GRAINGER W W INC
Form 4
July 10, 2007

FORM 4

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL

OMB Number:	3235-0287
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(Print or Type Responses)

1. Name and Address of Reporting Person *
RYAN JAMES T
(Last) (First) (Middle)
100 GRAINGER PARKWAY
(Street)
LAKE FOREST, IL 60045-5201
(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
GRAINGER W W INC [GWW]

3. Date of Earliest Transaction (Month/Day/Year)
07/09/2007

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer
(Check all applicable)
__X__ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
President and COO

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8) Code	V	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) Amount	(A) or (D)	Price	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
Common Stock	07/09/2007		M		10,000	A	$ 54.61	112,713	D	
Common Stock	07/09/2007		M		15,840	A	$ 45.5	128,553	D	
Common Stock	07/09/2007		S (1)		25,840	D	$ 95	102,713	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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number.

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)	
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Option	$ 54.61	07/09/2007		M			10,000	04/24/2005	04/23/2012	Common Stock	10,000
Option	$ 45.5	07/09/2007		M			15,840	04/30/2006	04/29/2013	Common Stock	15,840
Option	$ 54.14							04/28/2007	04/27/2014	Common Stock	20,000
Option	$ 52.29							04/27/2008	04/26/2015	Common Stock	27,000
Option	$ 76.61							04/26/2009	04/25/2016	Common Stock	25,000
Option	$ 83.08							04/25/2010	04/24/2017	Common Stock	30,000

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
RYAN JAMES T 100 GRAINGER PARKWAY LAKE FOREST, IL 60045-5201	X		President and COO	

Signatures

J. L. Howard, as attorney-in-fact	07/10/2007
**Signature of Reporting Person	Date

Explanation of Responses:

***** If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

****** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Sale pursuant to a previously adopted Rule 10b5-1 trading program.

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Biographical information for Mr. Gabelli appears above under “Election of Directors – The Nominees”. Brief biographical sketches of the other executive officers listed above are set forth below.

Douglas R. Jamieson has served as President and Chief Operating Officer of the Company since August 2004. He has served as Executive Vice President and Chief Operating Officer of GAMCO Asset Management Inc. from 1986 to 2004, as President since 2004 and as a director of GAMCO Asset Management Inc. from 1991 to the present.

Mr. Jamieson also serves as President and a director of Gabelli Securities, Inc. (a majority-owned subsidiary of the Company) and GAMCO Asset Management (UK) Ltd. (a wholly-owned subsidiary of the Company). Mr. Jamieson served on the Board of Teton from 2005 through 2010. Mr. Jamieson also serves as a director of several Investment Partnerships that are managed by Gabelli Securities, Inc. Mr. Jamieson was a securities analyst with Gabelli & Company, Inc. (now known as G.research, Inc.) one of the Company’s broker-dealer subsidiaries, from 1981 to 1986. He was a director of GGCP from December 2005 through December 2009, and served as an advisor to the GGCP board through 2010.

13

Table of contents

Robert S. Zuccaro has served as the Executive Vice President and Chief Financial Officer since February 2011. Mr. Zuccaro was the Chief Financial Officer of Commonwealth Management Partners, LLLP, a privately-held investment management company, from March 2009 through February 2011. Mr. Zuccaro serves as the Chief Financial Officer of a number of subsidiaries of GAMCO. Previously, Mr. Zuccaro was Executive Vice President and Chief Accounting Officer with National Financial Partners Corp. from 2003 through 2008 and the Chief Financial Officer of GAMCO from 1998 to 2003. Prior to joining GAMCO in 1998, Mr. Zuccaro was the Vice President and Treasurer of Cybex International, where he worked for thirteen years. Mr. Zuccaro was previously with Shearson Lehman Bros and began his career with Ernst & Young. Mr. Zuccaro served on the Board of Teton and ICTC Group, Inc. from 2010 to 2013. Mr. Zuccaro has been the Chief Financial Officer of Teton since February 2011. Mr. Zuccaro also serves as a director of several Investment Partnerships that are managed by Gabelli Securities, Inc. Mr. Zuccaro is a Certified Public Accountant.

Kevin Handwerker has served as Executive Vice President, General Counsel and Secretary of the Company since November 2013. Mr. Handwerker was Managing Director at Neuberger Berman LLC from 2000 through October 2013. Previously, Mr. Handwerker held senior positions in National Financial Partners Corp. and J.P. Morgan Investment Management Inc. He began his law career at Shearman & Sterling LLP, representing financial institutions and other entities in public and private financings, mergers and acquisitions and merchant banking transactions. Mr. Handwerker received his J.D. from Fordham University School of Law after earning his B.S. in Accounting, summa cum laude, from the State University of New York at Albany.

Agnes Mullady has served as a Senior Vice President of the Company since 2008, as the President and Chief Operating Officer of the Fund Division of Gabelli Funds, LLC since 2010, as a Vice President of Gabelli Funds, LLC since 2006, and since 2011, as Chief Executive Officer of G.distributors, LLC, one of the Company’s broker-dealer subsidiaries. Ms. Mullady also serves as an officer of all of the Gabelli/GAMCO Funds. Ms. Mullady served as the President of the Closed-End Fund Division of Gabelli Funds, LLC from 2007 through 2010. In addition, she oversees the financial reporting of the affiliated open and closed-end funds for the Company. Prior to joining the Company in December 2005, Ms. Mullady was a Senior Vice President at U.S. Trust Company and Treasurer and Chief Financial Officer of the Excelsior Funds from 2004 through 2005.

Bruce N. Alpert has served as Senior Vice President of the Company since May 2008. Mr. Alpert served as Vice President and Chief Operating Officer of Gabelli Funds, LLC or its predecessor from 1988 to 1999, and became Executive Vice President and Chief Operating Officer of Gabelli Funds, LLC in 1999. Mr. Alpert is an officer of certain of the Gabelli/GAMCO Funds. Mr. Alpert also served as a director of Teton Advisors, Inc. from 1998 through May 2012, and was its President from 1998 through 2008 and Chairman from 2008 through 2010. He served as Chief Compliance Officer of the Gabelli/GAMCO Funds and Gabelli Funds, LLC from 2012 through 2014. From 1986 until June 1988, he worked at the InterCapital Division of Dean Witter as Vice President and Treasurer of the mutual funds sponsored by Dean Witter. From 1983 through 1986, he worked at Smith Barney Harris Upham & Co. (“Smith Barney”) as Vice President in the Financial Services Division and as Vice President and Treasurer of the mutual funds sponsored by Smith Barney. Prior to Smith Barney, Mr. Alpert was an Audit Manager and Specialist at Price Waterhouse in the Investment Company Industry Services Group, where he was employed from 1975 through 1983. Mr. Alpert is a Certified Public Accountant.

Henry G. Van der Eb has served as Senior Vice President of the Company since August 2004 and is a senior advisor to management in all aspects of our business. He has served as a Senior Vice President with Gabelli Funds, LLC and GAMCO Asset Management Inc. since October 1999, when he joined the Company after managing his privately held investment advisory firm (Mathers and Company, Inc.), which was acquired by the Company in October 1999. Mr. Van der Eb is a portfolio manager for the Company and is a Chartered Financial Analyst.

COMPENSATION OF EXECUTIVE OFFICERS

COMPENSATION DISCUSSION AND ANALYSIS

The investment management and securities industries are highly competitive, and experienced professionals have significant career mobility. We believe that the ability to attract, retain and provide appropriate incentives for the highest quality professional personnel is important for maintaining our competitive position in the investment

management and securities industries, as well as for providing for the long-term success of GAMCO.
14

Table of contents

Most of GAMCO's compensation expense is incentive-based variable compensation that will increase or decrease based on the revenues from our assets under management. Since 1977, we have generally paid out up to 40% of the revenues or net operating contribution to the marketing staff and portfolio managers who introduce, service or generate our separate account and mutual fund business, with payments involving the separate accounts being typically based on revenues, and payments involving the mutual funds being typically based on net operating contribution. We believe that the variable compensation formulas in place for our marketing staff and portfolio managers provide significant incentives for the growth of our business and a cushion during periods of market decline. Our administrative, operations, legal and finance personnel generally receive the majority of their compensation in the form of base salaries and annual bonuses. We believe that GAMCO must pay competitive levels of cash compensation. We also believe that appropriate equity incentive programs may motivate and retain our professional personnel but that these programs must always be consistent with shareholder interests.

The Compensation Committee and the Board have continued to consider the results of the shareholders' non-binding vote in 2011 on our "say-on-pay" proposal. A substantial majority (over 99%) of the shares voted on our "say-on-pay" proposal approved the Company's executive compensation as described in our Compensation Discussion and Analysis and the accompanying tabular disclosures in the 2011 proxy statement. Because a majority of votes cast at the 2011 annual meeting of shareholders were in favor of having a "say-on-pay" vote every three years, the Board has adopted a triennial frequency policy. Therefore a "say-on-pay" vote was again held at the 2014 Annual Meeting of Shareholders. Once again a substantial majority (over 99%) of the shares voted on our "say-on-pay" proposal approved the Company's executive compensation as described in our Compensation Discussion and Analysis and the accompanying tabular disclosures in the 2014 proxy statement. As a result of this favorable vote, it was determined that no changes were necessary to our executive compensation program's design and administration. The Board believes that this continues to be the case.

Compensation of the Named Executive Officers

The compensation for our named executives (other than for Mr. Gabelli, whose compensation is described separately below under the section entitled "Chief Executive Officer Compensation") is composed of base salary, annual bonus compensation, equity compensation, incentive-based variable compensation and employee benefits.

· Base Salary

Mr. Gabelli recommends to the Compensation Committee the amounts of the base salaries for our named executives, other than Mr. Gabelli himself, which amounts are subject to the Committee's review and approval, and are not at the discretion of the named executives. Mr. Gabelli received no base salary in 2014.

· Annual Bonus

Mr. Gabelli recommends to the Compensation Committee the amounts of the annual bonuses for our named executives, other than Mr. Gabelli himself, which amounts are subject to the Committee's review and approval. The factors considered by Mr. Gabelli in making annual bonus recommendations are typically subjective, such as perceptions of the named executives' experience, performance and responsibilities. His recommendations may be but are not specifically tied to the performance of client assets, objectives set for each executive, the firm as a whole or the market value of our stock.

A portion of the annual bonuses for our named executives may be deferred for approximately 15 to 18 months. The terms of the deferrals are recommended by Mr. Gabelli to the Compensation Committee, which terms are subject to the Committee's review and approval, and are not at the discretion of the named executives. The deferrals typically earn a return equal to the greater of the return on our U.S. Treasury money market fund or the return of one of our investment partnerships after payment of the management fee but before payment of any incentive fee. In order to receive the deferred bonus payment, the named executive must be employed by the Company at the time of payment. There were no deferrals in 2014.

· Equity Compensation

Our executive compensation program may also include stock option or restricted stock awards (sometimes referred to hereinafter as "RSAs"), which are intended to provide additional incentives to increase shareholder value as well as retain qualified individuals. Mr. Gabelli makes recommendations to the Compensation Committee for the grant of

stock awards to corporate team members. Individual stock option award levels in past years and individual restricted stock award levels in 2014 and in past years were based upon a subjective evaluation of each named executive's overall past and expected future contribution. No formula was used to determine the timing or amount of option awards and RSAs for any individual.
15

Table of contents
· Variable Compensation
To the extent that they have the proper regulatory registrations, all of our staff, including the named executives, are eligible to receive incentive-based variable compensation for attracting or providing client service to separate accounts, shareholders of the Gabelli/GAMCO Funds or investors in our other products. Mr. Jamieson, who provides client service to a significant number of separate accounts, received the majority of his total 2014 compensation from variable compensation payments, as described below in note (d) to the Summary Compensation Table.
In the course of fulfilling Mr. Gabelli's duties, the Company at times brings on certain individuals to aid him. When this occurs, the Company offsets those costs by a reduction in compensation payable to Mr. Gabelli. In 2014, this amounted to $4,220,000. Of this amount, $350,000 was allocated to Mr. Jamieson for his service as President and Chief Operating Officer, $300,000 was allocated to Mr. Zuccaro for his service as Executive Vice President and Chief Financial Officer, $150,000 was allocated to Mr. Handwerker for his service as Executive Vice President General Counsel and Secretary, $350,000 was allocated to Ms. Mullady for her service as Senior Vice President, $150,000 was allocated to Mr. Alpert for his service as Senior Vice President, and $25,000 was allocated to Mr. Van der Eb for his service as Senior Vice President.
Chief Executive Officer Compensation
Mr. Gabelli received no base salary, no bonus, no stock options and no restricted stock awards in 2014, as has been the case for each year since our initial public offering in 1999. All of the compensation paid to Mr. Gabelli in 2014 was incentive-based variable compensation that was paid in accordance with Mr. Gabelli's Amended Employment Agreement, which revised his 1999 employment agreement as described under the heading "Employment Agreements" below.
Compensation Consultants
The Company has not retained compensation consultants to assist in determining or recommending the amount or form of executive and director compensation during its last fiscal year.
REPORT OF THE COMPENSATION COMMITTEE
The Compensation Committee reviewed and discussed with management the Compensation Discussion and Analysis appearing above. Based on this review and discussion, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis section be included in this proxy statement, which section is also incorporated by reference in GAMCO's Annual Report on Form 10-K.
COMPENSATION COMMITTEE
Robert S. Prather, Jr. (Chairman)
Richard L. Bready

Table of contents

SUMMARY COMPENSATION TABLE FOR 2014

The following table sets forth the cash and non-cash compensation for the fiscal years ended 2014, 2013 and 2012, respectively, paid to or earned by (i) our principal executive officer, (ii) our principal financial officer, and (iii) the other most highly compensated executive officers of the Company who were serving as of the end of the 2014 fiscal year. As used herein, the term "named executives" means all persons listed in the Summary Compensation Table.

Name and Principal Position	Year	Base Salary ($)		Bonus ($)		Stock Awards (f) ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)		Total ($)
Mario J. Gabelli	2014	-0-	(a)	-0-	(b)	-0-	-0-	88,518,411	(c)	88,518,411
Chairman of the Board,	2013	-0-	(a)	-0-	(b)	-0-	-0-	85,049,800	(c)	85,049,800
Chief Executive Officer and Chief Investment Officer-Value Portfolios	2012	-0-	(a)	-0-	(b)	-0-	-0-	68,970,486	(c)	68,970,486
Douglas R. Jamieson	2014	343,750		350,000		146,820	-0-	3,432,788	(d)	4,273,358
President and	2013	300,000		300,000		510,260	-0-	3,835,105	(d)	4,945,365
Chief Operating Officer	2012	300,000		300,000		-0-	-0-	3,451,586	(d)	4,051,586
Robert S. Zuccaro	2014	350,000		350,000		146,820	-0-	304,000	(e)	1,150,820
Executive Vice President	2013	350,000		350,000		551,035	-0-	304,000	(e)	1,555,035
and Chief Financial Officer	2012	350,000		300,000		160,913	-0-	254,000	(e)	1,064,913
Kevin Handwerker	2014	350,000		350,000		73,410	-0-	154,000	(g)	927,410
Executive Vice President, General Counsel and Secretary	2013	42,628	(g)	-0-		244,650	-0-	-0-		287,278
Agnes Mullady	2014	343,750		350,000		513,615	-0-	350,000	(h)	1,557,365
Senior Vice President, and President and Chief Operating	2013	300,000		300,000		973,140	-0-	350,000	(h)	1,923,140
Officer of the Fund Division	2012	300,000		300,000		86,980	-0-	200,000	(h)	886,980
Bruce Alpert	2014	350,000		180,000		-0-	-0-	163,077	(i)	693,077
Senior Vice President,	2013	345,833		150,000		353,765	-0-	138,809	(i)	988,407
and Executive Vice President, Chief Operating Officer, and Chief Compliance Officer of Gabelli Funds LLC	2012	300,000		150,000		-0-	-0-	63,084	(i)	513,084
Henry G. Van der Eb	2014	300,000		25,000		-0-	-0-	227,721	(j)	552,721
Senior Vice President	2013	300,000		75,000		139,410	-0-	187,446	(j)	701,856

2012	300,000	75,000	-0-	-0-	172,295	(j)	547,295

(a) Mr. Gabelli received no fixed salary. Refer to footnote (c).
(b) Mr. Gabelli received no bonus. Refer to footnote (c).
(c) Mr. Gabelli's remuneration for the 2014, 2013 and 2012 fiscal years was comprised of the following:

	Incentive Management Fee as CEO and Other of GAMCO* ($)	Portfolio Manager and Other Variable Remuneration ($)	Perquisites ($)	Total Remuneration ($)
2014	14,399,497	74,118,914	-0-	88,518,411
2013	16,509,508	68,540,292	-0-	85,049,800
2012	12,308,223	56,662,263	-0-	68,970,486

* As described in the Compensation Discussion and Analysis herein.

17

Table of contents

The amounts set forth under the heading "Incentive Management Fee as CEO and Other of GAMCO" consist of: $14,399,497 for 2014 (after reallocation to Mr. Jamieson of $350,000, to Mr. Zuccaro of $300,000, to Mr. Handwerker of $150,000, to Ms. Mullady of $350,000, to Mr. Alpert of $150,000, to Mr. Van der Eb of $25,000, to other staff members of $2,895,000, and after a waiver of his receipt of $7,352); $16,509,508 for 2013 (after reallocation to Mr. Jamieson of $250,000, to Mr. Zuccaro of $300,000, to Ms. Mullady of $350,000, to Mr. Alpert of $120,000, to Mr. Van der Eb of $25,000, to other staff members of $1,300,000, and after a waiver of his receipt of $1,380,231); and $12,308,223 for 2012 (after reallocation to Mr. Zuccaro of $250,000, to Ms. Mullady of $200,000, to Mr. Alpert of $50,000, and to other staff members of $210,000). The amounts set forth under the heading "Portfolio Manager and Other Variable Remuneration" consist of: (1) $21,814,260, $20,229,569, and $15,789,602 for 2014, 2013 and 2012, respectively, (after a waiver of his receipt of $750,000 in 2012) for acting as portfolio manager and/or attracting and providing client service to a large number of GAMCO's separate accounts, (2) $40,980,848, $34,600,426, and $28,401,963 for 2014, 2013 and 2012, respectively, (after waiver of his receipt of $1,750,000 in 2012), for creating and acting as portfolio manager of several open-end GAMCO and Gabelli Funds, (3) $11,038,835, $13,381,814, and $12,127,706 for 2014, 2013 and 2012, respectively, for creating and acting as portfolio manager of the closed-end Gabelli Funds, and (4) $284,971, $328,483, and $342,992 for 2014, 2013 and 2012, respectively, for providing other services, including acting as portfolio and relationship manager of investment partnerships; and there were no perquisites or personal benefits provided by the Company to Mr. Gabelli for 2014, 2013, or 2012. Included in the amounts set forth under the heading "Portfolio Manager and Other Variable Remuneration" item (2) is $1,792,279, $953,328, and $747,987 in portfolio manager compensation that Mr. Gabelli earned by managing a fund for Teton, formerly a 42%-owned subsidiary of the Company whose shares were distributed to the Company's shareholders on March 20, 2009, for 2014, 2013 and 2012, respectively.

(d) Mr. Jamieson's all other compensation represents incentive-based variable compensation in the amount of $3,082,788, $3,585,105, and $3,451,586 for 2014, 2013 and 2012, respectively, for attracting and/or providing client service to separate accounts, shareholders of the Gabelli or GAMCO Funds or investors in other products sponsored by GAMCO ("Variable Compensation") and $350,000 and $250,000 for 2014 and 2013, respectively, for allocation of the incentive-based management fee (10% of GAMCO pre-tax profits) by Mr. Gabelli as described in the "Variable Compensation" section of the Compensation and Discussion Analysis and in footnote (c) above.

(e) Mr. Zuccaro's all other compensation for 2014, 2013, and 2012 represents his allocation of $300,000, $300,000, and $250,000, respectively, of the incentive-based management fee (10% of GAMCO pre-tax profits) by Mr. Gabelli as described in the "Variable Compensation" section of the Compensation and Discussion Analysis and in footnote (c) above as well as payments in lieu of health insurance of $4,000 each in 2014, 2013, and 2012.

(f) The amounts reported in the "Stock Awards" column of the table above for 2014, 2013, and 2012 reflect the fair value on the grant date of the stock awards granted to the named executives during 2014, 2013, and 2012, respectively, determined in accordance with FASB ASC Topic 718. The 2012 awards were fully vested when, in November 2012, the Board accelerated the lapsing of restrictions of all outstanding RSAs, including those for named executives. For a summary of the assumptions made in the valuation of these awards, please see Note A, "Significant Accounting Policies – Stock Based Compensation", to our audited financial statements included in our Annual Report on Form 10-K for the years ended on each of December 31, 2014, December 31, 2013 and December 31, 2012.

(g) Mr. Handwerker's 2013 base salary amount reflects the actual amount that Mr. Handwerker earned from his November 18, 2013 date of hire to the end of that year. His annual 2013 salary rate was $350,000. Mr. Handwerker's all other compensation in 2014 represents his allocation of $150,000 of the incentive-based management fee (10% of GAMCO pre-tax profits) by Mr. Gabelli as described in the "Variable Compensation" section of the Compensation and Discussion Analysis and in footnote (c) above as well as a payment in lieu of health insurance of $4,000 in 2014.

(h) Ms. Mullady's all other compensation in 2014, 2013, and 2012 represents her allocation of $350,000, $350,000 and $200,000, respectively, of the incentive-based management fee (10% of GAMCO pre-tax profits) by Mr. Gabelli as described in the "Variable Compensation" section of the Compensation and Discussion Analysis and in footnote (c) above.

(i)

Mr. Alpert's all other compensation for 2014, 2013, and 2012 represents his allocation of $150,000, $120,000, and $50,000, respectively, of the incentive-based management fee (10% of GAMCO pre-tax profits) by Mr. Gabelli as described in the "Variable Compensation" section of the Compensation and Discussion Analysis and in footnote (c) above and Variable Compensation (as defined in note (d)) of $13,077, $18,809, and $13,084, respectively.

(j) Mr. Van der Eb's all other compensation for 2014 and 2013 represents his allocation of $25,000 and $25,000 of the incentive-based management fee (10% of GAMCO pre-tax profits) by Mr. Gabelli as described in the "Variable Compensation" section of the Compensation and Discussion Analysis and in footnote (c) above and Variable Compensation (as defined in note (d)) of $202,721 and $162,446, respectively. His all other compensation for 2012 represents Variable Compensation (as defined in note (d)) of $172,295.

18

Table of contents

Grants of Plan-Based Awards for 2014

The following table sets forth information concerning cash incentive opportunities and grants of restricted stock made to the named executives during 2014.

Name	Grant Date	All Other Stock Awards: Number of Shares of Stock Or Units	Grant Date Fair Value of Stock Awards ($) (b)
Mario J. Gabelli (a)	-0-	-0-	-0-
Douglas R. Jamieson	9/15/2014	2,000	146,820
Robert S. Zuccaro	9/15/2014	2,000	146,820
Kevin Handwerker	9/15/2014	1,000	73,410
Agnes Mullady	9/15/2014	4,000	293,640
	12/23/2014	2,500	219,975
Bruce Alpert	-0-	-0-	-0-
Henry Van der Eb	-0-	-0-	-0-

(a) Mr. Gabelli has never received either options or restricted stock awards from the Company. He recommends the grant of stock awards for corporate team members to the Compensation Committee, as described in the Compensation Discussion and Analysis above.

(b) In accordance with the SEC's disclosure rules, the amounts reported in this table reflect the fair value on the effective grant date of the stock awards, determined in accordance with FASB ASC Topic 718, granted to the named executive officers during 2014.

Employment Agreements. Mr. Gabelli is currently the only named executive who has an employment agreement with the Company.

Mario J. Gabelli. On February 6, 2008, Mr. Gabelli entered into the Amended Employment Agreement with the Company, which was approved by the Company's shareholders on November 30, 2007 and which limits his activities outside of the Company. The Amended Employment Agreement has a three-year initial term with an automatic extension for an additional year on each anniversary of its effective date unless either party gives written notice of termination at least 90 days in advance of the expiration date. The Amended Employment Agreement allows Mr. Gabelli to perform investment management services for former subsidiaries that are spun off to shareholders or otherwise cease to be subsidiaries in similar transactions and permits new investors in the outside accounts if all of the performance fees, less expenses, generated by assets attributable to such investors are paid to the Company. The Amended Employment Agreement was last submitted to, and re-approved by, the Company's shareholders at the Annual Meeting of Shareholders held on May 6, 2011.

Mr. Gabelli (or, at his option, his designee) receives an incentive-based management fee in the amount of 10% of our aggregate annual pre-tax profits, if any, as computed for financial reporting purposes in accordance with U.S. generally accepted accounting principles (before consideration of this fee) so long as he is an executive of the Company and devotes the substantial majority of his working time to our business. This incentive-based management fee is subject to the Compensation Committee's review at least annually for compliance with the terms of the Amended Employment Agreement. The Amended Employment Agreement may not be amended without the approval of the Compensation Committee and Mr. Gabelli.

In accordance with the Amended Employment Agreement, Mr. Gabelli chose to allocate $4,220,000, $2,320,000, and $710,000 of his management fee to certain other professional staff members of the Company in 2014, 2013 and 2012, respectively. He also elected to waive receipt of $7,352 and $1,380,231 of his management fee in 2014 and 2013, respectively, and to waive receipt of $2,500,000 of his portfolio manager and other variable remuneration in 2012.

Mr. Gabelli earned (after allocations and waiver) the following incentive-based management fees during the past five years:

	2010	2011	2012	2013	2014
Management Fee ($ in millions)	9.6	9.4	12.3	16.5	14.4

19

Table of contents

Consistent with the Company's practice since its inception in 1977, Mr. Gabelli will also continue receiving a percentage of revenues or net operating contribution, which are substantially derived from assets under management, as compensation relating to or generated by the following activities: (i) managing or overseeing the management of various investment companies and partnerships, (ii) attracting mutual fund shareholders, (iii) attracting and managing separate accounts and alternative funds, and (iv) otherwise generating revenues for the Company. Such payments are made in a manner and at rates as agreed to from time to time by GAMCO, which rates have been and generally will be the same as those received by other professionals at GAMCO performing similar services. With respect to our institutional and high net worth asset management and mutual fund advisory business, we pay out up to 40% of the revenues or net operating contribution to the portfolio managers and marketing staff who introduce, service or generate such business, with (i) payments involving the separate accounts being typically based on revenues and (ii) payments involving the mutual funds being typically based on net operating contribution.

In accordance with the terms of his Amended Employment Agreement, Mr. Gabelli has agreed that while he is employed by us he will not provide investment management services outside of GAMCO, except for certain permitted accounts or except for services to be performed for former subsidiaries that are spun off from the Company such as Teton. During 2014, Mr. Gabelli served as a portfolio manager for Teton and as a portfolio manager for various privately offered funds.

Outstanding Equity Awards at December 31, 2014

The following table summarizes the number of securities underlying outstanding equity awards for the named executives as of December 31, 2014.

	Number of Securities Underlying Unexercised Options at December 31, 2014		Option Exercise	Option Expiration	Number of Unvested Restricted Stock	Market Value of Unvested Restricted Stock Awards
Name	Exercisable (#)	Unexercisable (#)	Price	Date	Awards	($) (a)
Mario J. Gabelli	-0-	-0-	N/A	N/A	-0-	-0-
Douglas R. Jamieson	-0-	-0-	N/A	N/A	10,000(b)	889,400
Robert S. Zuccaro	-0-	-0-	N/A	N/A	10,500(c)	933,870
Kevin Handwerker	-0-	-0-	N/A	N/A	4,000(d)	355,760
Agnes Mullady	-0-	-0-	N/A	N/A	22,500(e)	2,001,150
Bruce Alpert	-0-	-0-	N/A	N/A	5,500(f)	489,170
Henry Van der Eb	-0-	-0-	N/A	N/A	2,000(g)	177,880

(a) Determined with reference to $88.94 per share, the closing price of Class A Stock on December 31, 2014.

(b) Mr. Jamieson's restricted stock awards will vest on August 6, 2016 as to 30% of 6,000 shares, annually on August 6th of each of 2017 to 2023 as to 10% each of 6,000 shares, on November 27, 2016 as to 30% of 2,000 shares, on November 27, 2018 as to 70% of 2,000 shares, on September 15, 2017 as to 30% of 2,000 shares, and annually on September 15th of each of 2018 to 2024 as to 10% each of 2,000 shares, in accordance with the terms of his restricted stock award agreements.

(c) Mr. Zuccaro's restricted stock awards will vest on August 6, 2016 as to 30% of 6,000 shares, annually on August 6th of each of 2017 to 2023 as to 10% each of 6,000 shares, on November 27, 2016 as to 30% of 2,500 shares, and on November 27, 2018 as to 70% of 2,500 shares, on September 15, 2017 as to 30% of 2,000 shares, and annually on September 15th of each of 2018 to 2024 as to 10% each of 2,000 shares, in accordance with the terms of his restricted stock award agreements.

(d) Mr. Handwerker's restricted stock awards will vest on November 27, 2016 as to 30% of 3,000 shares, and on November 27, 2018 as to 70% of 3,000 shares, on September 15, 2017 as to 30% of 1,000 shares, and annually on September 15th of each of 2018 to 2024 as to 10% each of 1,000 shares, in accordance with the terms of his restricted stock award agreements.

(e) Ms. Mullady's restricted stock awards will vest on August 6, 2016 as to 30% of 14,000 shares, annually on August 6th of each of 2017 to 2023 as to 10% each of 14,000 shares, on November 27, 2016 as to 30% of 2,000 shares, and on November 27, 2018 as to 70% of 2,000 shares, on September 15, 2017 as to 30% of 4,000 shares, annually on September 15th of each of 2018 to 2024 as to 10% each of 4,000 shares, on January 15, 2018 as to 30% of 2,500 shares, and on January 15, 2020 as to 70% of 2,500 shares, in accordance with the terms of her restricted stock award agreements.

(f) Mr. Alpert's restricted stock awards will vest on August 6, 2016 as to 30% of 4,000 shares, annually on August 6th of each of 2017 to 2023 as to 10% each of 4,000 shares, on November 27, 2016 as to 30% of 1,500 shares, and on November 27, 2018 as to 70% of 1,500 shares, in accordance with the terms of his restricted stock award agreements.

20

Table of contents

(g) Mr. Van der Eb's restricted stock awards will vest on August 6, 2016 as to 30% of 1,000 shares, annually on August 6th of each of 2017 to 2023 as to 10% each of 1,000 shares, on November 27, 2016 as to 30% of 1,000 shares, and on November 27, 2018 as to 70% of 1,000 shares, in accordance with the terms of his restricted stock award agreements.

Options Exercises and Stock Vested for 2014

There were no stock option exercised by or restricted stock awards which vested for any of the named executives during 2014.

Nonqualified Deferred Compensation Table for 2014

There was no nonqualified deferred compensation payable to the named executives during 2014.

Pension Benefits for 2014

There were no pension benefit plans for any of the named executives during 2014.

Potential Payments upon Termination of Employment or Change-of-Control.

Upon a change-of-control of the Company, all restricted stock awards (the "RSAs") held by the named executives (if still employed by the Company at such time) automatically vest, and the accumulated but unpaid dividends associated with these RSAs would become immediately payable.

The following table sets forth information on the value of RSA's held on December 31, 2014 and the accumulated but unpaid dividends on these shares through December 31, 2014, which would have been payable had a change-of-control occurred on that date. The price per share assumed is $88.94, which was the closing price of Class A Stock on December 31, 2014.

Name	Fair Value of Unvested RSA's at December 31, 2014	Accumulated but Unpaid Dividends on These RSA's at December 31, 2014	Total ($)
Mario J. Gabelli	-0-	-0-	-0-
Douglas R. Jamieson	889,400	9,480	898,880
Robert S. Zuccaro	933,870	10,010	943,880
Kevin Handwerker	355,760	3,500	359,260
Agnes Mullady	2,001,150	19,080	2,020,230
Bruce Alpert	489,170	6,070	495,240
Henry Van der Eb	177,880	2,180	180,060
Total	$4,847,230	$ 50,320	$4,897,550

Table of contents

CERTAIN OWNERSHIP OF OUR STOCK

The following table sets forth, as of March 1, 2015, certain information with respect to all persons known to us who beneficially own more than 5% of the Class A Stock or Class B Stock. The table also sets forth information with respect to stock ownership of the directors, nominees, each of the executive officers named in the Summary Compensation Table, and all directors and executive officers as a group. The number of shares beneficially owned is determined under rules of the SEC, and the information is not necessarily indicative of beneficial ownership for any other purpose. Under such rules, beneficial ownership includes any shares over which a person has the sole or shared voting or investment power and any shares which the person can acquire within 60 days (e.g., through the exercise of stock options). Except as otherwise indicated, the shareholders listed in the table have sole voting and investment power with respect to the shares set forth in the table.

Name of Beneficial Owner*	Title of Class	Number of Shares		Number of Shares Acquirable within 60 days(1)	Percent of Class (%)
5% or More Shareholders					
Frederick J. Mancheski	Class A	1,725,974	(2)	-0-	26.08
Keeley Asset Management Corp.	Class A	345,000	(3)	-0-	5.21
E.S. Barr & Company	Class A	392,988	(4)	-0-	5.94
Directors and Executive Officers					
Mario J. Gabelli	Class A	45,000	(5)	-0-	**
	Class B	18,868,683	(6)	-0-	98.18
Douglas R. Jamieson	Class A	15,427	(7)	-0-	**
	Class B	27,266		-0-	**
Robert S. Zuccaro	Class A	15,975		-0-	**
Agnes Mullady	Class A	32,385		-0-	**
Bruce Alpert	Class A	11,394		-0-	**
	Class B	1,319		-0-	**
Henry Van der Eb	Class A	2,000		-0-	**
Kevin Handwerker	Class A	4,000		-0-	**
Edwin L. Artzt	Class A	3,000		-0-	**
Raymond C. Avansino, Jr.	Class A	84,000	(8)	6,000	1.36
Richard L. Bready	Class A	11,000		-0-	**
Marc J. Gabelli	Class A	20,766		-0-	**

	Class B	1,237	-0-	**
Eugene R. McGrath	Class A	1,000	(9) 10,000	**
Robert S. Prather, Jr.	Class A	10,010	-0-	**
Elisa M. Wilson	Class A	-0-	10,000	**
	Class B	13,142	-0-	**
All Directors & Executive Officers as a Group (16 persons)	Class A	272,207	26,000	4.49
	Class B	18,911,647	-0-	98.40

(*) The address of each beneficial owner of more than 5% of the Class A Stock or Class B Stock is as follows: Frederick J. Mancheski, 1060 Vegas Valley Drive, Las Vegas, Nevada 89109; Keeley Asset Management Corp., 111 West Jackson Boulevard, Suite 810, Chicago, Illinois 60604: E.S. Barr & Company, 1999 Richmond Road, Suite 1B, Lexington, KY 40502 and Mario J. Gabelli, GAMCO Investors, Inc., One Corporate Center, Rye, NY 10580.

(**) Represents beneficial ownership of less than 1%.
Pursuant to a resolution approved by the Board, as of March 1, 2015, there are 795,086 shares of the Class B Stock that may be converted into Class A Stock.

(1) Reflects stock options which are currently exercisable or exercisable within 60 days of March 1, 2015.

(2) As reported in Amendment No. 5 to Schedule 13D filed with the SEC by Frederick J. Mancheski on January 9, 2013, Mr. Mancheski beneficially owns 1,725,974 shares of Class A Stock. According to this filing, 822,735 of the shares are owned by Mr. Mancheski, 758,397 shares are held by Mancheski, LLC and 144,842 shares are owned by the Frederick J. Mancheski 2009 Irrevocable Trust. Pursuant to an Exchange and Standstill Agreement between GAMCO and Mr. Mancheski, dated May 31, 2006, Mr. Mancheski agreed, among other things, (i) not to solicit proxies in opposition to Company management; (ii) not to attempt to exercise any control over management or the Company; (iii) to vote his shares in favor of the nominees and positions advocated by the Board; (iv) subject to certain exceptions, not to acquire any additional shares of the Company or seek to acquire the Company; (v) not to become part of a "group" with any other persons; (vi) not to initiate, propose or submit one or more shareholder proposals or induce or attempt to induce any other person to initiate any shareholder proposal; (vii) not to seek to call, or to request the call of, a special meeting of the Company's shareholders, or make a request for a list of the Company's shareholders; (viii) not to deposit any Class A Stock or other Voting Securities (as defined in the Exchange and Standstill Agreement) in a voting trust or enter into any other arrangement or agreement with respect to the voting thereof; and (ix) not to commence, encourage, or support any derivative action in the name of the Company or any class action against the Company or any of its officers or directors, each for a period of ten years.

22

Table of contents

(3) As reported in Amendment No. 5 to Schedule 13G that was filed with the SEC by Keeley Asset Management Corp., Keeley Small Cap Value Fund and John L. Keeley, Jr., on February 9, 2015. According to this filing, Keeley Asset Management Corp. and Keeley Small Cap Value Fund share beneficial ownership over the same 345,000 shares.

(4) As reported in Amendment No. 5 to Schedule 13G that was filed with the SEC by E.S. Barr & Company on February 17, 2015. According to this filing, E.S. Barr & Company beneficially owns 392,988 shares, Edward S. Barr beneficially owns 396,603 shares (6.06% of the shares) which includes 3,615 shares he holds individually (or through retirement accounts for his benefit), and E.S. Barr Holdings, LLC beneficially owns 392,988 shares.

(5) Includes 35,000 shares held by GGCP. Mr. Gabelli has voting and dispositive control of these shares.

(6) Of this amount, 224,942 are owned directly by Mr. Gabelli and 18,643,741 of these shares are owned by Holdings via GGCP. Mr. Gabelli may be deemed to have beneficial ownership of the Class B Stock held by Holdings on the basis of (i) his position as the Chief Executive Officer of, a director of, and the controlling shareholder of GGCP which is the manager and the majority member of Holdings, and (ii) a certain profit interest in Holdings. Mr. Gabelli disclaims beneficial ownership of the shares owned by Holdings except to the extent of his pecuniary interest therein.

(7) Includes 2,460 shares for which Mr. Jamieson is the Uniform Gift to Minors Act Custodian for his minor childrens' accounts and 820 shares held by one of his children who has reached the age of legal majority but who continues to reside in Mr. Jamieson's household. Mr. Jamieson has voting and dispositive control of these shares.

(8) Includes 60,000 shares that are owned by two entities for which Mr. Avansino serves as a director and officer. Mr. Avansino disclaims beneficial ownership of these 60,000 shares.

(9) Mr. McGrath has shared voting and dispositive power with respect to these shares.

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Based solely on a review of filings made under Section 16(a) of the Securities Exchange Act of 1934, we believe that our directors and executive officers and our shareholders who own 10% or more of our Class A Stock or Class B Stock have complied with the requirements of Section 16(a) of the Securities Exchange Act of 1934 to report ownership, and transactions which change ownership, on time for 2014, except for one Form 4 filing reporting a transaction occurring on June 9, 2014 by Mario J. Gabelli, which was not filed on a timely basis.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

GGCP, through Holdings, owns a majority of our Class B Stock and, at December 31, 2014, 36,000 shares of our Class A Stock, together representing approximately 94% of the combined voting power and approximately 72% of the outstanding shares of our common stock at December 31, 2014. Mr. Gabelli serves as the Chief Executive Officer, a director and is the controlling shareholder of GGCP. Various family members of Mr. Gabelli are shareholders of GGCP including Mr. Marc Gabelli and Ms. Wilson.

Table of contents

For 2014, the Company incurred variable costs of $457,842 for actual usage (but not the fixed costs) relating to our use of aircraft in which GGCP owns the fractional interests.

We lease an approximately 60,000 square foot building located at 401 Theodore Fremd Avenue, Rye, New York as our headquarters (the “Building”) from M^{4}E, an entity that is owned by family members of Mr. Gabelli, including Mr. Marc Gabelli and Ms. Wilson. Under the lease for the Building, which was extended for an additional five year term on June 11, 2013 with no change to the base rental of $18 per square foot and now expires on December 31, 2028, we are responsible for all operating expenses, costs of electricity and other utilities and taxes. For the period January 1, 2014 through December 31, 2014, the rent was $1,174,571, or $19.58 per square foot. As members of M^{4}E, Mr. Marc Gabelli and Ms. Wilson each are entitled to receive their pro-rata share of payments received by M^{4}E under the lease.

We sublease approximately 3,300 square feet in the Building to LICT, a company for which Mr. Gabelli serves as Chairman and CEO and is deemed to be the controlling shareholder. LICT pays rent to us at the rate of $28 per square foot plus $3 per square foot for electricity, subject to adjustment for increases in taxes and other operating expenses. The total amount paid to us in 2014 for rent and other expenses under this lease was $117,640. This sublease expires on December 5, 2023.

We also sublease approximately 1,600 square feet in the Building to Teton. Teton pays rent to us at the rate of $37.75 per square foot plus $3 per square foot for electricity, subject to adjustment for increases in taxes and other operating expenses. The total amounts paid in 2014 to us for rent and other expenses under this lease were $68,697.

We lease approximately 1,599 square feet of office space in Reno, Nevada from Miami Oil Producers, Inc., for which Mr. Avansino serves as the Chairman and President. We pay a base rent of $3,118 per month plus the cost of parking and subject to adjustment annually for changes in the CPI. We entered into the current lease on January 1, 2011 with a 3 year term and thereafter subject to an option to extend the term for a year at a time. We extended the term by one year on January 1, 2014 with it remaining subject to an option to extend the term for one year at a time. For the period January 1, 2014 through December 31, 2014, the rent was $38,880, or $24.32 per square foot. In 2009, GAMCO entered into a sublease of a portion of this office space in Reno, Nevada to CIBL, Inc. (“CIBL”). Mr. Gabelli is a director of CIBL and its largest shareholder. Under the terms of the Reno sublease, the Company granted CIBL the right to use such part of GAMCO’s Reno office as the Company and CIBL shall from time to time agree. The sublease granted CIBL the right to use space in the Reno office until July 31, 2009 with an automatic renewal for one additional calendar year which extended the sublease until July 31, 2010. Since August 1, 2010, the space has been subleased on a month-to-month basis. For 2014, the rent for the Reno sublease was $6,000.

In addition to the sublease of space in the Building, we entered into a number of agreements in connection with the Company’s distribution of the shares of Class A and B Common Stock in Teton. These agreements are as follows: a Separation and Distribution Agreement, an Administrative and Management Services Agreement (“Administrative Agreement”) and Service Mark and Name License Agreement (the “License Agreement”). Pursuant to the Administrative Agreement, we provide certain services to Teton including senior executive functions, strategic planning and general corporate management services; mutual fund administration services; treasury services, including insurance and risk management services and administration of benefits; operational and general administrative assistance including office space, office equipment, administrative personnel, payroll, and procurement services as needed; accounting and related financial services; legal, regulatory and compliance advice, including the retention of a Chief Financial Officer and a Chief Compliance Officer; and human resources functions, including sourcing of permanent and temporary employees as needed, recordkeeping, performance reviews and terminations. Effective January 1, 2011, the Administrative Agreement was amended to be based on a tiered formula as opposed to a fixed rate. Under the amended agreement, the Company is compensated by Teton 20 basis points annually on the first $370 million of average assets under management (“AUM”) in the Teton funds, 12 basis points annually on the next $630 million of average AUM in the Teton funds, and 10 basis points annually of average AUM in the Teton funds in excess of $1 billion. The License Agreement provides Teton and the funds that it manages the use of certain names and service marks. Effective April 1, 2014, the Administrative Agreement was further amended to increase the fixed monthly component of it from $15,000 per month to $25,000 per month. Pursuant to the Administrative Agreement and the License Agreement, the Company was compensated in 2014 by Teton in the amount of $15,000 per month for three months and $25,000 per month for nine months, or $270,000 for the full year, plus an average of 13.2 basis points of the average AUM in the Teton funds (pursuant to the tiered formula) for providing mutual fund administration services to these funds, or $2,032,807 for 2014. We sublease space in the Building to Teton as discussed above. G.distributors, LLC ("G.distributors"), an affiliated broker-dealer of the Company, served as distributor to the seven mutual funds that are managed by Teton during 2014. In 2014, the funds managed by Teton paid G.distributors $4,815,588 in distribution fees, of which $4,192,373 was reallocated to other broker dealers by G.distributors. In 2014, Mr. Gabelli earned –––––$1,792,279 in portfolio manager compensation for acting as co-manager of the GAMCO Westwood Mighty Mites Fund, a Teton micro-cap fund, and such amount is included in his compensation earned for 2014 shown earlier in the Summary Compensation Table for 2014 as indicated in footnote (c) to that table.

24

Table of contents

Mr. Gabelli and Gabelli Securities, Inc. (“Gabelli Securities”), a majority-owned subsidiary of the Company, serve as co-general partners of Gabelli Associates Fund, LP (“GAF”). Mr. Gabelli receives portfolio manager and relationship manager compensation through an incentive allocation directly from GAF. In 2014, Mr. Gabelli earned $348,274 in incentive fees from GAF, of which he allocated $107,172 to other professional staff, and his net compensation of $241,102 is included in his compensation shown earlier in the Summary Compensation Table for 2014.

Gabelli Securities International Limited (“GSIL”) was formed in 1994 to provide management and investment advisory services to certain offshore funds and accounts. Mr. Marc Gabelli, a director and a son of our Chairman, owns 55% of GSIL, and Gabelli Securities owns the remaining 45%. In 1994, Gabelli International Gold Fund Limited (“GIGFL”), an offshore investment company investing primarily in securities of issuers with gold-related activities, was formed, and GSIL entered into an agreement to provide management services to GIGFL. Gabelli Securities in turn entered into an agreement with GSIL to provide investment advisory services to GIGFL in return for receiving all investment management fees paid by GIGFL. Pursuant to such agreement, Gabelli Securities received investment management fees of $11,096 and no incentive fees for 2014.

In April 1999, Gabelli Global Partners, Ltd., an offshore investment fund, was incorporated. GSIL and Gemini Capital Management, LLC (“GCM”), an entity owned by Mr. Marc Gabelli, was engaged by the fund as co-investment advisors as of July 1, 1999. The fund paid all of the management fees for 2014, in the amount of $286,360, and all of the incentive fees, in the amount of $20,886, to GSIL.

In April 1999, Gabelli Securities formed Gabelli Global Partners, L.P., an investment limited partnership for which Gabelli Securities and GCM are the co-general partners. In March 2002, Gabelli Global Partners, L.P. changed its name to Gemini Global Partners, L.P. The fund paid Gabelli Securities $156,576 of management fees in 2014, which, in turn, paid GCM half of this amount or $78,288. The fund paid Gabelli Securities $356 of incentive fees in 2014, which, in turn, paid GCM half of this amount or $178.

GAMCO Asset Management Inc. (“GAMCO Asset Management”), a wholly-owned subsidiary of the Company, has entered into an agreement to provide advisory and administrative services to MJG Associates, which has been wholly-owned by our Chairman since 1990, with respect to the private investment funds that it manages. Pursuant to this agreement, MJG Associates paid GAMCO Asset Management $10,000 (excluding reimbursement of expenses) for 2014. Mr. John Gabelli, the brother of our Chairman, is the sole shareholder of an entity that is the general partner of two investment partnerships - Manhattan Partners I, L.P. (“Manhattan I”) and Manhattan Partners II, L.P. (“Manhattan II”). Manhattan I and Manhattan II paid GAMCO Asset Management investment advisory fees in the amount of $14,483 for 2014. In turn, GAMCO Asset Management paid John Gabelli $5,792, a fee consistent with the payouts of all investment relationship staff of GAMCO Asset Management, for serving as the relationship manager for both Manhattan I and Manhattan II for 2014. In addition, an entity that Mr. John Gabelli’s wife is the sole shareholder of is the co-general partner of S.W.A.N. Partners, LP (“S.W.A.N.”), which is a separately managed account of GAMCO Asset Management. S.W.A.N. paid GAMCO Asset Management investment advisory fees in the amount of approximately $22,094 for 2014. In turn, GAMCO Asset Management paid John Gabelli $2,207, a fee consistent with the payouts of all investment relationship staff of GAMCO Asset Management, for serving as relationship manager for S.W.A.N. for 2014.

We incur expenses for certain professional and administrative services, and purchase services from third party providers, such as payroll, transportation, insurance and public relations services, on behalf of GGCP and MJG Associates. GGCP and MJG Associates reimburse us for these expenses. The amount reimbursable from GGCP and MJG Associates to us for such expenses for 2014 was approximately $137,556 and $414,838, respectively. Of these amounts, $20,361 and $414,838 were owing to the Company at December 31, 2014 by GGCP and MJG Associates, respectively. The GGCP amount was paid in full on February 25, 2015, and the MJG Associates amount was paid in full on March 27, 2015.

Certain directors and executive officers have immediate family members who are employed by us, our subsidiaries, and certain related entities. The base salaries and bonuses of each of these immediate family members are established in accordance with our compensation practices applicable generally to staff members with equivalent qualifications and responsibilities and holding similar positions. None of the directors or executive officers has a material interest in any of these employment relationships of their immediate family members, and all of the immediate family members of our directors mentioned below are financially independent adult children. None of the immediate family members

mentioned below is an executive officer with us.
A daughter of Mr. Avansino, one of our directors, is employed by one of our subsidiaries in a sales and marketing role and earned in 2014 a base salary of $100,000 and incentive-based variable compensation based on revenues generated by certain relationships (“Variable Compensation”) of $505,655 plus usual and customary benefits. She also received 2,000 restricted stock awards on August 6, 2013 with a grant date fair value of $57.86 per share and 500 restricted stock awards with an effective grant date, under FASB guidance, of December 23, 2014 and a legal grant date of January 15, 2015 with a grant date fair value of $87.99 per share. As with all Company restricted stock awards, fair value equals the closing price of the Company’s Class A Stock on the day preceding the effective grant date. Compensation expense of $24,681 was recognized by the Company for these awards for financial statement reporting purposes for the fiscal year ended December 31, 2014 calculated in accordance with FASB guidance.
25

Table of contents

A sister-in-law of Mr. Jamieson, our President and Chief Operating Officer, is employed by one of our subsidiaries in a marketing role and earned in 2014 a base salary of $90,000, a bonus of $30,000 and $15,979 in Variable Compensation plus usual and customary benefits. She also received 500 restricted stock awards on August 6, 2013 with a grant date fair value of $57.86 per share, 500 restricted stock awards on November 27, 2013 with a grant date fair value of $81.55 per share, and 200 restricted stock awards with an effective grant date, under FASB guidance, of December 23, 2014 and a legal grant date of January 15, 2015 with a grant date fair value of $87.99 per share. As with all Company restricted stock awards, fair value equals the closing price of the Company's Class A Stock on the day preceding the effective grant date. Compensation expense of $16,021 was recognized by the Company for these awards for financial statement reporting purposes for the fiscal year ended December 31, 2014 calculated in accordance with FASB guidance.

A son of our Chairman, who has been employed by one of our subsidiaries since 1998, earned in 2014 a base salary of $250,000, a bonus of $100,000, an allocation of $100,000 of the incentive-based management fee (10% of GAMCO pre-tax profits) by Mr. Gabelli as described in the "Variable Compensation" section of the Compensation and Discussion Analysis and in footnote (c) to the Summary Compensation Table for 2014, and $710,287 in Variable Compensation plus usual and customary benefits. In August 2006, he was given responsibility for managing a proprietary investment account on which he would be paid, on an annual basis, 20% of any net profits earned on the account for the year. The account was initially funded with approximately $40 million during 2006, and subsequent withdrawals have totaled $31 million from 2009 through 2014. For 2014, this account was up 1.6% while performance in prior years was 2.7%, 5.0%, (3.7%), 2.8%, 5.7%, (7.6%), 14.3%, and 41.9% per annum for each of the years 2006 through 2013. Based on the 1.6% performance gain in 2014, he earned $64,602 for managing this account, which is included in his Variable Compensation. He also received 4,000 restricted stock awards on August 6, 2013 with a grant date fair value of $57.86 per share, 1,000 restricted stock awards on November 27, 2013 with a grant date fair value of $81.55 per share, 1,000 restricted stock awards on September 15, 2014 with a grant date fair value of $73.41 per share, and 500 restricted stock awards with an effective grant date, under FASB guidance, of December 23, 2014 and a legal grant date of January 15, 2015 with a grant date fair value of $87.99 per share. As with all Company restricted stock awards, fair value equals the closing price of the Company's Class A Stock on the day preceding the effective grant date. Compensation expense of $73,632 was recognized by the Company for these awards for financial statement reporting purposes for the fiscal year ended December 31, 2014 calculated in accordance with FASB guidance.

A son of our Chairman, who is employed by one of our subsidiaries, earned in 2014 a base salary of $225,000, a bonus of $175,000, an allocation of $250,000 of the incentive-based management fee (10% of GAMCO pre-tax profits) by Mr. Mario Gabelli as described in the "Variable Compensation" section of the Compensation and Discussion Analysis and in footnote (c) to the Summary Compensation Table for 2014, and $162,025 in Variable Compensation plus usual and customary benefits. He also received 6,000 restricted stock awards on August 6, 2013 with a grant date fair value of $57.86 per share, 1,500 restricted stock awards on November 27, 2013 with a grant date fair value of $81.55 per share, 1,500 restricted stock awards on September 15, 2014 with a grant date fair value of $73.41 per share, and 2,000 restricted stock awards with an effective grant date, under FASB guidance, of December 23, 2014 and a legal grant date of January 15, 2015 with a grant date fair value of $87.99 per share. As with all Company restricted stock awards, fair value equals the closing price of the Company's Class A Stock on the day preceding the effective grant date. Compensation expense of $111,527 was recognized by the Company for these awards for financial statement reporting purposes for the fiscal year ended December 31, 2014 calculated in accordance with FASB guidance.

Mr. Marc Gabelli, a director and a son of our Chairman, is employed by the Company. He earned in 2014 no base salary, a bonus of $300,000, an allocation of $500,000 of the incentive-based management fee (10% of GAMCO pre-tax profits) by Mr. Mario Gabelli as described in the "Variable Compensation" section of the Compensation and Discussion Analysis and in footnote (c) to the Summary Compensation Table for 2014, and $42 in Variable Compensation plus usual and customary benefits. He also received 10,000 restricted stock awards with an effective grant date, under FASB guidance, of December 23, 2014 and a legal grant date of January 15, 2015 with a grant date fair value of $87.99 per share. As with all Company restricted stock awards, fair value equals the closing price of the Company's Class A Stock on the day preceding the effective grant date. Compensation expense of $8,616 was

recognized by the Company for this award for financial statement reporting purposes for the fiscal year ended December 31, 2014 calculated in accordance with FASB guidance.
26

Table of contents

Our Chairman's spouse, who has been employed by a subsidiary of the Company in a sales and marketing role since 1984, has been a director of that subsidiary since 1991 and has been his spouse since 2002, earned in 2014 no base salary, an allocation of $310,000 of the incentive-based management fee (10% of GAMCO pre-tax profits) by Mr. Gabelli as described in the "Variable Compensation" section of the Compensation and Discussion Analysis and in footnote (c) to the Summary Compensation Table for 2014, and $5,367,348 in Variable Compensation plus usual and customary benefits. She also received 5,000 restricted stock awards on August 6, 2013 with a grant date fair value of $57.86 per share, 2,000 restricted stock awards on November 27, 2013 with a grant date fair value of $81.55 per share, 1,500 restricted stock awards on September 15, 2014 with a grant date fair value of $73.41 per share, and 2,000 restricted stock awards with an effective grant date, under FASB guidance, of December 23, 2014 and a legal grant date of January 15, 2015 with a grant date fair value of $87.99 per share. As with all Company restricted stock awards, fair value equals the closing price of the Company's Class A Stock on the day preceding the effective grant date. Compensation expense of $109,187 was recognized by the Company for these awards for financial statement reporting purposes for the fiscal year ended December 31, 2014 calculated in accordance with FASB guidance.

A daughter-in-law of our Chairman earned $117,736 in Variable Compensation in 2014. A brother of our Chairman earned $491,305 in Variable Compensation in 2014 plus usual and customary benefits. He also earned $275,462 upon exercise of 10,000 options in 2014.

Ms. Wilson, a director and the daughter of our Chairman, is also a professional staff member of the Company. Ms. Wilson has been on extended unpaid leave from the Company since January 1, 2004 and therefore received no compensation during 2014 other than compensation she received as a director disclosed in the "Director Compensation Table for 2014" and her previously-discussed entitlement, as a member of M^4E, to receive her pro-rata share of payments received by M^4E under the lease on the Building.

The spouse of our Controller and Co-Chief Accounting Officer is employed as the Executive Vice President and Chief Financial Officer of LICT, the Interim Chief Executive Officer and Chief Financial Officer of CIBL, and the Chief Financial Officer and a Director of Morgan Group Holding, Inc. ("Morgan"). In addition to serving as the Chairman and Chief Executive Officer of LICT and as a Director of CIBL, our Chairman also serves as the Chairman of Morgan.

On May 31, 2006, we entered into an Exchange and Standstill Agreement ("Standstill Agreement") with Frederick J. Mancheski, a significant shareholder, pursuant to which, among other things, he agreed to exchange his 2,071,635 shares of Class B Stock for an equal number of shares of Class A Stock. The substance of the Standstill Agreement is disclosed in footnote 2 to the beneficial ownership table under the heading "Certain Ownership of Our Stock." Pursuant to a Registration Rights Agreement that we entered into with Mr. Mancheski, we filed a shelf registration statement that was declared effective by the SEC on September 1, 2006 and amended on November 25, 2013, for the sale by Mr. Mancheski and others, including certain of our officers and employees, of up to 2,486,763 shares of Class A Stock. Mr. Mancheski continues to hold 1,725,974 shares of the Company's Class A Stock as reported in his Form 13D filed on January 9, 2013. The standstill agreement expires on May 31, 2016.

As required by our Code of Ethics, our staff members are required to maintain their brokerage accounts at G.research, Inc. unless they receive permission to maintain an outside account. G.research, Inc. offers all of these staff members the opportunity to engage in brokerage transactions at discounted rates. Accordingly, many of our staff members, including the executive officers or entities controlled by them, have brokerage accounts at G.research, Inc. and have engaged in securities transactions through it at discounted rates. From time to time, we, through our subsidiaries, in the ordinary course of business have also provided brokerage or investment advisory services to our directors, the substantial shareholders listed in the table under "Certain Ownership of Our Stock" or entities controlled by such persons for customary fees.

REPORT OF THE AUDIT COMMITTEE

Messrs. Artzt, Avansino, Bready, McGrath and Prather, each of whom is an independent director, are the members of the Audit Committee. In this report, the term "we" refers to the members of the Audit Committee.

The Board has adopted a written charter for the Audit Committee. A copy of that charter can be found on our website at http://www.gabelli.com/corporate/corp_gov.html. Our job is one of oversight as set forth in our charter. The Company's management is responsible for preparing its financial statements and for maintaining internal controls. The independent registered public accounting firm is responsible for auditing the financial statements and expressing an

opinion as to whether those audited financial statements fairly represent the financial position, results of operations and cash flows of the Company in conformity with U.S. generally accepted accounting principles.
We have reviewed and discussed the Company's audited 2014 financial statements with management and with Deloitte & Touche LLP ("D&T"), the Company's independent registered public accounting firm.
We have discussed with D&T the matters required to be discussed by Statement on Auditing Standard No. 16, "Communications with Audit Committees," issued by the Public Company Accounting Oversight Board (the "PCAOB").
27

Table of contents

We have received from D&T the written statements required by the PCAOB regarding the independent accountant's communications with the audit committee concerning independence and have discussed with the independent accountant the independent accountant's independence.

Based on the review and discussions referred to above, we have recommended to the Board that the audited financial statements be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2014 for filing with the Securities and Exchange Commission.

AUDIT COMMITTEE

Robert S. Prather, Jr. (Chairman)
Edwin L. Artzt
Raymond C. Avansino, Jr.
Richard L. Bready
Eugene R. McGrath

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Selection of Deloitte & Touche LLP

Our Audit Committee approved the engagement of Deloitte & Touche, LLP ("D&T") as the Company's independent registered public accounting firm for the year-ending December 31, 2015. D&T has been the auditor of the Company since March 27, 2009. In deciding to engage D&T, the Audit Committee reviewed auditor independence and existing commercial relationships with D&T and concluded that D&T has no commercial relationship with the Company that would impair its independence. During the fiscal year ended December 31, 2014 and in the subsequent interim period through March 31, 2015, neither the Company nor anyone acting on its behalf has consulted with D&T on any of the matters or events set forth in Item 304(a)(2) of Regulation S–K.

A representative of D&T will be present at the 2015 Annual Meeting. The representative will have the opportunity to make a statement and respond to appropriate questions from shareholders.

Deloitte & Touche LLP Fees For 2013 and 2014

Fees for professional services provided by our independent registered public accounting firm in 2013 and 2014, in each of the following categories are:

	2013	2014
Audit Fees	$1,881,080	$1,571,000
Audit-Related Fees	$9,000	$4,000
Tax Fees	$7,900	$600
All Other Fees	$2,362	$2,362

Audit fees include fees relating to the audit of our annual financial statements and review of financial statements included in our quarterly reports on Form 10-Q. Audit fees also include fees for services related to Section 404 of the Sarbanes-Oxley Act which consist of the review of documentation and testing of our procedures and controls.

Audit–related fees for 2014 consist of fees for services provided in connection with the Securities Investor Protection Corporation assessment for one of the Company's registered broker-dealer subsidiaries. Audit–related fees for 2013 consist of fees for services provided in connection with the Securities Investor Protection Corporation assessment for one of the Company's registered broker-dealer subsidiaries and for a consent letter provided in connection with the filing of post-effective amendments to our registration statements on Forms S-3 and S-8 and a registration statement on Form S-8. Tax fees were for assistance with federal tax filings, state sourcing, and foreign tax work. All other fees were for access to online technical research services.

28

Table of contents

SHAREHOLDER PROPOSALS FOR THE 2016 ANNUAL MEETING

Qualified shareholders who want to have proposals included in our proxy statement in connection with our 2016 Annual Meeting pursuant to Rule 14a-8 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), must deliver such proposals so that they are received at our principal executive offices at One Corporate Center, Rye, New York 10580 by December 28, 2015 in order to be considered for inclusion in next year’s proxy statement and proxy. For any shareholder proposal submitted outside Rule 14a-8 of the Exchange Act to be considered timely under our Amended and Restated Bylaws, the Company must receive notice of such proposal, or any nomination of a director by a shareholder, no earlier than January 6, 2016 and no later than February 5, 2016.

OTHER MATTERS

We know of no other matters to be presented at the 2015 Annual Meeting other than the election of directors, the ratification of auditors, and the vote to re-approve the Amended Employment Agreement with Mario J. Gabelli, all as described above. If other matters are properly presented at the 2015 Annual Meeting, the proxies will vote on these matters in accordance with their judgment of the best interests of the Company.

We will provide a free copy of our Annual Report on Form 10-K for the year ended December 31, 2014. Requests should be in writing and addressed to our Secretary at GAMCO Investors, Inc., One Corporate Center, Rye, NY 10580-1422.

Table of contents

EXHIBIT A

GUIDELINES FOR DIRECTOR INDEPENDENCE

For a director to be deemed "independent," the Board shall affirmatively determine that the director has no material relationship with GAMCO Investors, Inc. (together with its consolidated subsidiaries, "GAMCO") or its affiliates or any member of the senior management of GAMCO or his or her affiliates. This determination shall be disclosed in the proxy statement for each annual meeting of GAMCO's shareholders. In making this determination, the Board shall apply the following standards:

- A director who is an employee, or whose immediate family member is an executive officer, of GAMCO will not be deemed independent until three years after the end of such employment relationship. Employment as an interim Chairman or Chief Executive Officer will not disqualify a director from being considered independent following that employment.
- A director who received, or whose immediate family member received in any twelve month period over the last three years more than $120,000 in direct compensation from GAMCO will not be deemed independent. In calculating such compensation, the following will be excluded:
  - director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service);
  - compensation received by a director for former service as an interim Chairman or Chief Executive Officer; and
  - compensation received by an immediate family member for service as a non-executive officer employee of GAMCO.
- A director will not be considered independent if:
  - the director is a current partner or employee of a firm that is GAMCO's internal or external auditor;
  - the director has an immediate family member who is a current partner of GAMCO's internal or external auditor;
  - the director has an immediate family member who is a current employee of GAMCO's internal or external auditor and personally works on GAMCO's audit; or
  - the director or an immediate family member was within in the last three years a partner or employee of GAMCO's internal or external auditor and personally worked on GAMCO's audit within that time.
- A director who is, or whose immediate family member is, or has been within the last three years, employed as an executive officer of another company where any of GAMCO's current executive officers serve on that company's compensation committee will not be deemed independent.
- A director who is, a current employee, or whose immediate family member is an executive officer, of an entity that makes payments to, or receives payments from, GAMCO for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of $1 million or 2% of such other entity's consolidated gross revenues, will not be deemed independent.
- A director who serves as an executive officer of a tax-exempt entity that receives significant contributions (i.e., more than 2% of the annual contributions received by the entity or more than $1 million in a single fiscal year, whichever amount is greater) from GAMCO, any of its affiliates, any executive officer or any affiliate of an executive officer within the preceding twelve-month period may not be deemed independent, unless the contribution was approved by the Board and disclosed in GAMCO's proxy statement.

A-1

Table of contents

For purposes of these Guidelines, the terms:

- "affiliate" means any consolidated subsidiary of GAMCO and any other company or entity that controls, is controlled by or is under common control with GAMCO, as evidenced by the power to elect a majority of the board of directors or comparable governing body of such entity; and
- "immediate family" means spouse, parents, children, siblings, mothers- and fathers-in-law, sons- and daughters-in-law, brothers- and sisters-in-law and anyone (other than domestic employees) sharing a person's home, but excluding any person who is no longer an immediate family member as a result of legal separation or divorce, or death or incapacitation.

The Board shall undertake an annual review of the independence of all non-employee directors. In advance of the meeting at which this review occurs, each non-employee director shall be asked to provide the Board with full information regarding the director's business and other relationships with GAMCO and its affiliates and with senior management and their affiliates to enable the Board to evaluate the director's independence.

Directors have an affirmative obligation to inform the Board of any material changes in their circumstances or relationships that may impact their designation by the Board as "independent." This obligation includes all business relationships between, on the one hand, directors or members of their immediate family, and, on the other hand, GAMCO and its affiliates or members of senior management and their affiliates, whether or not such business relationships are subject to the approval requirement set forth in the following provision.

Table of contents

EXHIBIT B

EMPLOYMENT AGREEMENT

AGREEMENT made this 6th day of February, 2008 (the “Effective Date”) by and between GAMCO Investors, Inc. (the “Company”), a New York corporation, and Mario J. Gabelli (the “Executive”).

WHEREAS, the Executive has served as an executive of the Company since the inception of the Company and its predecessors in 1976.

WHEREAS, the Executive’s skills, position, knowledge and expertise in the management of portfolios such as those managed by the Company are unique.

WHEREAS, the Company is dependent upon the efforts of the Executive, in the capacities described herein in which he serves, and as the primary portfolio manager for a significant majority of the Company’s assets under management.

WHEREAS, the loss of the Executive’s services would have a material adverse effect on the Company.

WHEREAS, since the inception of the Company and its predecessors in 1976, up until the Company’s initial public offering in February 1999 (“IPO”), the Executive received an incentive-based management fee of twenty percent (20%) of the pre-tax profits, if any, as computed for financial reporting purposes in accordance with generally accepted accounting principles as applied by the Company and its subsidiaries and consolidated affiliates for financial reporting purposes (together, “Subsidiaries”) from time to time, for each fiscal year of each of the operating divisions of the Company and each of its Subsidiaries before consideration of this fee, less applicable payroll and tax deductions, accrued monthly and payable at least annually.

WHEREAS, the Company and the Executive entered into an Employment Agreement dated February 9, 1999, in connection with the Company’s IPO, which Employment Agreement, among other things, reduced the Executive’s incentive-based management fee to ten percent (10%) of the Company’s pre-tax profits, if any, as computed for financial reporting purposes in accordance with generally accepted accounting principles as applied by the Company and its Subsidiaries from time to time, for each fiscal year of each of the operating divisions of the Company and its Subsidiaries before consideration of this fee, less applicable payroll and tax deductions, accrued monthly and payable at least annually.

WHEREAS, the Company and the Executive desire to amend and restate the Employment Agreement entered into in 1999 to eliminate outdated provisions, allow for services to be performed for former Subsidiaries that are spun off to shareholders or otherwise cease to be Subsidiaries in similar transactions, allow for the management fee to be paid to the Executive or an entity designated by him, and reflect the Company’s name change, among other things.

WHEREAS, the Compensation Committee of the Board of Directors of the Company has reviewed and approved this amended and restated Employment Agreement and believes it to be in the best interests of the Company.

WHEREAS, the Company desires that the Executive or his designee continue to receive a management fee to provide an incentive for the achievement of the Company’s performance goals and the enhancement of shareholder value.

NOW THEREFORE, in consideration of the foregoing and of the mutual promises hereinafter set forth, the parties hereto agree as follows:

1. Employment.

The Company hires and employs the Executive, and the Executive agrees to work for the Company, under the terms and conditions set forth herein.

B-1

Table of contents

2. Duties.

The Executive shall serve as Chairman of the Board, Chief Executive Officer and Chief Investment Officer of the Company, as an executive in various capacities for certain of the Company's Subsidiaries as determined by the Executive, and as Portfolio Manager for certain investment companies and separate accounts managed by the Company and its Subsidiaries as determined by the Executive. The Executive or the Company may at any time limit or terminate the Executive's service in one or more of the capacities referred to above.

3. Term.

The Term of this Agreement shall commence on the Effective Date and continue through the third anniversary of the Effective Date (the "Expiration Date"). On each anniversary of the Effective Date commencing on the first anniversary (each, an "Anniversary Date"), this Agreement shall automatically be renewed and the Term extended for an additional one (1) year period, unless such renewal is objected to by either the Company or by the Executive on written notice delivered to the other not less than ninety (90) days prior to an Anniversary Date. The last day of each such extension shall become the new Expiration Date.

4. Fees from Revenue Generating Activities (Revenue Fees).

For managing or overseeing the management of investment companies or partnerships, attracting mutual fund accounts or partnership investments, attracting or managing separate accounts, providing investment banking services or otherwise generating revenues for the Company or its Subsidiaries, the Executive will be paid a percentage of the revenues or net operating contribution related to or generated by such business activities, in a manner and at payment rates as agreed to from time to time by the Executive and the Company or the affected Subsidiaries, which rates have been and generally will be the same as those received by other professionals in the Company or the affected Subsidiaries performing similar services. The Executive shall be entitled to receive such payments within seventy-five (75) days of the date the Company actually receives the funds related to the business activities from which the Executive will receive payment. Unless and until the Company receives such funds, the Executive shall not be entitled to receive payment.

5. Incentive-Based Management Fee (The Management Fee).

The Executive or an entity designated by him will be entitled to receive an incentive-based management fee in the amount of ten percent (10%) of the aggregate annual pre-tax profits, if any, as computed for financial reporting purposes in accordance with generally accepted accounting principles as applied by the Company and its Subsidiaries from time to time, of the Company and each of its Subsidiaries before consideration of this fee, less applicable payroll and tax deductions, accrued monthly and payable at least annually (the "Management Fee") but in no event later than March 15 of the year following the year with respect to which the Management Fee is being paid. A committee or subcommittee (comprised solely of independent directors) of the Board of Directors of the Company will review at least annually all Management Fee payments for compliance with the terms hereof. In the event that the Executive is no longer an executive of the Company or is no longer devoting the substantial majority of his working time to the business of the Company and its Subsidiaries, the Executive's right to accrue any additional Management Fee payments will terminate. The Management Fee is separate and distinct from the Executive's revenue fees pursuant to Paragraph 4 above.

6. Extent of Service-Restrictive Covenant.

During the term of this Agreement, the Executive shall not provide investment management services for compensation other than in his capacity as an officer or employee of the Company or its Subsidiaries, except to (a) the funds in existence on February 10, 1999 (the "IPO Date") (which serve no investors other than those in the funds as of the IPO Date, their successors, heirs, donees or immediate family, or new investors pursuant to the next sentence) and accounts managed by the Executive outside the Company under performance fee arrangements as of the IPO Date or pursuant to the next sentence, and (b) successor funds and accounts ("New Outside Accounts") which funds serve no investors other than those in the funds referred to in clause (a) or their successors, heirs, donees or immediate family and which accounts are for no investors other than those having an interest in the accounts referred to in clause (a) or their successors, heirs, donees or immediate family, which funds and accounts operate according to an investment style similar to such other funds or accounts, which style was not used at the Company as of the IPO Date, and which are subject to performance fee arrangements (collectively, "Permissible Accounts"). The Permissible Accounts may include new investors if all of the performance fees, less expenses, earned on assets attributable to those investors are paid to the Company or its Subsidiaries. If any Subsidiaries of the Company are spun off from the Company or otherwise cease to be Subsidiaries in similar transactions, the Executive may continue providing investment management services for compensation to such entities. Prior to providing investment management services for compensation to any New Outside Accounts during the term hereof, the Executive agrees to have a committee or subcommittee (comprised solely of independent directors) of the Board of Directors of the Company review any proposed New Outside Accounts for compliance with the terms hereof and accept the determination of such committee or subcommittee as final. The Company understands that the Executive intends to serve as a director, Chief Executive Officer and Chief Investment Officer of GGCP, Inc. and its affiliates and be compensated for such service, and the Company agrees that such service and compensation is permissible under this Agreement.

Table of contents

7. Benefits.

The Executive shall be entitled to participate in all group health and insurance programs and all other fringe benefit or retirement plans which the Company may, in its sole and absolute discretion, elect to make available to its senior executives generally, provided that the Executive meets the qualifications therefor.

8. Reimbursement of Expenses.

The Company shall reimburse the Executive for all reasonable and legitimate business expenses incurred after the date of employment by the Executive while conducting business, provided that the Executive submits vouchers for such expenses in a manner and form prescribed from time to time by the Company, except that up to $50,000 per year of such expenses may be non-accountable.

9. Section 409A Compliance.

This Agreement is intended to comply with Section 409A of the Internal Revenue Code of 1986, as amended, so as to avoid the imposition of any tax pursuant to Section 409A, and, in the case of any ambiguity, shall be interpreted accordingly. In the event that the Company or the Executive subsequently determine that the provisions of this Agreement would subject the Executive to tax under Section 409A, Company and the Executive shall negotiate in good faith to revise the Agreement so as to prevent the imposition of such tax, if possible, while preserving the original intent of the Agreement.

10. Assignability Clause.

This Agreement is binding upon the Company, the Executive and their respective successors and assigns. The rights and obligations set forth under this Agreement may be assigned by the Company or by the Executive to a successor or to an assign, except the Executive acknowledges that the duties set forth in Paragraph 2 of this Agreement are personal to him.

11. Governing Law.

This Agreement shall be governed by the law of the State of New York, without giving effect to the principles of conflicts of laws thereof. The Executive and the Company agree that any claim arising hereunder shall be brought before the state or federal courts sitting in New York, New York, and the Executive and the Company each consent to jurisdiction and venue in New York, New York, as being proper and appropriate for the resolution of any such claim.

Table of contents

12. Entire Agreement; Modification.

This Agreement supersedes all prior and contemporaneous agreements, understandings, negotiations and discussions, written or oral, of the parties hereto, relating to the matters covered by this Agreement. This Agreement may not be modified or amended except by a further written instrument duly executed by the Executive and the Company with the approval of a committee or subcommittee (comprised solely of independent directors) of the Board of Directors of the Company.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement on the date first written above.

/s/ Mario J. Gabelli
Mario J. Gabelli

GAMCO INVESTORS, INC.

By: /s/ Douglas R. Jamieson
President and Chief Operating Officer

B-4

Explanation of Responses:

Explanation of Responses: