the results of its operations.

In November 2002, the Financial Accounting Standards Board (“FASB”) issued Interpretation No. 45, “Guarantor’s Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness to Others” (“FIN 45”), which provides accounting, and disclosure requirements for certain guarantees. The disclosure requirements are effective for financial statements of interim or annual periods ending after December 15, 2002. The Interpretation’s initial recognition and initial measurement provisions are applicable on a prospective basis to guarantees issued or modified after December 31, 2002. We indemnify our clearing brokers for losses they may sustain from the customer accounts introduced by our broker-dealer subsidiaries. In accordance with NYSE rules customer balances are typically collateralized by customer securities or supported by other recourse provisions. In addition, we further limit margin balances to a maximum of 25% versus 50% permitted under exchange regulations. At March 31, 2006 and 2005 the total amount of customer balances subject to indemnification (i.e. margin debits) was immaterial. The Company also has entered into arrangements with various other third parties which provide for indemnification against losses, costs, claims and liabilities arising from the performance of their obligations under our agreement, except for gross negligence or bad faith. The Company has had no claims or payments pursuant to these or prior agreements, and we believe the likelihood of a claim being made is remote. Utilizing the methodology in FIN 45, our estimate of the value of such agreements is de minimis, and therefore an accrual has not been made in the financial statements.

H. Subsequent Events

From April 1 through May 5, 2006, we repurchased 413,400 shares of our class A common stock, under the Stock Repurchase Program, at an average investment of $37.04 per share. On May 8, 2006, our Board of Directors authorized the repurchase of an additional 400,000 shares of our Class A common stock, bringing the total available authorization to approximately 790,000 shares.

On May 8, 2006, our Board of Directors declared a quarterly dividend of $0.03 per share to be paid on June 28, 2006 to shareholders of record on June 15, 2006.

On May 8, 2006, the SEC declared effective the Company's $400 million "shelf" registration statement on Form S-3. This provides us opportunistic flexibility to sell any combination of senior and subordinate debt securities, convertible debt securities and equity securities (including common and preferred securities) up to a total amount of $520 million, which includes the remaining $120 million available under our shelf registration filed in 2001.

ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (INCLUDING QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK)

Overview

GAMCO Investors, Inc. (formerly Gabelli Asset Management Inc.) (NYSE: GBL) is a widely recognized provider of investment advisory services to mutual funds, institutional and high net worth investors, and investment partnerships. Through Gabelli & Company, Inc., we provide institutional research services to institutional clients and investment partnerships. We generally manage assets on a discretionary basis and invest in a variety of U.S. and international securities through various investment styles. Our revenues are based primarily on the firm's levels of assets under management and fees associated with our various investment products, rather than our own corporate assets.

Since 1977, we have been identified with and enhanced the "value" style approach to investing. Our investment objective is to earn a superior risk-adjusted return for our clients over the long-term through our proprietary fundamental research. In addition to our value products, we offer our clients a broad array of investment strategies that include growth, international and convertible products. We also offer non-market correlated, and fixed income strategies. By earning returns for our clients, we will be earning returns for all our constituents.

As part of our re-branding initiative to accelerate growth, our corporate name change to GAMCO Investors, Inc. became effective August 29, 2005. Since the firm was founded in 1977, GAMCO has been the name of our asset management business, representing our institutional and high net worth effort. We believe changing our corporate name to GAMCO helps us achieve our vision for assets entrusted to us, that is, to earn a superior return for our clients by providing various value-added (alpha) products. GAMCO is a more inclusive parent company name, and more appropriately represents the various investment strategies and asset management brands contributing to the continued growth of our company. The Gabelli brand will continue to represent our absolute return, research driven Value style that focuses on our unique Private Market Value with a Catalyst ™ investment approach. Our class A common stock will continue to trade on the New York Stock Exchange under the ticker symbol "GBL". As part of this initiative, the directors of our mutual funds approved in November 2005 the name change of the Growth, the Global Series, the Mathers and the International Growth funds (among others) to GAMCO from Gabelli, which became effective in December 2005. The funds that reflect the Private Market Value with a Catalyst approach will continue under the Gabelli brand.

Our revenues are highly correlated to the level of assets under management, which are directly influenced by the level and changes of the overall equity markets. Assets under management can also fluctuate through acquisitions, the creation of new products, the addition of new accounts or the loss of existing accounts. Since various equity products have different fees, changes in our business mix may also affect revenues. At times, the performance of our equity products may differ markedly from popular market indices, and this can also impact our revenues. It is our belief that general stock market trends will have the greatest impact on our level of assets under management and hence, revenues. This becomes increasingly likely as the base of assets grows.

We conduct our investment advisory business principally through: GAMCO Asset Management Inc. (Separate Accounts), Gabelli Funds, LLC (Mutual Funds) and Gabelli Securities, Inc. (Investment Partnerships). We also act as an underwriter, are a distributor of our open-end mutual funds and provide institutional research through Gabelli & Company, Inc., our broker-dealer subsidiary.

As of March 31, 2006, we had $27.6 billion of assets under management (AUM), approximately 96.9% of which were in equity products. Our equity open-end mutual funds and closed-end funds had a record $14.3 billion in AUM at quarter end, 4.2% above the $13.7 billion on December 31, 2005 and 5.2% ahead of the $13.6 billion on March 31, 2005. In the institutional and high net worth segment of our business, GAMCO Asset Management Inc. had AUM of $12.6 billion in separately managed equity accounts on March 31, 2006, 2.1% ahead of the $12.4 billion on December 31, 2005 but down 5.4% from the $13.4 billion on March 31, 2005. Assets in our investment partnerships were $681 million, 7.4% ahead of year-end 2005 assets of $634 million but 20.3% below the $854 million on March 31, 2005. Fixed income assets, primarily money market mutual funds, totaled $866 million on March 31, 2006, 5.7% ahead of year-end 2005 assets of $819 million but 39.0% lower than assets of $1.4 billion on March 31, 2005, which was principally related to the withdrawal of assets from the Treasurer's Fund, which was closed during the fourth quarter 2005.

Assets Under Management

The company reported assets under management as follows:

Table I:

	Assets Under Management (in millions)		
	March 31		%
	2005	2006	Inc. (Dec.)
Mutual Funds:			
Equities			
Open End	$ 7,808	$ 8,176	4.7%
Closed-End	4,602	5,284	14.8
Fixed Income	1,154	807	(30.1)
Total Mutual Funds	13,564	14,267	5.2
Institutional & High Net Worth Separate Accounts:			
Equities	13,364	12,639	(5.4)
Fixed Income	266	59	(77.8)
Total Institutional & High Net Worth Separate Accounts	13,630	12,698	(6.8)
Investment Partnerships	854	681	(20.3)
Total Assets Under Management	$ 28,048	$ 27,646	(1.4)
Equities	26,628	26,780	0.6
Fixed Income	1,420	866	(39.0)
Total Assets Under Management	$ 28,048	$ 27,646	(1.4)

Table II: Fund Flows – 1st Quarter 2006 (in millions)

	December 31, 2005	Net Cash Flows	Market Appreciation / (Depreciation)	March 31, 2006
Mutual Funds:				
Equities	$ 12,963	($220)	$ 717	$ 13,460
Fixed Income	735	64	8	807
Total Mutual Funds	13,698	(156)	725	14,267
Institutional & HNW Separate Accounts				
Equities	12,382	(595)	852	12,639
Fixed Income	84	(26)	1	59
Total Institutional & HNW Separate Accounts	12,466	(621)	853	12,698
Investment Partnerships	634	22	25	681
Total Assets Under Management	$ 26,798	($ 755)	$ 1,603	$ 27,646

Table III:

	Assets Under Management (in millions)					% Increase/(decrease)	
	3/05	6/05	9/05	12/05	3/06	12/05	3/05
Mutual Funds							
Open end	$ 7,808	$ 7,798	$ 7,959	$ 7,888	$ 8,176	3.7%	4.7%
Closed-end	4,602	4,684	4,851	5,075	5,284	4.1	14.8
Fixed income	1,154	852	796	735	807	9.8	(30.1)
Total Mutual Funds	13,564	13,334	13,606	13,698	14,267	4.2	5.2
Institutional & HNW Separate Accounts:							
Equities	13,364	13,189	13,129	12,382	12,639	2.1	(5.4)
Fixed Income	266	269	158	84	59	(29.8)	(77.8)
Total Institutional & HNW Separate Accounts	13,630	13,458	13,287	12,466	12,698	1.9	(6.8)
Investment Partnerships	854	831	745	634	681	7.4	(20.3)
Total Assets Under Management	$ 28,048	$ 27,623	$ 27,638	$ 26,798	$ 27,646	3.2	(1.4)

Recent regulatory developments

On September 3, 2003, the New York Attorney General's office ("NYAG") announced that it had found evidence of widespread improper trading involving mutual fund shares. These transactions included the "late trading" of mutual fund shares after the 4:00 p.m. pricing cutoff and "time zone arbitrage" of mutual fund shares designed to exploit pricing inefficiencies. Since the NYAG's announcement, the NASD, the SEC, the NYAG and officials of other states have been conducting inquiries into and bringing enforcement actions related to trading abuses in mutual fund shares. We have received information requests and subpoenas from the SEC and the NYAG in connection with their inquiries. We are complying with these requests for documents and testimony and have been conducting an internal review of our mutual fund practices and procedures in a variety of areas with the guidance of outside counsel. A special committee of all of our independent directors was also formed to review various issues involving mutual fund share transactions and was assisted by independent counsel.

As part of our review, hundreds of documents were examined and approximately fifteen individuals were interviewed. We have found no evidence that any employee participated in or facilitated any "late trading". We also have found no evidence of any improper trading in our mutual funds by our investment professionals or senior executives. As we previously reported, we did find that in August of 2002, we banned an account, which had been engaging in frequent trading in our Global Growth Fund (the prospectus of which did not impose limits on frequent trading) and which had made a small investment in one of our hedge funds, from further transactions with our firm. Certain other investors had been banned prior to that. Since our internal review and requests from regulators for documents and testimony are ongoing, we can make no assurances that additional information will not become available or that we will not become subject to disciplinary action.

In September 2005, we were informed by the staff of the Securities and Exchange Commission that they may recommend to the Commission that one of our advisory subsidiaries be held accountable for the actions of two of the seven closed-end funds managed by the subsidiary relating to Section 19(a) and Rule 19a-1 of the Investment Company Act of 1940. These provisions require registered investment companies to provide written statements to shareholders when a dividend is made from a source other than net investment income. While the funds sent annual statements containing the required information and 1099 statements as required by the IRS, the funds did not send written statements to shareholders with each distribution in 2002 and 2003. The staff indicated that they may recommend to the Commission that administrative remedies be sought, including a monetary penalty. The closed-end funds changed their notification procedures and we believe that all of the funds are now in compliance.

In response to industry-wide inquiries and enforcement actions, a number of regulatory and legislative initiatives were introduced. The SEC has proposed and adopted a number of rules under the Investment Company Act and the Investment Advisers Act and is currently studying potential major revisions of other rules. The SEC adopted rules requiring written compliance programs for registered investment advisers and registered investment companies and additional disclosures regarding portfolio management and advisory contract renewals. In addition, several bills were introduced in a prior Congress that, if adopted, would have amended the Investment Company Act. These proposals, if reintroduced and enacted, or if adopted by the SEC, could have a substantial impact on the regulation and operation of our registered and unregistered funds. For example, certain of these proposals would, among other things, limit or eliminate Rule 12b-1 distribution fees, limit or prohibit third party soft dollar arrangements and restrict the management of hedge funds and mutual funds by the same portfolio manager.

In the coming months, the investment management industry is likely to continue facing a high level of regulatory scrutiny and become subject to additional rules designed to increase disclosure, tighten controls and reduce potential conflicts of interest. In addition, the SEC has substantially increased its use of focused inquiries in which it requests information from a number of fund complexes regarding particular practices or provisions of the securities laws. We participate in some of these inquiries in the normal course of our business. Changes in laws, regulations and administrative practices by regulatory authorities, and the associated compliance costs, have increased our cost structure and could in the future have a material impact.

The following discussion should be read in conjunction with the Condensed Consolidated Financial Statements and the notes thereto included in Item 1 to this report.

RESULTS OF OPERATIONS

To provide a better understanding of core results and trends, we have also provided our results before adjusting for FASB Interpretation No. 46R ("FIN 46R") and Emerging Issue Task Force 04-5 ("EITF 04-5"). These results, before the adjustments for FIN 46R and EITF 04-5, are not presented in accordance with generally accepted accounting principles ("GAAP") in the United States and are analyzed versus 2005 results beginning on page 18. A reconciliation of these non-GAAP financial measures to results presented in accordance with GAAP is presented below.

Three Months Ended March 31, 2006 Compared To Three Months Ended March 31, 2005

Consolidated Results – Three Months Ended March 31st:

(Unaudited; in thousands, except per share data)

	2005 (a)	2006 (a) (b)	2006 (c)	2006 (d) (a)
Revenues				
Investment advisory and incentive fees	$ 52,713	$ 51,361	($ 963)	$ 50,398
Commission revenue	2,465	3,451	-	3,451
Distribution fees and other income	5,135	5,435	-	5,435
Total revenues	60,313	60,247	(963)	59,284
Expenses				
Compensation and related costs	25,622	25,277	-	25,277
Management fee	2,206	3,367	-	3,367
Distribution costs	6,213	5,215	-	5,215
Other operating expenses	6,556	7,202	189	7,391
Total expenses	40,597	41,061	189	41,250
Operating income	19,716	19,186	(1,152)	18,034
Other income (expense)				
Net gain from investments	595	9,353	13,772	23,125
Interest and dividend income	3,472	5,048	1,325	6,373
Interest expense	(3,929)	(3,284)	(591)	(3,875)
Total other income (expense), net	138	11,117	14,506	25,623
Income before taxes and minority interest	19,854	30,303	13,354	43,657
Income tax provision	7,445	11,363	5,008	16,371
Minority interest	(20)	240	8,346	8,586
Net income	$ 12,429	$ 18,700	$ -	$ 18,700
Net income per share:				
Basic	$ 0.42	$ 0.64	$ -	$ 0.64
Diluted	$ 0.41	$ 0.63	$ -	$ 0.63

Reconciliation of Net income to Adjusted EBITDA:

	2005 (a)	2006 (a) (b)	2006 (c)	2006 (d) (a)
Net income	$ 12,429	$ 18,700	$ -	$ 18,700
Interest Expense	3,929	3,284	591	3,875
Income tax provision and minority interest	7,425	11,603	13,354	24,957
Depreciation and amortization	234	224	-	224
Adjusted EBITDA(e)	$ 24,017	$ 33,811	$ 13,945	$ 47,756

(a) As restated for the change in accounting method as described in note A in item 1 of this report.

(b) Financial results before adjustments of FIN 46R and EITF 04-5. (See note (b) below.)

(c) Adjustments relating to the adoption of FIN 46R and EITF 04-5. Beginning January 1, 2006, the provisions of FASB Interpretation No. 46R ("FIN 46R") and Emerging Issue Task Force 04-5 ("EITF 04-5") require consolidation of the majority of our investment partnerships and offshore funds managed by our subsidiaries into our consolidated financial statements. However, since we amended the agreements of certain investment partnerships and an offshore fund on March 31, 2006, FIN 46R and EITF 04-5 will only require us to consolidate these entities on our statement of income for the first quarter 2006, but will not require their consolidation on our statement of financial condition at March 31, 2006. In addition, these partnerships and offshore fund, for which the agreements were amended, are not required to be consolidated within our statement of income or on our statement of financial condition in future periods as long as we continue to not maintain a direct or indirect controlling financial interest. For the three months ended March 31, 2006, the consolidation of these entities had no impact on net income but does affect the classification of income between operating and other income. As a result, we have also provided our results before adjusting for FIN 46R and EITF 04-5 as we believe this basis is comparable to our reported results for the first quarter 2005. In addition, we believe these results will be more comparable to our results in future periods as long as we continue to not maintain a direct or indirect controlling financial interest.

(d) Financial results on a GAAP basis, including adjustments of FIN 46R and EITF 04-5.

(e) Adjusted EBITDA is defined as earnings before interest, taxes, depreciation and amortization, and minority interest. Adjusted EBITDA is a Non-GAAP measure and should not be considered as an alternative to any measure of performance as promulgated under accounting principles generally accepted in the United States nor should it be considered as an indicator of our overall financial performance. We use Adjusted EBITDA as a supplemental measure of performance as we believe it gives investors a more complete understanding of our operating results before the impact of investing and financing activities as a tool for determining the private market value of an enterprise.

Total revenues were $59.3 million in the first quarter of 2006 down $1.0 million or 1.7% from total revenues of $60.3 million reported in the first quarter of 2005. Operating income was $18.0 million, a decline of $1.7 million or 8.5% from the $19.7 million reported in the first quarter of 2005. Total other income, net of interest expense, rose to $25.6 million for the first quarter 2006. In the short-run, our results remain sensitive to changes in the equity market. Net income for the quarter was $18.7 million or $0.63 per fully diluted share versus $12.4 million or $0.41 per fully diluted share in the prior year’s quarter.

Investment advisory and incentive fees decreased $2.3 million or 4.4% to $50.4 million from the 2005 quarter. Investment partnership revenues declined to $0.6 million in the first quarter of 2006 from $2.0 million in the prior year period, due to the consolidation of the investment partnerships and offshore fund, in accordance with FIN 46R and EITF 04-5, that resulted in the elimination of revenues. Our closed-end funds revenue increased 21.6% to $10.3 million in the first quarter 2006 up from $8.4 million in the prior year’s quarter. This increase was derived principally from The Gabelli Global Gold, Natural Resources & Income Trust (AMEX: GGN) launched on March 29, 2005. For the first quarter 2006, our revenues of $20.1 million from open-end mutual funds were virtually unchanged from the prior year period. Revenues from our institutional and high net worth separate accounts business, which are generally billed based on asset levels at the beginning of a quarter, declined by 12.4% to $19.4 million in the first quarter 2006, down from $22.1 million in the 2005 quarter. The majority of this decline is attributable to lower fulcrum fees from the $2.3 million recorded in the 2005 period to $0.4 million in the 2006 period.

Commission revenues from our institutional research affiliate, Gabelli & Company, Inc., were $3.5 million in the first quarter of 2006, up 40.0% from $2.5 million in the same period a year earlier.

Revenues from the distribution of mutual funds and other income were $5.4 million in the first quarter of 2006 versus $5.1 million in the first quarter of 2005. The increase in fees is principally from higher average assets under management in class C shares, which have 12b-1 fees of 1%, in the 2006 period as compared to the prior year’s period. As previously discussed, several bills were introduced in the prior Congress that, if adopted, would, among other things, pose a risk to our future distribution fee revenue as Rule 12b-1 distribution fees may be limited or eliminated.

Total expenses, excluding management fee, were $37.9 million in the first quarter of 2006, a 1.3% decrease from total expenses of $38.4 million reported in the first quarter of 2005.

Compensation and related costs, which are largely variable, were $25.3 million or 1.3% lower than the $25.6 million recorded in the same period a year earlier. This decrease was primarily due to lower revenues versus the prior year’s quarter and accruals for variable compensation.

Distribution costs were $5.2 million, a decrease of 16.1% from $6.2 million in the prior year’s period, the decrease was principally the result of the elimination of a one-time charge from the 2005 quarter for one-time launch costs for GGN. Other operating expenses were higher by $0.8 million, a 12.7% increase to $7.4 million in the first quarter of 2006 from the prior year first quarter of $6.6 million. This increase included legal and accounting costs related to regulatory and corporate governance dynamics. Management fee expense, which is totally variable and based on pretax income, was $3.4 million in the first quarter of 2006 versus $2.2 million in the first quarter of 2005.

Other income, net of interest expense, was $25.6 million in the first quarter of 2006, a positive swing of $25.5 million from the $0.1 million gain reported in the first quarter of 2005. The net return from our corporate investment portfolio improved to $29.5 million in the 2006 first quarter from $4.1 million in the prior year's quarter as we benefited from the strength of the equity markets in the first quarter of 2006, including superb performance from our investments in our products as well as an increase in interest rates from the prior year as well as the inclusion of $14.5 million relating to adjustments for FIN 46R and EITF 04-5.

Interest expense was virtually the same at $3.9 million for both the first quarter of 2006 and the prior year. The increase related to the consolidation of the Investment Partnerships and offshore fund was offset principally by the effects of the April 1, 2005 repurchase of $50 million of the $100 million 5% convertible note.

The estimated effective tax rate for the first quarter of 2006 was 37.5%, the same as the prior year period.

Minority interest increased to $8.6 million in the 2006 quarter, principally related to the $8.3 million in adjustments related to the consolidation of investment partnerships and offshore fund in accordance with FIN 46R and EITF 04-5.

Comparison of 2006 financial results (before adjustments for FIN 46R and EITF 04-5) to 2005:

Total revenues were $60.2 million in the first quarter of 2006 down $0.1 million or 0.1% from total revenues of $60.3 million reported in the first quarter of 2005. Operating income was lower at $19.2 million, a decrease of $0.5 million or 2.7% from the prior year amount of $19.7 million. Total other income, net of interest expense, rose to $11.1 million for the first quarter 2006 from $0.1 million in the 2005 period. In the short-run, our results remain sensitive to changes in the equity market. Net income for the quarter was $18.7 million or $0.63 per fully diluted share versus $12.4 million or $0.41 per fully diluted share in the prior year's quarter.

Investment advisory and incentive fees, which comprised 85.3% of total revenues, were $51.4 million in the first quarter of 2006 down $1.4 million or 2.6% from the $52.7 million reported in the prior year's quarter. The lower revenues during the quarter were primarily driven by our institutional and high net worth separate accounts business, which are generally billed based on asset levels at the beginning of a quarter, declining by 12.4% to $19.4 million in the first quarter 2006, down from $22.1 million in the 2005 quarter. The majority of this decline is attributable to lower fulcrum fees from the $2.3 million recorded in the 2005 period to $0.4 million in the 2006 period. Our closed-end funds revenues increased 21.6% to $10.3 million in the first quarter 2006 up from $8.4 million in the prior year's quarter. This increase was derived principally from The Gabelli Global Gold, Natural Resources & Income Trust (AMEX: GGN) launched on March 29, 2005. For the first quarter 2006, our revenues of $20.1 million from open-end mutual funds were virtually unchanged from the prior year period.

Commission revenues from our institutional research affiliate, Gabelli & Company, Inc., were $3.5 million in the first quarter of 2006, up 40.0% from $2.5 million in the same period a year earlier.

Revenues from the distribution of mutual funds and other income were $5.4 million in the first quarter of 2006 versus $5.1 million in the first quarter of 2005. The increase in fees is principally from higher average assets under management in class C shares, which have 12b-1 fees of 1%, in the 2006 period as compared to the prior year's period. As previously discussed, several bills were introduced in the prior Congress that, if adopted, would, among other things, pose a risk to our future distribution fee revenue as Rule 12b-1 distribution fees may be limited or eliminated.

Total expenses, excluding management fee, were $37.7 million in the first quarter of 2006, a 1.8% decrease from total expenses of $38.4 million reported in the first quarter of 2005.

Compensation and related costs, which are largely variable, were $25.3 million or 1.3% lower than the $25.6 million recorded in the same period a year earlier. This decrease was primarily due to lower revenues versus the prior year's quarter and accruals for variable compensation costs.

Distribution costs were $5.2 million, a decrease of 16.1% from $6.2 million in the prior year's period, the decrease was principally the result of the elimination of a one-time charge from the 2005 quarter for one-time launch costs for GGN. Other operating expenses were higher by $0.6 million, a 9.9% increase to $7.2 million in the first quarter of 2006 from the prior year first quarter of $6.6 million. This increase included legal and accounting costs related to regulatory and corporate governance dynamics, including Sarbanes-Oxley compliance. Management fee expense, which is totally variable and based on pretax income, was $3.5 million in the first quarter of 2006 versus $2.3 million in the first quarter of 2005.

Other income, net of interest expense, was $11.1 million in the first quarter of 2006, a positive swing of $11.0 million from the $0.1 million gain reported in the first quarter of 2005. The net return from our corporate investment portfolio improved to $14.4 million in the 2006 first quarter from $4.1 million in the prior year's quarter as we benefited from the strength of the equity markets in the first quarter of 2006, including superb performance from our investments in our products as well as an increase in interest rates from the prior year.

Interest expense fell to $3.3 million in the first quarter of 2006 from $3.9 million in the prior year's first quarter. This decrease is a result of the April 1, 2005 repurchase of $50 million of the $100 million 5% convertible note and the remarketing of the senior notes in November 2004, which reduced the interest rate from 6.0% to 5.22%.

The estimated effective tax rate for the first quarter of 2006 was 37.5%, the same as the prior year period.

LIQUIDITY AND CAPITAL RESOURCES

Our assets are primarily liquid, consisting mainly of cash, short term investments, securities held for investment purposes and investments in partnerships and affiliates in which we are a general partner, limited partner or investment manager. Investments in partnerships and affiliates are generally illiquid, however the underlying investments in such entities are generally liquid and the valuations of the investment partnerships and affiliates reflect this underlying liquidity.

Summary cash flow data is as follows:

	Three Months Ended March 31,	
	2005 (a)	2006 (a)
Cash flows (used in) provided by:	(in thousands)	
Operating activities	$ 28,988	$ (39,590)
Investing activities	(3,944)	(1,520)
Financing activities	50,804	(6,827)
Increase (decrease)	75,848	(47,937)
Net increase in cash from investment partnerships and offshore funds consolidated under FIN 46R and EITF 04-5	-	1,550
Effect of exchange rates on cash and cash equivalents	(17)	68
Cash and cash equivalents at beginning of period	257,096	173,161
Cash and cash equivalents at end of period	$ 332,927	$ 126,842

(a) As restated for (1) the change in accounting method which was previously reported on Form 10-Q/A (Amendment No. 2) filed with the Securities and Exchange Commission on November 9, 2006 as described in Note A in item 1 of this report on Form 10-Q/A, and (2) the reporting of individual assets and liabilities of certain proprietary investment accounts as described in Note A in item 1 of this report on Form 10-Q/A.

Cash requirements and liquidity needs have historically been met through cash generated by operating activities and through our borrowing capacity. We have received investment grade ratings from both Moody's Investors Services and Standard & Poor's Rating Services. These investment grade ratings expand our ability to attract both public and private capital. In February 2005, our Board of Directors authorized a plan to file a "shelf" registration statement on Form S-3, which was filed on June 13, 2005. Our shelf registration, which was declared effective on May 8, 2006, provides us opportunistic flexibility to sell any combination of senior and subordinate debt securities, convertible debt securities, equity securities (including common and preferred stock), and other securities up to a total amount of $400 million. This authorization is in addition to the remaining $120 million available under our "shelf" registration filed in 2001.

At March 31, 2006, we had total cash and cash equivalents of $126.8 million, a decrease of $46.3 million from December 31, 2005. Gabelli has established a collateral account, consisting of cash and cash equivalents and investments in securities totaling $52.3 million, to secure a letter of credit issued in favor of the holder of the $50 million 5% convertible note. On April 1, 2005, the letter of credit was reduced to $51.3 million and extended to September 22, 2006, which coincides with the date of a put option the note holder may exercise. Additionally, the principal of the convertible note was reduced to $50 million and limitations on the issuance of additional debt were removed. Cash and cash equivalents and investments in securities held in the collateral account are restricted from other uses until the date of expiration and cash and cash equivalents and investments in securities held by investment partnerships and offshore funds consolidated under FIN 46R and EITF 04-5 are also restricted from use for general operating purposes. Total debt at March 31, 2006 was $232.3 million, consisting of the $50 million 5% convertible note, $100 million of 5.5% non-callable senior notes due May 15, 2013 and $82.3 million in 5.22% senior notes due February 17, 2007, issued pursuant to our mandatory convertible securities.

For 2006, cash used in operating activities was $39.6 million principally resulting from $287.6 million in purchases of investments in securities, a $62.9 million increase in receivable from brokers, $1.2 million in purchases of investments in partnerships and affiliates and $38.4 million from the net effects of the FIN 46R and EITF 04-5 consolidation. This was partially offset by $18.7 million in net income, proceeds from sales of investments in securities of $321.5 million, $1.0 million in distributions from investments in partnerships and affiliates and an increase in minority interest payable of $0.2 million. Excluding the net effects of the consolidation of investment partnerships and offshore funds, our cash used in operating activities was $1.2 million.

Cash used in investing activities, related to purchases and sales of available for sale securities, was $1.5 million in the first three months of 2006.

Cash used in financing activities in the first three months of 2006 was $6.8 million. The decrease in cash principally resulted from net contributions of $28.2 million related to investment partnerships and offshore funds consolidated under FIN 46R and EITF 04-5. This was partially offset by $35.2 million in dividends paid and the repurchase of our class A common stock under the Stock Repurchase Program and by the $0.2 million received from the exercise of non-qualified stock options that further generated cash tax savings of $0.1 million. Excluding the net effects of the consolidation of investment partnerships and offshore funds, our net cash used in financing activities was $35.0 million.

For 2005, cash provided by operating activities was $29.0 million principally resulting from proceeds from sales of investments in securities of $407.6 million, $29.6 million in distributions from investments in partnerships and affiliates and $12.4 million in net income partially offset by $400.4 million in purchases of investments in securities, a $22.1 million increase in receivable from brokers and $6.6 million in purchases of investments in partnerships and affiliates.

Cash used in investing activities, related to purchases and sales of available for sale securities, was $3.9 million in the first three months of 2005.

Cash provided by financing activities in the first three months of 2005 was $50.8 million. The increase in cash principally resulted from the $70.6 million in proceeds from the issuance of 1.5 million shares of class A common stock in settlement of the purchase contracts issued pursuant to our mandatory convertible securities and $0.3 million received from the exercise of non-qualified stock options that further generated cash tax savings of $0.1 million partially offset by $18.0 million in dividends paid and the repurchase of our class A common stock under the Stock Repurchase Program of $2.1 million.

Based upon our current level of operations and anticipated growth, we expect that our current cash balances plus cash flows from operating activities and our borrowing capacity will be sufficient to finance our working capital needs for the foreseeable future. We have no material commitments for capital expenditures.

Gabelli & Company, Inc., a subsidiary of Gabelli, is registered with the Securities and Exchange Commission as a broker-dealer and is a member of the National Association of Securities Dealers. As such, it is subject to the minimum net capital requirements promulgated by the Commission. Gabelli & Company's net capital has historically exceeded these minimum requirements. Gabelli & Company computes its net capital under the alternative method permitted by the Commission, which requires minimum net capital of the greater of $250,000 or 2% of the aggregate debt items in the reserve formula for those broker-dealers subject to Rule 15c3-3. The requirement was $250,000 at March 31, 2006. At March 31, 2006, Gabelli & Company had net capital, as defined, of approximately $17.2 million, exceeding the regulatory requirement by approximately $16.9 million. Regulatory net capital requirements increase when Gabelli & Company is involved in underwriting activities.

Market Risk

Our primary market risk exposure is to changes in equity prices and interest rates. Since over 95% of our AUM are equities, our financial results are subject to equity-market risk as revenues from our money management services are sensitive to stock market dynamics. In addition, returns from our proprietary investment portfolio are exposed to interest rate and equity market risk.

We are subject to potential losses from certain market risks as a result of absolute and relative price movements in financial instruments due to changes in interest rates, equity prices and other factors. Our exposure to market risk is directly related to our role as financial intermediary, advisor and general partner for assets under management in our mutual funds, institutional and separate accounts business, investment partnerships and our proprietary investment activities.

With respect to our proprietary investment activities, included in investments in securities of $412.0 million at March 31, 2006 were investments in Treasury Bills and Notes of $195.1 million, in mutual funds, largely invested in equity products, of $107.7 million, a selection of common and preferred stocks totaling $85.6 million and other investments of approximately $23.6 million. Investments in mutual funds generally lower market risk through the diversification of financial instruments within their portfolio. In addition, we may alter our investment holdings from time to time in response to changes in market risks and other factors considered appropriate by management. Of the approximately $85.6 million invested in common and preferred stocks at March 31, 2006, $23.0 million is related to our investment in Westwood Holdings Group Inc. and $22.4 million is invested in risk arbitrage opportunities in connection with mergers, consolidations, acquisitions, tender offers or other similar transactions. Investments in partnerships and affiliates totaled $89.3 million at March 31, 2006, the majority of which consisted of investment partnerships and offshore funds which invest in risk arbitrage opportunities. These transactions generally involve announced deals with agreed upon terms and conditions, including pricing, which typically involve less market risk than common stocks held in a trading portfolio. The principal risk associated with risk arbitrage transactions is the inability of the companies involved to complete the transaction.

GAMCO’s exposure to interest rate risk results, principally, from its investment of excess cash in U.S. Government obligations. These investments are primarily short term in nature and the carrying value of these investments generally approximates market value.

Our revenues are largely driven by the market value of our assets under management and are therefore exposed to fluctuations in market prices. Investment advisory fees for mutual funds are based on average daily asset values. Management fees earned on institutional and high net worth separate accounts, for any given quarter, are generally determined based on asset values on the last day of the preceding quarter. Any significant increases or decreases in market value of institutional and high net worth separate accounts assets managed which occur on the last day of the quarter will generally result in a relative increase or decrease in revenues for the following quarter.

Recent Accounting Developments

We adopted SFAS 123 (R) on January 1, 2005. In light of our modified prospective adoption of the fair value recognition provisions of SFAS 123 (R) for all grants of employee stock options, the adoption of SFAS 123 (R) did not have a material impact on our consolidated financial statements.

In January 2003 the FASB issued Interpretation No. 46, "Consolidation of Variable Interest Entities" which was subsequently revised in December 2003 by FASB Interpretation No. 46(R) ("FIN 46R"). FIN 46R provides new criteria for determining whether or not consolidation accounting is required for activities that were prior to FIN 46R off-balance sheet activities conducted through certain types of entities. This interpretation focuses on financial interests in entities (i.e., variable interests) that indicate control despite the absence of clear control through voting interest. It concludes that a company's exposure (variable interest) to the economic risks and rewards from the entity's assets and activities are the best evidence of control. The interpretation requires that these variable interest entities ("VIEs") be subject to consolidation if the company holding the variable interest is subject to a majority of the expected losses or will receive a majority of the expected residual returns of the VIE (the "primary beneficiary"). As the primary beneficiary, it would be required to include the variable interest entity's assets, liabilities and results of operations in its own financial statements.

In June 2005, the FASB ratified the consensus EITF 04-5, "Determining Whether a General Partner, or the General Partners as a Group, Controls a Limited Partnership or Similar Entity When the Limited Partners Have Certain Rights", which provides guidance in determining whether a general partner controls a limited partnership. The provisions of EITF 04-5 are not applicable to limited partnerships or similar entities accounted for as VIEs pursuant to FIN 46R.

We adopted FIN 46R and EITF 04-5 on January 1, 2006 and have, in accordance with the terms of the provisions of these pronouncements, consolidated the majority of our investment partnerships and offshore funds that are managed by our subsidiaries and are not determined to be VIEs for the three months ended and at March 31, 2006. However, due to amendments effected to some of these partnership and offshore fund agreements during the three month period ended March 31, 2006, consolidation of these entities ceased on March 31, 2006 in accordance with FIN 46R and EITF 04-5. Accordingly, these entities are consolidated on our statement of income for the three months ended March 31, 2006 but not on the statement of financial condition at March 31, 2006.

We have also consolidated five other investment partnerships and two other offshore funds in which we have a direct or indirect controlling financial interest within our consolidated financial statements as of and for the period ended March 31, 2006. These entities will continue to be consolidated in future periods as long as we continue to maintain a direct or indirect controlling financial interest.

In November 2005, the FASB issued FSP FAS 115-1, "The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments." This FSP addresses the determination of when an investment is considered impaired, whether that impairment is other than temporary, and the measurement of an impairment loss. The FSP also includes considerations for the accounting subsequent to the recognition of an other-than-temporary ("OTT") impairment and requires certain disclosures about unrealized losses that have not been recognized as OTT impairments. The guidance in this FSP amends FASB Statements No. 115, "Accounting for Certain Investments in Debt and Equity Securities," and No. 124, "Accounting for Certain Investments Held by Not-for-Profit Organizations," and APB Opinion No. 18, "The Equity Method of Accounting for Investments in Common Stock." The FSP is effective for reporting periods beginning after December 15, 2005. The Company adopted this Statement on January 1, 2006. The adoption is not expected to have a material impact on the Company's future consolidated financial statements.

In February 2006, the FASB issued FASB Statement No. 155, "Accounting for Certain Hybrid Financial Instruments – an amendment of FASB Statement No. 133 and 140," that amends FASB Statements No. 133 "Accounting for Derivative Instruments and Hedging Activities," and No. 140 "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities." The Statement permits fair value remeasurement for any hybrid financial instrument that contains an embedded derivative that otherwise would require bifurcation; clarifies which interest-only strips and principle-only strips are not subject to the requirements of Statement 133; establishes a requirement to evaluate interests in securitized financial assets to identify interests that are freestanding derivatives or that are hybrid financial instruments that contain an embedded derivative requiring bifurcation; Clarifies that concentrations of credit risk in the form of subordination are not embedded derivatives; amends Statement 140 to eliminate the prohibition on a qualifying special-purpose entity from holding a derivative financial instrument that pertains to a beneficial interest other than another derivative financial instrument. Statement 155 does not permit prior period restatement. The Statement is effective for all financial instruments acquired or issued after the beginning of an entity's first fiscal year that begins after September 15, 2006. The Company plans to adopt this Statement on January 1, 2007. The adoption is not expected to have a material impact on the Company's future consolidated financial statements.

In March 2006, the FASB issued FASB Statement No. 156, "Accounting for Servicing of Financial Assets," which amends FASB Statements No. 140 "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities." The Statement permits an entity to choose either the amortization method or fair value measurement method for each class of separately recognized servicing assets and servicing liabilities. The Statement is effective as of the beginning of an entity's first fiscal year that begins after September 15, 2006. The Company plans to adopt this Statement on January 1, 2007. The adoption is not expected to have a material impact on the Company's future consolidated financial statements.

In April 2006, the FASB issued FSP FIN 46R-6 "Determining the Variability to be Considered in Applying FASB Interpretation No. 46(R)." The FSP addresses certain major implementation issues related to FIN 46R, specifically how a reporting enterprise should determine the variability to be considered in applying FIN 46R. The FSP is effective as of the beginning of the first day of the first reporting period beginning after June 15, 2006. The Company plans to adopt this Statement on January 1, 2007. The adoption is not expected to have a material impact on the Company's future consolidated financial statements.

Item 4. Controls and Procedures

Management, with the participation of the Chief Executive Officer and under the supervision of the Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures, as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as of December 31, 2006. In conducting the aforementioned evaluation and assessment, management identified two material weaknesses in internal control over financial reporting relating to (i) the reporting of individual assets and liabilities of certain proprietary investment accounts in accordance with U.S. generally accepted accounting principles and (ii) the evaluation of and accounting for certain non-routine transactions in accordance with U.S. generally accepted accounting principles, as further described Item 9A (b) of the Company's Form 10-K. These deficiencies were identified during the course of the 2006 audit. Accordingly, because of these material weaknesses, management concluded that the Company's disclosure controls and procedures were not effective, with respect to these items, as of December 31, 2006.

As a result of the first material weakness, the Company restated its December 31, 2005 consolidated financial statements, included in Item 8 of the Company's Form 10-K, to properly reflect these proprietary investments. This first material weakness also resulted in errors in the Company's interim consolidated financial statements for the periods ended March 31, 2006, June 30, 2006, and September 30, 2006.

Based upon the evaluation described above, management concluded that, as of March 31, 2006, the Company did not maintain effective internal control over financial reporting because of the effect of the material weaknesses described above.

However, subsequent to December 31, 2006, we have taken steps to strengthen our disclosure controls, procedures and internal controls over financial reporting. These steps were taken to strengthen our processes relating to the material weaknesses discussed above. Specifically, we have implemented or are in the process of implementing the following internal control improvements:

- With regard to the first material weakness, we have implemented a new procedure to review the accounting treatment for all proprietary investments on a regular basis. We have also worked with the personnel in our operations and accounting areas who are responsible for the accounting for these proprietary investments to ensure that appropriate procedures are in place to more closely monitor proprietary investments. Although these design changes have been implemented, management has not had the opportunity to evaluate the operating effectiveness of these revised controls.
- With regard to the second material weakness, we are formalizing the process for identifying and evaluating non-routine and/or non-recurring transactions to ensure that the revised procedures will detect

such transactions on a timely basis and ensure adequate evaluation for conformity with U.S. generally accepted accounting principles. This process is expected to be fully implemented in the first half of 2007.

Forward-Looking Information

Our disclosure and analysis in this 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.

Part II: Other Information

Item 2. Changes in Securities, Use of Proceeds and Issuer Purchases of Equity Securities

The following table provides information with respect to the shares of common stock we repurchased during the three months ended March 31, 2006:

Period	(a) Total Number of Shares Repurchased	(b) Average Price Paid Per Share, net of Commissions	(c) Total Number of Shares Repurchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number of Shares That May Yet Be Purchased Under the Plans or Programs
GBL				
1/01/06 – 1/31/06	36,000	$ 44.18	36,000	1,046,793
2/01/06 – 2/28/06	543,632	$ 44.62	543,632	503,161
3/01/06 – 3/31/06	198,900	$ 42.77	198,900	804,261
Totals	778,532		778,532	

In March 2006 we announced an increase of 500,000 shares of GBL available to be repurchased under our stock repurchase program. Our stock repurchase programs are not subject to expiration dates.

Item 6. (a) Exhibits

18.1 Preferability letter

31.1 Certification by Chief Executive Officer Pursuant to Rule 13a-14 (a) and 15d-14 (a) as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

31.2 Certification by Interim Chief Financial Officer Pursuant to Rule 13a-14 (a) and 15d-14 (a) as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

32.1 Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

32.2 Certification of Interim Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

GAMCO INVESTORS, INC.
(Registrant)

April 13, 2007
Date

/s/ John C. Ferrara
John C. Ferrara
Interim Chief Financial Officer