

NOTES ON NON-GAAP FINANCIAL MEASURES

A.

	9/30/08	12/31/07	9/30/07
Cash and cash equivalents	\$ 165.1	\$ 168.3	\$ 195.9
Investments (marketable securities)	328.8	358.3	336.1
Total cash and investments (marketable securities)	493.9	526.6	532.0
Net amounts receivable from/(payable to) brokers	36.0	32.6	29.8
Adjusted cash and investments (marketable securities)	529.9	559.2	561.8
Investments (available for sale)	116.9	134.5	137.2
Total adjusted cash and investments	\$ 646.8	\$ 693.7	\$ 699.0

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

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

- B. Operating income before management fee expense is used by management for purposes of evaluating its business operations. We believe this measure is useful in illustrating the operating results of GAMCO Investors, Inc. (the "Company") as management fee expense is based on pre-tax income before management fee expense, which includes non-operating items including investment gains and losses from the Company's proprietary investment portfolio and interest expense. The reconciliation of operating income before management fee expense to operating income is provided in Table IV.
- C. Operating income before management fee expense per share and other income, net per share is used by management for purposes of evaluating its business operations. We believe this measure is useful in comparing the operating and non-operating results of the Company for the purposes of understanding the composition of net income per fully diluted share. The reconciliation of operating income before management fee expense per share and other income, net per share to net income per fully diluted share is provided below.

	3rd Quarter		YTD September	
	2008	2007	2008	2007
Operating income before management fee	\$ 23,013	\$ 30,641	\$ 72,044	\$ 75,170
Management fee expense	(2,301)	(3,091)	(7,204)	(7,519)
Tax expense (excluding reserve adjustments)	(7,353)	(11,632)	(24,818)	(27,064)
Minority interest (expense)/income	(21)	(21)	(39)	(32)
Operating income (after management fee and taxes)	\$ 13,338	\$ 15,897	\$ 39,983	\$ 40,555
per fully diluted share	\$ 0.47	\$ 0.54	\$ 1.39	\$ 1.39
Other income (loss), net	\$ (5,585)	\$ 4,496	\$ (9,260)	\$ 28,718
Management fee (expense)/benefit	561	(450)	897	(2,872)
Tax (expense)/benefit	1,790	(1,708)	3,201	(10,338)
Minority interest (expense)/income	155	102	374	(563)
Other income (loss), net (after management fee and taxes)	\$ (3,080)	\$ 2,440	\$ (4,788)	\$ 14,945
Add back interest on convertible note	\$ 600	\$ 750	\$ 1,838	\$ 2,250
Management fee expense	(60)	(75)	(184)	(225)
Tax expense	(197)	(246)	(604)	(739)
Net income attributable to interest add back	343	429	1,050	1,286
Other income (loss), net and interest add back (after management fee and taxes)	\$ (2,737)	\$ 2,869	\$ (3,738)	\$ 16,231
per fully diluted share	\$ (0.10)	\$ 0.10	\$ (0.13)	\$ 0.56
Net income per fully diluted share	<u>\$ 0.37</u>	<u>\$ 0.64</u>	<u>\$ 1.26</u>	<u>\$ 1.95</u>

SPECIAL NOTE REGARDING FORWARD-LOOKING INFORMATION

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

achieve our expectations or if we receive any additional information relating to the subject matters of our forward-looking statements.