

Edgar Filing: Gabelli Global Deal Fund - Form 40-17G

Gabelli Global Deal Fund  
Form 40-17G  
March 05, 2009

David James  
PNC Global Investment  
Servicing (U.S.) Inc.  
Vice President and Counsel  
99 High Street, 27th Floor  
Boston, MA 02110  
(617) 338-4595  
(617) 338-4864 - fax

March 5, 2009

VIA EDGAR

Securities and Exchange Commission  
100 F Street NE  
Washington, D.C. 20549

RE:   The 787 Fund, Inc.  
      File Nos. 333-141582/811-22041  
      The Gabelli Asset Fund  
      File Nos.: 33-1719/811-4494  
      The Gabelli Blue Chip Value Fund  
      File Nos.: 333-80099/811-09377  
      Gabelli Capital Series Funds, Inc.  
      File Nos.: 33-61254/811-7644  
      Comstock Funds, Inc.  
      File Nos.: 33-40771/811-05502  
      The Gabelli Convertible and Income  
      Securities Fund Inc.  
      File Nos.: 333-24541/811-05715  
      Gabelli Equity Series Funds, Inc.  
      File Nos.: 33-41913/811-06367  
      The Gabelli Equity Trust Inc.  
      File Nos.: 33-42780/811-4700  
      The Gabelli Global Deal Fund  
      File No. 333-138141/811-21969  
      The Gabelli Global Multimedia Trust Inc.  
      File Nos.: 333-102755/811-08476  
      GAMCO Global Series Funds, Inc.  
      File Nos.: 33-66262/811-07896  
      GAMCO Gold Fund, Inc.  
      File Nos.: 33-79180/811-08518  
      The GAMCO Growth Fund  
      File Nos.: 33-10583/811-4873  
      The Gabelli Global Gold, Natural Resources  
      & Income Trust  
      File Nos.: 333-121998/811-21698

The Gabelli Natural Resources, Gold &  
Income Trust  
File Nos. 333-152424/ 811-22216

GAMCO International Growth Fund, Inc.  
File Nos.: 33-79994/811-08560  
Gabelli Investor Funds, Inc.  
File Nos.: 33-54016/811-07326  
The GAMCO Mathers Fund  
File Nos.: 002-23727/811-01311  
The Gabelli Global Utility & Income Trust  
File Nos.: 333-113621/811-21529  
The Gabelli Money Market Funds  
File Nos.: 33-48220/811-6687  
The Gabelli Dividend & Income Trust  
File Nos.: 333-108409/811-21423  
The Gabelli Utilities Fund  
File Nos.: 333-81209/811-09397  
The Gabelli Utility Trust  
File Nos.: 333-72983/811-09243  
The Gabelli Value Fund Inc.  
File Nos.: 33-30139/811-5848  
The GAMCO Westwood Funds  
File Nos.: 33-06790/811-04719  
The Gabelli Healthcare & WellnessRx Trust  
File Nos.: 333-140966/811-22021  
The Gabelli SRI Fund, Inc.  
File Nos.: 333-141093/811-22026  
(the "Funds")

Dear Staff Member:

Pursuant to Rule 17g-1(g)(1) under the Investment Company Act of 1940, as amended, enclosed for filing on behalf of the above-referenced Funds please find (i) one copy of their joint fidelity bond (the "Joint Bond") for the policy period from December 7, 2008 to December 7, 2009, such policy being maintained through St. Paul Fire & Marine Insurance Company, (ii) an Assistant Secretary's

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Certificate certifying the resolutions adopted by each Fund's Board Members approving the amount, type, form and

coverage of the Joint Bond and the portion of the premium to be paid by the Funds and (iii) the Amended and Restated Joint Insured Agreement among the Funds and the other insureds on the Joint Bond.

The Joint Bond premium allocation for these Funds has already been paid to cover the December 7, 2008 to December 7, 2009 policy period.

Very truly yours,

/s/ David James

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David James  
Assistant Secretary

Enclosures

### ASSISTANT SECRETARY'S CERTIFICATE

I, David James, Assistant Secretary of The 787 Fund, Inc., The Gabelli Asset Fund, The Gabelli Blue Chip Value Fund, Gabelli Capital Series Funds, Inc., Comstock Funds, Inc., The Gabelli Convertible and Income Securities Fund Inc., The Gabelli Dividend & Income Trust, Gabelli Equity Series Funds, Inc., The Gabelli Equity Trust Inc., The Gabelli Global Deal Fund, The Gabelli Global Gold, Natural Resources & Income Trust, The Gabelli Global Multimedia Trust Inc., GAMCO Global Series Funds, Inc., The Gabelli Global Utility & Income Trust, GAMCO Gold Fund, Inc., The GAMCO Growth Fund, The Gabelli Healthcare & WellnessRx Trust, GAMCO International Growth Fund, Inc., Gabelli Investor Funds, Inc., The GAMCO Mathers Fund, The Gabelli Money Market Funds, The Gabelli Natural Resources, Gold & Income Trust, The Gabelli SRI Fund, Inc., The Gabelli Utilities Fund, The Gabelli Utility Trust, The Gabelli Value Fund Inc., and The GAMCO Westwood Funds (the "Funds"), hereby certify that the following resolutions have been adopted first by those Board Member who are not considered to be "interested persons," as defined in the Investment Company Act of 1940, as amended (the "1940 Act") ("Independent Board Members") voting separately, and then by the entire Board of each Fund, at the respective meetings duly called and held on November 18 and 19, 2008:

RESOLVED, That the Board hereby approves the renewal of the Fidelity Bond coverage with St. Paul Fire & Marine Insurance Company, in the form submitted to the Board Members, effective December 7, 2008 for the ensuing year, which coverage is maintained jointly on behalf of the Fund and other parties named as insureds therein and which will provide coverage in the aggregate amount of \$23,575,000 or such greater amount as the officers of the Fund may deem appropriate; and further

RESOLVED, That the portion of the premium for the aforementioned joint fidelity bond to be paid by the Fund is hereby approved, taking into consideration, among other things, the number of parties named as insureds; the nature of the business activities of such other parties; the amount of coverage under said fidelity bond; the amount of the premium for such bond; the ratable allocation of the premium among all parties named as insureds; and the extent to which the share of the premium allocated to the Fund is less than the premium the Fund would have had to pay if it had provided and maintained a

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single insured bond; and further

RESOLVED, That the continuance of the Amended and Restated Joint Insured Agreement among The 787 Fund, Inc., The Gabelli Asset Fund, The Gabelli Blue Chip Value Fund, Gabelli Capital Series Funds, Inc., Comstock Funds, Inc., The Gabelli Convertible and Income Securities Fund Inc., The Gabelli Dividend & Income Trust, Gabelli Equity Series Funds, Inc., The Gabelli Equity Trust Inc., The Gabelli Global Deal Fund, The Gabelli Global Gold, Natural Resources & Income Trust, The Gabelli Global Multimedia Trust Inc., GAMCO Global Series Funds, Inc., The Gabelli Global Utility & Income Trust, GAMCO Gold Fund, Inc., The GAMCO Growth Fund, The Gabelli Healthcare & WellnessRx Trust,

GAMCO International Growth Fund, Inc., Gabelli Investor Funds, Inc., The GAMCO Mathers Fund, The Gabelli Money Market Funds, The Gabelli Natural Resources, Gold & Income Trust, The Gabelli SRI Fund, Inc., The Gabelli Utilities Fund, The Gabelli Utility Trust, The Gabelli Value Fund Inc., and The GAMCO Westwood Funds is hereby approved; and further

RESOLVED, That the Assistant Secretary of the Fund is hereby authorized and directed to prepare, execute and file such Fidelity Bond and any supplements thereto, and to take such action as may be necessary or appropriate in order to conform the terms of the Fidelity Bond coverage to the provisions of the 1940 Act, and the rules and regulations promulgated thereunder.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand this 5th day of March, 2009.

/s/ David James

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David James  
Assistant Secretary

DELIVERY INVOICE

Company: st. Paul Fire and Marine Insurance Company

I TheGabelli Funds, et al  
NOneCorporate Center  
SRyeNY 10580

Policy Inception/Effective Date: 12/07/08  
Agency Number: 1062526

R  
E  
D

Transaction Type:  
New Business  
Transaction number: 001  
Processing date: 12/05/08  
Policy Number: 468PB1347

A Lockton Companies, LLC  
G 3280 Peachtree Road, Suite 800  
N Atlanta, GA 30305  
T

Policy Number	Description	Amount	Surtax/ Surcharge
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468PB1347 Investment Company Blanket Bond \$60,000

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TRAVELERSJJ

INVESTMENT COMPANY BLANKET BOND  
St. Paul Fire and Marine Insurance Company  
St. Paul, Minnesota 55102-1396  
(A Stock Insurance Company, herein called Underwriter)

DECLARATIONS BOND NO. 468PB1347

Item 1. Name of Insured (herein called Insured):  
The Gabelli Funds, et al  
Principal Address:  
One Corporate Center

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Rye, NJ 10580

Item 2. Bond Period from 12:01 a.m. on 12/07/08 to 12:01 a.m. on 12/07/09 the effective date of the termination or cancellation of the bond, standard time at the Principal Address as to each of said dates.

Item 3. Limit of Liability Subject to Sections 9, 10, and 12 hereof

	Limit of Liability	Deductible Amount
	-----	-----
Insuring Agreement A - FIDELITY	\$ 23,575,000	\$ 0
Insuring Agreement B - AUDIT EXPENSE	\$ 25,000	\$ 5,000
Insuring Agreement C - PREMISES	\$ 23,575,000	\$ 0
Insuring Agreement D - TRANSIT	\$ 23,575,000	\$ 0
Insuring Agreement E - FORGERY OR ALTERATION	\$ 23,575,000	\$ 10,000
Insuring Agreement F - SECURITIES	\$ 23,575,000	\$ 10,000
Insuring Agreement G - COUNTERFEIT CURRENCY	\$ 23,575,000	\$ 10,000
Insuring Agreement H - STOP PAYMENT	\$ 25,000	\$ 5,000
Insuring Agreement I - UNCOLLECTIBLE ITEMS OF DEPOSIT	\$ 25,000	\$ 5,000

#### OPTIONAL COVERAGES ADDED BY RIDER:

If "Not Covered" is inserted above opposite any specified Insuring Agreement or Coverage, such Insuring Agreement or Coverage and any other reference thereto in this bond shall be deemed to be deleted therefrom.

Item 4. Offices or Premises Covered - Offices acquired or established subsequent to the effective date of this bond are covered according to the terms of General Agreement A. All the Insured's offices or premises in existence at the time this bond becomes effective are covered under this bond except the offices or premises located as follows:

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Item 5. The liability of the Underwriter is subject to the terms of the following endorsements or riders attached hereto: Endorsements or Riders No. 1 through

ICB010 Ed.07/04  
ICB011 Ed.07/04  
ICB012 Ed.07/04  
ICB013 Ed.07/04  
ICB016 Ed.07/04  
ICB026 Ed.07/04  
ICB057 Ed.04/05  
MEL2555 Ed.03/05  
MEL3281 Ed-05/05

Item 6. The Insured by the acceptance of this bond gives notice to the Underwriter terminating or canceling prior bonds or policy(ies) No.(s) such termination or cancellation to be effective as of the time this bond becomes effective.

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IN WITNESS WHEREOF, the Company has caused this bond to be signed by its President and Secretary and countersigned by a duly authorized representative of the Company.

Countersigned: ST. PAUL FIRE AND MARINE INSURANCE COMPANY

Countersignature Date

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### INVESTMENT COMPANY BLANKET BOND

The Underwriter, in consideration of an agreed premium, and subject to the Declarations made a part hereof, the General Agreements, Conditions and Limitations and other terms of this bond, agrees with the insured, in accordance with the Insuring Agreements hereof to which an amount of insurance is applicable as set forth in Item 3 of the Declarations and with respect to loss sustained by the Insured at any time but discovered during the Bond Period, to indemnify and hold harmless the Insured for:

#### INSURING AGREEMENTS

##### (A) FIDELITY

Loss resulting from any dishonest or fraudulent act(s), including Larceny or Embezzlement, committed by an Employee, committed anywhere and whether committed alone or in collusion with others, including loss of Property resulting from such acts of an Employee, which Property is held by the Insured for any purpose or in any capacity and whether so held gratuitously or not and whether or not the Insured is liable therefor.

Dishonest or fraudulent act(s) as used in this Insuring Agreement shall mean only dishonest or fraudulent act(s) committed by such Employee with the manifest intent:

- (a) to cause the insured to sustain such loss; and
- (b) to obtain financial benefit for the Employee, or for any other Person or organization intended by the Employee to receive such benefit, other than salaries, commissions, fees, bonuses, promotions, awards, profit sharing, pensions or other employee benefits earned in the normal course of employment.

##### (B) AUDIT EXPENSE

Expense incurred by the Insured for that part of the costs of audits or examinations required by any governmental regulatory authority to be conducted either by such authority or by an independent accountant by reason of the discovery of loss sustained by the insured through any dishonest or fraudulent act(s), including Larceny or Embezzlement, of any of the Employees. The total liability of the Underwriter for such expense by reason of such acts of any Employee or in which such Employee is concerned or implicated or with respect to any one audit or examination is limited to the amount stated opposite Audit Expense in Item 3 of the Declarations; it being understood, however, that such expense shall be

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deemed to be a loss sustained by the Insured through any dishonest or fraudulent act(s), including Larceny or Embezzlement, of one or more of the Employees, and the liability under this paragraph shall be in addition to the Limit of Liability stated in Insuring Agreement (A) in Item 3 of the Declarations.

### (C) ON PREMISES

Loss of Property (occurring with or without negligence or violence) through robbery, burglary, Larceny, theft, holdup, or other fraudulent means, misplacement, mysterious unexplainable disappearance, damage thereto or destruction thereof, abstraction or removal from the possession, custody or control of the Insured, and loss of subscription, conversion, redemption or deposit privileges through the misplacement or loss of Property, while the Property is (or is supposed or believed by the Insured to be) lodged or deposited within any offices or

premises located anywhere, except in an office listed in Item 4 of the Declarations or amendment thereof or in the mail or with a carrier for hire, other than an armored motor vehicle company, for the purpose of transportation.

#### Office and Equipment

- (1) loss of or damage to furnishings, fixtures, stationery, supplies or equipment, within any of the Insured's offices covered under this bond caused by Larceny or theft in, or by burglary, robbery or hold-up of, such office, or attempt thereat, or by vandalism or malicious mischief; or
- (2) loss through damage to any such office by Larceny or theft in, or by burglary, robbery or hold-up of, such office, or attempt thereat, or to the interior of any such office by vandalism or malicious mischief provided, in any event, that the Insured is the owner of such offices, furnishings, fixtures, stationery, supplies or equipment or is legally liable for such loss or damage always excepting, however, all loss or damage through fire.

### (D) IN TRANSIT

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Loss of Property (occurring with or without negligence or violence) through robbery, Larceny, theft, hold-up, misplacement, mysterious unexplainable disappearance, being lost or otherwise made away with, damage thereto or destruction thereof, and loss of subscription, conversion, redemption or deposit privileges through the misplacement or loss of Property, while the Property is in transit anywhere in the custody of any person or persons acting as messenger, except while in the mail or with a carrier for hire, other than an armored motor vehicle company, for the purpose of transportation, such transit to begin immediately upon receipt of such Property by the transporting person or persons, and to end immediately upon delivery thereof at destination.

### (E) FORGERY OR ALTERATION

Loss through Forgery or alteration of or on:

- (1) any bills of exchange, checks, drafts, acceptances, certificates of

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deposit, promissory notes, or other written promises, orders or directions to pay sums certain in money, due bills, money orders, warrants, orders upon public treasuries, letters of credit; or

- (2) other written instructions, advices or applications directed to the Insured, authorizing or acknowledging the transfer, payment, delivery or receipt of funds or Property, which instructions, advices or applications purport to have been signed or endorsed by any:
- (a) customer of the Insured, or (b) shareholder or subscriber to shares, whether certificated or uncertificated, of any Investment Company, or
  - (c) financial or banking institution or stockbroker,

but which instructions, advices or applications either bear the forged signature or endorsement or have been altered without the knowledge and consent of such customer, shareholder or subscriber to shares, or financial or banking institution or stockbroker; or

- (3) withdrawal orders or receipts for the withdrawal of funds or Property, or receipts or certificates of deposit for Property and bearing the name of the Insured as issuer, or of another Investment Company for which the Insured acts as agent, excluding, however, any loss covered under Insuring Agreement (F) hereof whether or not coverage for Insuring Agreement (F) is provided for in the Declarations of this bond.

Any check or draft (a) made payable to a fictitious payee and endorsed in the name of such fictitious payee or (b) procured in a transaction with the maker or drawer thereof or with one acting as an agent of such maker or drawer or anyone impersonating another and made or drawn payable to the one so impersonated and endorsed by anyone other than the one impersonated, shall be deemed to be forged as to such endorsement.

Mechanically reproduced facsimile signatures are treated the same as handwritten signatures.

### (F) SECURITIES

Loss sustained by the insured, including loss sustained by reason of a violation of the constitution by-laws, rules or regulations of any Self Regulatory Organization of which the Insured is a member or which would have been imposed upon the Insured by the constitution, by-laws, rules or regulations of any Self Regulatory Organization if the Insured had been a member thereof,

- (1) through the Insured's having, in good faith and in the course of business, whether for its own account or for the account of others, in any representative, fiduciary, agency or any other capacity, either gratuitously or otherwise, purchased or otherwise acquired, accepted or received, or sold or delivered, or given any value, extended any credit or assumed any liability, on the faith of, or otherwise acted upon, any securities, documents or other written instruments which prove to have been:
- (a) counterfeited, or
  - (b) forged as to the signature of any maker, drawer, issuer, endorser, assignor, lessee, transfer agent or registrar,

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acceptor, surety or guarantor or as to the signature of any person signing in any other capacity, or

(c) raised or otherwise altered, or lost, or stolen, or

(2) through the insured's having, in good faith and in the course of business, guaranteed in writing or witnessed any signatures whether for valuable consideration or not and whether or not such guaranteeing or witnessing is ultra vires the insured, upon any transfers,

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assignments, bills of sale, powers of attorney, guarantees, endorsements or other obligations upon or in connection with any securities, documents or other written instruments and which pass or purport to pass title to such securities, documents or other written instruments; excluding losses caused by Forgery or alteration of, on or in those instruments covered under insuring Agreement (E) hereof.

Securities, documents or other written instruments shall be deemed to mean original (including original counterparts) negotiable or non-negotiable agreements which in and of themselves represent an equitable interest, ownership, or debt, including an assignment thereof, which instruments are, in the ordinary course of business, transferable by delivery of such agreements with any necessary endorsement or assignment.

The word "counterfeited" as used in this Insuring Agreement shall be deemed to mean any security, document or other written instrument which is intended to deceive and to be taken for an original.

Mechanically reproduced facsimile signatures are treated the same as handwritten signatures.

(G) COUNTERFEIT CURRENCY

Loss through the receipt by the Insured, in good faith, of any counterfeited money orders or altered paper currencies or coin of the United States of America or Canada issued or purporting to have been issued by the United States of America or Canada or issued pursuant to a United States of America or Canada statute for use as currency.

(H) STOP PAYMENT

Loss against any and all sums which the Insured shall become obligated to pay by reason of the liability imposed upon the Insured by law for damages:

For having either complied with or failed to comply with any written notice of any customer, shareholder or subscriber of the Insured or any Authorized Representative of such customer, shareholder or subscriber to stop payment of any check or draft made or drawn by such customer, shareholder or subscriber or any Authorized Representative of such customer, shareholder or subscriber, or

For having refused to pay any check or draft made or drawn by any customer, shareholder or subscriber of the Insured or any Authorized Representative of such customer, shareholder or subscriber.

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### (I) UNCOLLECTIBLE ITEMS OF DEPOSIT

Loss resulting from payments of dividends or fund shares, or withdrawals permitted from any customer's, shareholder's, or subscriber's account based upon Uncollectible Items of Deposit of a customer, shareholder or subscriber credited by the Insured or the Insured's agent to such customer's, shareholder's or subscriber's Mutual Fund Account; or loss resulting from an Item of ,Deposit processed through an Automated Clearing House which is reversed by the customer, shareholder or subscriber and deemed uncollectible by the Insured.

Loss includes dividends and interest accrued not to exceed 15% of the Uncollectible Items which are deposited.

This Insuring Agreement applies to all Mutual Funds with "exchange privileges" if all Fund(s) in the exchange program are insured by the Underwriter for Uncollectible Items of Deposit. Regardless of the number of transactions between Fund(s), the minimum number of days of deposit within the Fund(s) before withdrawal as declared in the Fund(s) prospectus shall begin from the date a deposit was first credited to any Insured Fund(s).

### GENERAL AGREEMENTS

#### A. ADDITIONAL OFFICES OR EMPLOYEES - CONSOLIDATION OR MERGER - NOTICE

- (1) If the Insured shall, while this bond is in force, establish any additional office or offices, such offices shall be automatically covered hereunder from the dates of their establishment, respectively. No notice to the Underwriter of an increase during any premium period in the number of offices or in the number of Employees at any of the offices covered hereunder need be given and no additional premium need be paid for the remainder of such premium period.
- (2) If an Investment Company, named as Insured herein, shall, while this bond is in force, merge or consolidate with, or purchase the assets of another institution, coverage for such acquisition shall apply automatically

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from the date of acquisition. The Insured shall notify the Underwriter of such acquisition within 60 days of said date, and an additional premium shall be computed only if such acquisition involves additional offices or employees.

#### B. WARRANTY

No statement made by or on behalf of the Insured, whether contained in the application or otherwise, shall be deemed to be a warranty of anything except that it is true to the best of the knowledge and belief of the person making the statement.

#### C. COURT COSTS AND ATTORNEYS' FEES

(Applicable to all Insuring Agreements or Coverages now or hereafter

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forming part of this bond)

The Underwriter will indemnify the Insured against court costs and reasonable attorneys' fees incurred and paid by the insured in defense, whether or not successful, whether or not fully litigated on the merits and whether or not settled, of any suit or legal proceeding brought against the Insured to enforce the Insured's liability or alleged liability on account of any loss, claim or damage which, if established against the Insured, would constitute a loss sustained by the Insured covered under the terms of this bond provided, however, that with respect to Insuring Agreement (A) this indemnity shall apply only in the event that:

- (1) an Employee admits to being guilty of any dishonest or fraudulent act(s), including Larceny or Embezzlement; or
- (2) an Employee is adjudicated to be guilty of any dishonest or fraudulent act(s), including Larceny or Embezzlement;
- (3) in the absence of (1) or (2) above an arbitration panel agrees, after a review of an agreed statement of facts, that an Employee would be found guilty of dishonesty if such Employee were prosecuted.

The Insured shall promptly give notice to the Underwriter of any such suit or legal proceedings and at the request of the Underwriter shall furnish it with copies of all pleadings and other papers therein. At the Underwriter's election the Insured shall permit the Underwriter to conduct the defense of such suit or legal proceeding, in the Insured's name, through attorneys of the Underwriter's selection. In such event, the Insured shall give all reasonable information and assistance which the Underwriter shall deem necessary to the proper defense of such suit or legal proceeding.

If the amount of the Insured's liability or alleged liability is greater than the amount recoverable under this bond, or if a Deductible Amount is applicable, or both, the liability of the Underwriter under this General Agreement is limited to the proportion of court costs and attorneys' fees incurred and paid by the insured or by the Underwriter that the amount recoverable under this bond bears to the total of such amount plus the amount which is not so recoverable. Such indemnity shall be in addition to the Limit of Liability for the applicable Insuring Agreement or Coverage.

### D. FORMER EMPLOYEE

Acts of an Employee, as defined in this bond, are covered under Insuring Agreement (A) only while the Employee is in the Insured's employ. Should loss involving a former Employee of the Insured be discovered subsequent to the termination of employment, coverage would still apply under Insuring Agreement (A) if the direct proximate cause of the loss occurred while the former Employee performed duties within the scope of his/her employment.

### THE FOREGOING INSURING AGREEMENTS AND GENERAL AGREEMENTS ARE SUBJECT TO THE FOLLOWING CONDITIONS AND LIMITATIONS:

#### SECTION 1. DEFINITIONS

The following terms, as used in this bond have the respective meanings stated in this Section:

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(a) "Employee" means:

- (1) any of the Insured's officers, partners, or employees, and
- (2) any of the officers or employees of any predecessor of the Insured whose principal assets are acquired by the Insured by consolidation or merger with, or purchase of assets or capital stock of, such predecessor, and

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- (3) attorneys retained by the insured to perform legal services for the Insured and the employees of such attorneys while such attorneys or employees of such attorneys are performing such services for the Insured, and
- (4) guest students pursuing their studies or duties in any of the insured's offices, and
- (5) directors or trustees of the Insured, the investment advisor, underwriter (distributor), transfer agent, or shareholder accounting record keeper, or administrator authorized by written agreement to keep financial and/or other required records, but only while performing acts coming within the scope of the usual duties of an officer or employee or while acting as a member of any committee duly elected or appointed to examine or audit or have custody of or access to the Property of the insured; and
- (6) any individual or individuals assigned to perform the usual duties of an employee within the premises of the insured, by contract, or by any agency furnishing temporary personnel on a contingent or part-time basis, and
- (7) each natural person, partnership or corporation authorized by written agreement with the Insured to perform services as electronic data processor of checks or other accounting records of the Insured, but excluding any such processor who acts as transfer agent or in any other agency capacity in issuing checks, drafts or securities for the Insured, unless included under sub-section (9) hereof, and
- (8) those persons so designated in Section 15, Central Handling of Securities, and
- (9) any officer, partner, or Employee of:
  - (a) an investment advisor,
  - (b) an underwriter (distributor),
  - (c) a transfer agent or shareholder accounting record-keeper, or
  - (d) an administrator authorized by written agreement to keep financial and/or other required records,

for an Investment Company named as insured while performing acts coming within the scope of the usual duties of an officer or Employee of any investment Company named as Insured herein, or while acting as a member of any committee duly elected or appointed to examine or audit or have custody of or access to the Property of any such Investment Company, provided that only Employees or partners of a transfer agent, shareholder

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accounting record-keeper or administrator which is an affiliated person, as defined in the Investment Company Act of 1940, of an Investment Company named as Insured or is an affiliated person of the advisor, underwriter or administrator of such Investment Company, and which is not a bank, shall be included within the definition of Employee.

Each employer of temporary personnel or processors as set forth in sub-sections (6) and (7) of Section 1 (a) and their partners, officers and employees shall collectively be deemed to be one person for all the purposes of this bond, excepting, however, the last paragraph of Section 13.

Brokers, or other agents under contract or representatives of the same general character shall not be considered Employees.

- (b) "Property" means money (i.e. currency, coin, bank notes, Federal Reserve notes), postage and revenue stamps, U.S. Savings Stamps, bullion, precious metals of all kinds and in any form and articles made therefrom, jewelry, watches, necklaces, bracelets, gems, precious and semi-precious stones, bonds, securities, evidences of debts, debentures, scrip, certificates, interim receipts, warrants, rights, puts, calls, straddles, spreads, transfers, coupons, drafts, bills of exchange, acceptances, notes, checks, withdrawal orders, money orders, warehouse receipts, bills of lading, conditional sales contracts, abstracts of title, insurance policies, deeds, mortgages under real estate and/or chattels and upon interests therein, and assignments of such policies, mortgages and instruments, and other valuable papers, including books of account and other records used by the Insured in the conduct of its business, and all other instruments similar to or in the nature of the foregoing including Electronic Representations of such instruments enumerated above (but excluding all data processing records) in which the Insured has an interest or in which the Insured acquired or should have acquired an interest by reason of a predecessor's declared financial condition at the time of the Insured's consolidation or merger with, or purchase of the principal assets of, such predecessor or which are held by the insured for any purpose or in any capacity and whether so held gratuitously or not and whether or not the Insured is liable therefor.
- (c) "Forgery" means the signing of the name of another with intent to deceive; it does not

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include the signing of one's own name with or without authority, in any capacity, for any purpose.

- (d) "Larceny and Embezzlement" as it applies to any named Insured means those acts as set forth in Section 37 of the Investment Company Act of 1940.
- (e) "Items of Deposit" means any one or more checks and drafts. Items of Deposit shall not be deemed uncollectible until the Insured's collection procedures have failed.

### SECTION 2. EXCLUSIONS THIS BOND, DOES NOT COVER:

- (a) loss effected directly or indirectly by means of forgery or

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alteration of, on or in any instrument, except when covered by Insuring Agreement (A), (E), (F) or (G).

- (b) loss due to riot or civil commotion outside the United States of America and Canada; or loss due to military, naval or usurped power, war or insurrection unless such loss occurs in transit in the circumstances recited in Insuring Agreement (D), and unless, when such transit was initiated, there was no knowledge of such riot, civil commotion, military, naval or usurped power, war or insurrection on the part of any person acting for the Insured in initiating such transit.
- (c) loss, in time of peace or war, directly or indirectly caused, by or resulting from the effects of nuclear fission or fusion or radioactivity; provided, however, that this paragraph shall not apply to loss resulting from industrial uses of nuclear energy.
- (d) loss resulting from any wrongful act or acts of any person who is a member of the Board of Directors of the Insured or a member of any equivalent body by whatsoever name known unless such person is also an Employee or an elected official, partial owner or partner of the Insured in some other capacity, nor, in any event, loss resulting from the act or acts of any person while acting in the capacity of a member of such Board or equivalent body.
- (e) loss resulting from the complete or partial non-payment of, or default upon, any loan or transaction in the nature of, or amounting to, a loan made by or obtained from the Insured or any of its partners, directors or Employees, whether authorized or unauthorized and whether procured in good faith or through trick, artifice fraud or false pretenses, unless such loss is covered under Insuring Agreement (A), (E) or (F).
- (f) loss resulting from any violation by the Insured or by any Employee:
  - (1) of law regulating (a) the issuance, purchase or sale of securities, (b) securities transactions upon Security Exchanges or over the counter market, (c) Investment Companies, or (d) Investment Advisors, or
  - (2) of any rule or regulation made pursuant to any such law.unless such loss, in the absence of such laws, rules or regulations, would be covered under Insuring Agreements (A) or (E).
- (g) loss of Property or loss of privileges through the misplacement or loss of Property as set forth in Insuring Agreement (C) or (D) while the Property is in the custody of any armored motor vehicle company, unless such loss shall be in excess of the amount recovered or received by the Insured under (a) the insured's contract with said armored motor vehicle company, (b) insurance carried by said armored motor vehicle company for the benefit of users of its service, and (c) all other insurance and indemnity in force in whatsoever form carried by or for the benefit of users of said armored motor vehicle company's service, and then this bond shall cover only such excess.
- (h) potential income, including but not limited to interest and dividends, not realized by the Insured because of a loss covered under this bond, except as included under Insuring Agreement (I).
- (i) all damages of any type for which the Insured is legally liable, except direct compensatory damages arising from a loss covered under

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this bond.

(J) loss through the surrender of Property away from an office of the Insured as a result of a threat:

- (1) to do bodily harm to any person, except loss of Property in transit in the custody of any person acting as messenger provided that when such transit was initiated there was no knowledge by the Insured of any such threat, or
- (2) to do damage to the premises or Property of the Insured, except when covered under Insuring Agreement (A).

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(k) all costs, fees and other expenses incurred by the Insured in establishing the existence of or amount of loss covered under this bond unless such indemnity is provided for under Insuring Agreement (B).

(l) loss resulting from payments made or withdrawals from the account of a customer of the Insured, shareholder or subscriber to shares involving funds erroneously credited to such account, unless such payments are made to or withdrawn by such depositors or representative of such person, who is within the premises of the drawee bank of the Insured or within the office of the Insured at the time of such payment or withdrawal or unless such payment is covered under Insuring Agreement (A).

(m) any loss resulting from Uncollectible Items of Deposit which are drawn from a financial institution outside the fifty states of the United States of America, District of Columbia, and territories and possessions of the United States of America, and Canada.

### SECTION 3. ASSIGNMENT OF RIGHTS

This bond does not afford coverage in favor of any Employers of temporary personnel or of processors as set forth in sub-sections (6) and (7) of Section 1(a) of this bond, as aforesaid, and upon payment to the Insured by the Underwriter on account of any loss through dishonest or fraudulent act(s) including Larceny or Embezzlement committed by any of the partners, officers or employees of such Employers, whether acting alone or in collusion with others, an assignment of such of the Insured's rights and causes of action as it may have against such Employers by reason of such acts so committed shall, to the extent of such payment, be given by the Insured to the Underwriter, and the Insured shall execute all papers necessary to secure to the Underwriter the rights herein provided for.

### SECTION 4. LOSS - NOTICE - PROOF - LEGAL PROCEEDINGS

This bond is for the use and benefit only of the Insured named in the Declarations and the Underwriter shall not be liable hereunder for loss sustained by anyone other than the Insured unless the insured, in its sole discretion and at its option, shall include such loss in the Insured's proof of loss. At the earliest practicable moment after discovery of any loss hereunder the Insured shall give the Underwriter written notice thereof and shall also within six months after such discovery furnish to the Underwriter affirmative proof of loss with full particulars. If claim is made under this bond for loss

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of securities or shares, the Underwriter shall not be liable unless each of such securities or shares is identified in such proof of loss by a certificate or bond number or, where such securities or shares are uncertificated, by such identification means as agreed to by the Underwriter. The Underwriter shall have thirty days after notice and proof of loss within which to investigate the claim, but where the loss is clear and undisputed, settlement shall be made within forty-eight hours; and this shall apply notwithstanding the loss is made up wholly or in part of securities of which duplicates may be obtained. Legal proceedings for recovery of any loss hereunder shall not be brought prior to the expiration of sixty days after such proof of loss is filed with the Underwriter nor after the expiration of twenty-four months from the discovery of such loss, except that any action or proceedings to recover hereunder on account of any judgment against the Insured in any suit mentioned in General Agreement C or to recover attorneys' fees paid in any such suit, shall be begun within twenty-four months from the date upon which the judgment in such suit shall become final. If any limitation embodied in this bond is prohibited by any law controlling the construction hereof, such limitation shall be deemed to be amended so as to be equal to the minimum period of limitation permitted by such law.

Discovery occurs when the Insured:

- (a) becomes aware of facts, or
- (b) receives written notice of an actual or potential claim by a third party which alleges that the Insured is liable under circumstances,

which would cause a reasonable person to assume that a loss covered by the bond has been or will be incurred even though the exact amount or details of loss may not be then known.

### SECTION 5. VALUATION OF PROPERTY

The value of any Property, except books of accounts or other records used by the insured in the conduct of its business, for the loss of which a claim shall be made hereunder, shall be determined by the average market value of such Property on the business day next preceding the discovery of such loss; provided, however, that the value of any Property replaced by the Insured prior to the payment of claim therefor shall be the actual market value at the time of replacement; and further provided that in case of a loss or misplacement of interim certificates, warrants, rights, or other securities, the production of which is necessary to the exercise of subscription, conversion, redemption or deposit privileges, the value thereof shall be the market value of such privileges

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immediately preceding the expiration thereof if said loss or misplacement is not discovered until after their expiration. If no market price is quoted for such Property or for such privileges, the value shall be fixed by agreement between the parties or by arbitration.

In case of any loss or damage to Property consisting of books of accounts or other records used by the Insured in the conduct of its business, the Underwriter shall be liable under this bond only if such books or records are actually reproduced and then for not more than the cost of blank books, blank pages or other materials plus the cost of labor for the actual transcription or copying of data which shall have been furnished by the Insured in order to

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reproduce such books and other records.

### SECTION 6. VALUATION OF PREMISES AND FURNISHINGS

In case of damage to any office of the Insured, or loss of or damage to the furnishings, fixtures, stationery, supplies, equipment, safes or vaults therein, the Underwriter shall not be liable for more than the actual cash value thereof, or for more than the actual cost of their replacement or repair. The Underwriter may, at its election, pay such actual cash value or make such replacement or repair. If the underwriter and the Insured cannot agree upon such cash value or such cost of replacement or repair, such shall be determined by arbitration.

### SECTION 7. LOST SECURITIES

If the Insured shall sustain a loss of securities the total value of which is in excess of the limit stated in Item 3 of the Declarations of this bond, the liability of the Underwriter shall be limited to payment for, or duplication of, securities having value equal to the limit stated in Item 3 of the Declarations of this bond.

If the Underwriter shall make payment to the Insured for any loss of securities, the Insured shall thereupon assign to the Underwriter all of the Insured's rights, title and interest in and to said securities.

With respect to securities the value of which do not exceed the Deductible Amount (at the time of the discovery of the loss) and for which the Underwriter may at its sole discretion and option and at the request of the Insured issue a Lost Instrument Bond or Bonds to effect replacement thereof, the Insured will pay the usual premium charged therefor and will indemnify the Underwriter against all loss or expense that the Underwriter may sustain because of the issuance of such Lost Instrument Bond or Bonds.

With respect to securities the value of which exceeds the Deductible Amount (at the time of discovery of the loss) and for which the Underwriter may issue or arrange for the issuance of a Lost Instrument Bond or Bonds to effect replacement thereof, the Insured agrees that it will pay as premium therefor a proportion of the usual premium charged therefor, said proportion being equal to the percentage that the Deductible Amount bears to the value of the securities upon discovery of the loss, and that it will indemnify the issuer of said Lost Instrument Bond or Bonds against all loss and expense that is not recoverable from the Underwriter under the terms and conditions of this Investment Company Blanket Bond subject to the Limit of Liability hereunder.

### SECTION 8. SALVAGE

in case of recovery, whether made by the Insured or by the Underwriter, on account of any loss in excess of the Limit of Liability hereunder plus the Deductible Amount applicable to such loss, from any source other than suretyship, insurance, reinsurance, security or indemnity taken by or for the benefit of the Underwriter, the net amount of such recovery, less the actual costs and expenses of making same, shall be applied to reimburse the insured in full for the excess portion of such loss, and the remainder, if any, shall be paid first in reimbursement of the Underwriter and thereafter in reimbursement of the Insured for that part of such loss within the Deductible Amount. The Insured shall execute all necessary papers to secure to the Underwriter the rights provided for herein.

### SECTION 9. NON-REDUCTION AND NON- ACCUMULATION OF LIABILITY AND TOTAL LIABILITY

At all times prior to termination hereof, this bond shall continue in force for the limit stated in the applicable sections of Item 3 of the Declarations of this bond notwithstanding any previous loss for which the Underwriter may have

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paid or be liable to pay hereunder; PROVIDED, however, that regardless of the number of years this bond shall continue in force and the number or premiums which shall be payable or paid, the liability of the Underwriter under this bond with respect to all loss resulting from:

- (a) any one act of burglary, robbery or holdup, or attempt thereat, in which no Partner or Employee is concerned or implicated shall be deemed to be one loss, or
- (b) any one unintentional or negligent act on the part of any other person resulting in damage to or destruction or misplacement of Property, shall be deemed to be one loss, or

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- (c) all wrongful acts, other than those specified in (a) above, of any one person shall be deemed to be one loss, or
- (d) all wrongful acts, other than those specified in (a) above, of one or more persons (which dishonest act(s) or act(s) of Larceny or Embezzlement include, but are not limited to, the failure of an Employee to report such acts of others) whose dishonest act or acts intentionally or unintentionally, knowingly or unknowingly, directly or indirectly, aid or aids in any way, or permits the continuation of, the dishonest act or acts of any other person or persons shall be deemed to be one loss with the act or acts of the persons aided, or (
- e) any one casualty or event other than those specified in (a), (b), (c) or (d) preceding, shall be deemed to be one loss, and

shall be limited to the applicable Limit of Liability stated in Item 3 of the Declarations of this bond irrespective of the total amount of such loss or losses and shall not be cumulative in amounts from year to year or from period to period.

Sub-section (c) is not applicable to any situation to which the language of sub-section (d) applies.

### SECTION 10. LIMIT OF LIABILITY

With respect to any loss set forth in the PROVIDED clause of Section 9 of this bond which is recoverable or recovered in whole or in part under any other bonds or policies issued by the Underwriter to the Insured or to any predecessor in interest of the Insured and terminated or cancelled or allowed to expire and in which the period of discovery has not expired at the time any such loss thereunder is discovered, the total liability of the underwriter under this bond and under other bonds or policies shall not exceed, in the aggregate, the amount carried hereunder on such loss or the amount available to the Insured under such other bonds or policies, as limited by the terms and conditions thereof, for any such loss if the latter amount be the larger.

### SECTION 11. OTHER INSURANCE

If the insured shall hold, as indemnity against any loss covered hereunder, any valid and enforceable insurance or suretyship, the Underwriter shall be liable hereunder only for such amount of such loss which is in excess of the amount of such other insurance or suretyship, not exceeding, however, the Limit of

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Liability of this bond applicable to such loss.

### SECTION 12. DEDUCTIBLE

The Underwriter shall not be liable under any of the Insuring Agreements of this bond on account of loss as specified, respectively, in sub-sections (a), (b), (c), (d) and (e) of Section 9, NON-REDUCTION AND NON- ACCUMULATION OF LIABILITY AND TOTAL LIABILITY, unless the amount of such loss, after deducting the net amount of all reimbursement and/or recovery obtained or made by the Insured, other than from any bond or policy of insurance issued by an insurance company and covering such loss, or by the Underwriter on account thereof prior to payment by the Underwriter of such loss, shall exceed the Deductible Amount set forth in Item 3 of the Declarations hereof (herein called Deductible Amount), and then for such excess only, but in no event for more than the applicable Limit of Liability stated in Item 3 of the Declarations.

The Insured will bear, in addition to the Deductible Amount, premiums on Lost Instrument Bonds as set forth in Section 7.

There shall be no deductible applicable to any loss under Insuring Agreement A sustained by any Investment Company named as Insured herein.

### SECTION 13. TERMINATION

The Underwriter may terminate this bond as an entirety by furnishing written notice specifying the termination date, which cannot be prior to 60 days after the receipt of such written notice by each Investment Company named as Insured and the Securities and Exchange Commission, Washington, D.C. The Insured may terminate this bond as an entirety by furnishing written notice to the Underwriter. When the insured cancels, the Insured shall furnish written notice to the Securities and Exchange Commission, Washington, D.C., prior to 60 days before the effective date of the termination. The Underwriter shall notify all other Investment Companies named as Insured of the receipt of such termination notice and the termination cannot be effective prior to 60 days after receipt of written notice by all other investment Companies. Premiums are earned until the termination date as set forth herein.

This Bond will terminate as to any one Insured immediately upon taking over of such insured by a receiver or other liquidator or by State or Federal officials, or immediately upon the filing of a petition under any State or Federal statute relative to bankruptcy or reorganization of the Insured, or assignment for the benefit of creditors of the Insured, or immediately upon such Insured ceasing to exist, whether through merger into another entity, or by disposition of all of its assets.

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The Underwriter shall refund the unearned premium computed at short rates in accordance with the standard short rate cancellation tables if terminated by the Insured or pro rata if terminated for any other reason.

This Bond shall terminate:

- (a) as to any Employee as soon as any partner, officer or supervisory Employee of the Insured, who is not in collusion with such Employee, shall learn of any dishonest or fraudulent act(s), including Larceny or Embezzlement on the part of such Employee without prejudice to the loss of any Property then in transit in the custody of such

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Employee (see Section 16(d)), or

- (b) as to any Employee 60 days after receipt by each Insured and by the Securities and Exchange Commission of a written notice from the Underwriter of its desire to terminate this bond as to such Employee, or
- (c) as to any person, who is a partner, officer or employee of any Electronic Data Processor covered under this bond, from and after the time that the Insured or any partner or officer thereof not in collusion with such person shall have knowledge or information that such person has committed any dishonest or fraudulent act(s), including Larceny or Embezzlement in the service of the Insured or otherwise, whether such act be committed before or after the time this bond is effective.

### SECTION 14. RIGHTS AFTER TERMINATION OR CANCELLATION

At any time prior to the termination or cancellation of this bond as an entirety, whether by the Insured or the Underwrite, the Insured may give the Underwriter notice that it desires under this bond an additional period of 12 months within which to discover loss sustained by the insured prior to the effective date of such termination or cancellation and shall pay an additional premium therefor.

Upon receipt of such notice from the insured, the Underwriter shall give its written consent thereto; provided, however, that such additional period of time shall terminate immediately:

- (a) on the effective date of any other insurance obtained by the Insured, its successor in business or any other party, replacing in whole or in part the insurance afforded by this bond, whether or not such other insurance provides coverage for loss sustained prior to its effective date, or
- (b) upon takeover of the Insured's business by any State or Federal official or agency, or by any receiver or liquidator, acting or appointed for this purpose without the necessity of the Underwriter giving notice of such termination. In the event that such additional period of time is terminated, as provided above, the Underwriter shall refund any unearned premium.

The right to purchase such additional period for the discovery of loss may not be exercised by any State or Federal official or agency, or by a receiver or liquidator, acting or appointed to take over the Insured's business for the operation or for the liquidation thereof or for any purpose.

### SECTION 15. CENTRAL HANDLING OF SECURITIES

Securities included in the system for the central handling of securities established and maintained by Depository Trust Company, Midwest Depository Trust Company, Pacific Securities Depository Trust Company, and Philadelphia Depository Trust Company, hereinafter called Corporations, to the extent of the Insured's interest therein as effected by the making of appropriate entries on the books and records of such Corporations shall be deemed to be Property.

The words "Employee" and "Employees" shall be deemed to include the officers, partners, clerks and other employees of the New York Stock Exchange, Boston Stock Exchange, Midwest Stock Exchange, Pacific Stock Exchange and Philadelphia Stock Exchange, hereinafter called Exchanges, and of the above named Corporations, and of any nominee in whose name is registered any security included within the systems for the central handling of securities established

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and maintained by such Corporations, and any employee or any recognized service company, while such officers, partners, clerks and other employees and employees of service companies perform services for such Corporations in the operation of such systems. For the purpose of the above definition a recognized service company shall be any company providing clerks or other personnel to the said Exchanges or Corporations on a contract basis.

The Underwriter shall not be liable on account of any loss(es) in connection with the central handling of securities within the systems established and maintained by such Corporations, unless such loss(es) shall be in excess of the amount(s) recoverable or recovered under any bond or policy of insurance indemnifying such Corporations against such loss(es), and then the Underwriter shall be liable hereunder

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only for the Insured's share of such excess loss(es), but in no event for more than the Limit of Liability applicable hereunder.

For the purpose of determining the Insured's share of excess loss(es) it shall be deemed that the Insured has an interest in any certificate representing any security included within such systems equivalent to the interest the Insured then has in all certificates representing the same security included within such systems and that such Corporations shall use their best judgment in apportioning the amount(s) recoverable or recovered under any bond or policy of insurance indemnifying such Corporations against such loss(es) in connection with the central handling of securities within such systems among all those having an interest as recorded by appropriate entries in the books and records of such Corporations in Property involved in such loss(es) on the basis that each such interest shall share in the amount(s) so recoverable or recovered in the ratio that the value of each such interest bears to the total value all such interests and that the Insured's share of such excess loss(es) shall be the amount of the Insured's interest in such Property in excess of the amount(s) so apportioned to the Insured by such Corporations.

This bond does not afford coverage in favor of such Corporations or Exchanges or any nominee in whose name is registered any security included within the systems for the central handling of securities established and maintained by such Corporations, and upon payment to the Insured by the Underwriter on account of any loss(es) within the systems, an assignment of such of the Insured's rights and causes of action as it may have against such Corporations or Exchanges shall to the extent of such payment, be given by the Insured to the Underwriter, and the Insured shall execute all papers necessary to secure the Underwriter the rights provided for herein.

### SECTION 16. ADDITIONAL COMPANIES INCLUDED AS INSURED

If more than one corporation, co-partnership or person or any combination of them be included as the Insured herein:

- (a) the total liability of the Underwriter hereunder for loss or losses sustained by any one or more or all of them shall not exceed the limit for which the Underwriter would be liable hereunder if all such loss were sustained by any one of them;
- (b) the one first named herein shall be deemed authorized to make, adjust and receive and enforce payment of all claims hereunder and shall be deemed to be the agent of the others for such purposes and

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for the giving or receiving of any notice required or permitted to be given by the terms hereof, provided that the Underwriter shall furnish each named Investment Company with a copy of the bond and with any amendment thereto, together with a copy of each formal filing of the settlement of each such claim prior to the execution of such settlement;

- (c) the Underwriter shall not be responsible for the proper application of any payment made hereunder to said first named insured;
- (d) knowledge possessed or discovery made by any partner, officer of supervisory Employee of any insured shall for the purposes of Section 4 and Section 13 of this bond constitute knowledge or discovery by all the Insured; and
- (e) if the first named Insured ceases for any reason to be covered under this bond, then the insured next named shall thereafter be considered as the first, named Insured for the purposes of this bond.

### SECTION 17. NOTICE AND CHANGE OF CONTROL

Upon the Insured obtaining knowledge of a transfer of its outstanding voting securities which results in a change in control (as set forth in Section 2(a)(9) of the Investment Company Act of 1940) of the Insured, the insured shall within thirty (30) days of such knowledge give written notice to the Underwriter setting forth:

- (a) the names of the transferors and transferees (or the names of the beneficial owners if the voting securities are requested in another name), and
- (b) the total number of voting securities owned by the transferors and the transferees (or the beneficial owners), both immediately before and after the transfer, and
- (c) the total number of outstanding voting securities.

As used in this section, control means the power to exercise a controlling influence over the management or policies of the Insured.

Failing to give the required notice shall result in termination of coverage of this bond, effective upon the date of stock transfer for any loss in which any transferee is concerned or implicated.

Such notice is not required to be given in the case of an Insured which is an Investment Company.

### SECTION 18. CHANGE OR MODIFICATION

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This bond or any instrument amending or effecting same may not be changed or modified orally. No changes in or modification thereof shall be effective unless made by written endorsement issued to form a part hereof over the signature of the Underwriter's Authorized Representative. When a bond covers only one Investment Company no change or modification which would adversely affect the rights of the Investment Company shall be effective prior to 60 days after written notification has been furnished to the Securities and Exchange

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Commission, Washington, D.C., by the insured or by the Underwriter. If more than one Investment Company is named as the Insured herein, the Underwriter shall give written notice to each Investment Company and to the Securities and Exchange Commission, Washington, D.C., not less than 60 days prior to the effective date of any change or modification which would adversely affect the rights of such Investment Company.

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ENDORSEMENT OR RIDER NO.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

The following spaces preceded by an (\*) need not be completed if this endorsement or rider and the Bond or Policy have the same inception date.

ATTACHED TO AND FORMING PART OF BOND OR POLICY NO.	DATE ENDORSEMENT OR RIDER EXECUTED	* EFFECTIVE DATE OF ENDORSEMENT OR RIDER
468PB1347	12/05/08	12/07/08

12:01 A.M. STANDARD TIME  
SPECIFIED IN THE POLICY

ISSUED TO

The Gabelli Funds, et al

Named Insured Endorsement

It is agreed that:

- From and after the time this rider becomes effective the Insured under the attached bond are:  
  
Gabelli Funds, LLC  
The Gabelli ABC Fund  
The Gabelli Asset Fund  
The Gabelli Blue Chip Value Fund  
The Gabelli Capital Asset Fund  
Gabelli Advisers, Inc.  
Comstock Strategy Fund  
Comstock Capital Value Fund  
The Gabelli Small Cap Value Fund  
The Gabelli Equity Income Fund  
The Gabelli Woodland Small Cap Value Fund  
The GAMCO Global Telecommunications Fund  
The GAMCO Global Convertible Securities Fund  
The GAMCO Global Growth Fund  
The GAMCO Opportunity Fund GAMCO Gold Fund, Inc.
- The first named Insured shall act for itself and for each and all of the insured for all the purposes of the attached bond.
- Knowledge possessed or discovery made by any insured or by any partner or officer thereof shall for all the purposes of the attached bond constitute knowledge or discovery by all the Insured.

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- 4. If, prior to the termination of the attached bond in its entirety, the attached bond is terminated as to any Insured, there shall be no liability for any loss sustained by such Insured unless discovered before the time such termination as to such Insured becomes effective.
- 5. The liability of the Underwriter for loss or losses sustained by any or all of the Insured shall not exceed the amount for which the Underwriter would be liable had all such loss or losses been sustained by any one of the Insured. Payment by the Underwriter to the first named Insured of loss sustained by any Insured shall fully release the Underwriter on account of such loss.
- 6. If the first named insured ceases for any reason to be covered under the attached bond, then the Insured next named shall thereafter be considered as the first named Insured for all the purposes of the attached bond.

Nothing herein contained shall be held to vary, alter, waive, or extend any of the terms, conditions, provisions, agreements or limitations of the above mentioned Bond or Policy, other than, as above stated.

By

INSURED

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ENDORSEMENT OR RIDER NO.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

The following spaces preceded by an (\*) need not be completed if this endorsement or rider and the Bond or Policy have the same inception date.

ATTACHED TO AND FORMING PART OF BOND OR POLICY NO	DATE ENDORSEMENT OR RIDER EXECUTED	EFFECTIVE DATE OF ENDORSEMENT OR RIDER 12:01 A.M STANDARD TIME AS SPECIFIED IN THE BOND OR POLICY
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468PB1347

12/05/08

12/07/08

ISSUED TO

The Gabelli Funds, et al

Named Insured Endorsement

It is agreed that:

- 1. From and after the time this rider becomes effective the Insured under the attached bond are:

- The GAMCO Growth Fund
- GAMCO International Growth Fund, Inc.
- The GAMCO Mathers Fund
- The Gabelli Healthcare & Wellness RxTrust
- The Gabelli SRI Fund, Inc.
- The Gabelli Global Deal Fund

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The Gabelli UtilityTrust  
The Gabelli U.S. Treasury Money Market Fund  
The Gabelli Utilities Fund  
The Gabelli Value Fund, Inc.  
GAMCO The Westwood Equity Fund  
GAMCO Westwood Intermediate Bond Fund  
GAMCO Westwood Balance Fund  
GAMCO Westwood SmallCap Equity Fund  
GAMCO Westwood Income Fund  
GAMCO Westwood Mighty Mites Fund

- 2. The first named Insured shall act for itself and for each and all of the Insured for all the purposes of the attached bond.
- 3. Knowledge possessed or discovery made by any Insured or by any partner or officer thereof shall for all the purposes of the attached bond constitute knowledge or discovery by all the insured.
- 4. If, prior to the termination of the attached bond in its entirety, the attached bond is terminated as to any Insured, there shall be no liability for any loss sustained by such insured unless discovered before the time such termination as to such insured becomes effective.
- 5. The liability of the Underwriter for loss or losses sustained by any or all of the Insured shall not exceed the amount for which the Underwriter would be liable had all such loss or losses been sustained by any one of the Insured. Payment by the Underwriter to the first named insured of loss sustained by any Insured shall fully release the Underwriter on account of such loss.
- 6. If the first named Insured ceases for any reason to be covered under the attached bond, then the Insured next named shall thereafter be considered as the first named Insured for all the purposes of the attached bond.

Nothing herein contained shall be held to vary, alter, waive, or extend any of the terms, conditions, provisions, agreements or limitations of the above mentioned Bond or Policy, other than as above stated.

By

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ICBO10 Ed. 7-04

Page 1 of 1

ENDORSEMENT OR RIDER NO.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

The following spaces preceded by an (\*) need not be completed if this endorsement or rider and the Bond or Policy have the same inception date.

ATTACHED TO AND FORMING  
PART OF BOND OR POLICY NO.

DATE ENDORSEMENT OR  
RIDER EXECUTED

\* EFFECTIVE DATE OF ENDORSEMENT OR RIDER  
12:01 A.M. STAND  
SPECIFIED IN THE

468PB1347

12/05/08

12/07/08

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\* ISSUED TO

The Gabelli Funds, et al

### Named Insured Endorsement

It is agreed that:

1. From and after the time this rider becomes effective the insured under the attached bond are:

The Gabelli Convertible & Income Securities Fund, Inc.  
The Gabelli Dividend & Income Trust  
The Gabelli Equity Trust Inc.  
The Gabelli Global Gold, Nautral Resources & Income Trust  
The Gabelli Global Mutlimedia Trust Inc.  
The Gabelli Global Utility & Income Trust

2. The first named Insured shall act for itself and for each and all of the Insured for all the purposes of the attached bond.
3. Knowledge possessed or discovery made by any insured or by any partner or officer thereof shall for all the purposes of the attached bond constitute knowledge or discovery by all the Insured.
4. If, prior to the termination of the attached bond in its entirety, the attached bond is terminated as to any Insured, there shall be no liability for any loss sustained by such Insured unless discovered before the time such termination as to such Insured becomes effective.
5. The liability of the Underwriter for loss or losses sustained by any or all of the Insured shall not exceed the amount for which the Underwriter would be liable had all such loss or losses been sustained by any one of the Insured. Payment by the Underwriter to the first named insured of loss sustained by any insured shall fully release the Underwriter on account of such loss.
6. If the first named Insured ceases for any reason to be covered under the attached bond, then the insured next named shall thereafter be considered as the first named Insured for all the purposes of the attached bond.

Nothing herein contained shall be held to vary, alter, waive, or extend any of the terms, conditions, provisions, agreements or limitations of the above mentioned Bond or Policy, other than as above stated.

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Page 1 of 1

ENDORSEMENT OR RIDER NO.

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ATTACHED TO AND FORMING  
PART OF BOND OR POLICY NO.

DATE ENDORSEMENT OR  
RIDER EXECUTED

\* EFFECTIVE DATE OF ENDORSEMENT OR RID  
12:01 A.M. STA  
SPECIFIED IN T

468PB1347

12/05/08

12/07/08

\* ISSUED TO

The Gabelli Funds, et al

Computer Systems

It is agreed that:

1. The attached bond is amended by adding an additional Insuring Agreement as follows:

INSURING AGREEMENT COMPUTER SYSTEMS

Loss resulting directly from a fraudulent

- (1) entry of data into, or
- (2) change of data elements or program within a Computer System listed in the SCHEDULE below, provided the fraudulent entry or change causes
  - (a) Property to be transferred, paid or delivered,
  - (b) an account of the Insured, or of its customer, to be added, deleted, debited or credited, or
  - (c) an unauthorized account or a fictitious account to be debited or credited, and provided further, the fraudulent entry or change is made or caused by an individual acting with the manifest intent to
    - (i) cause the Insured to sustain a loss, and
    - (ii) obtain financial benefit for that individual or for other persons intended by that individual to receive financial benefit.

SCHEDULE

All systems utilized by the Insured

2. As used in this Rider, Computer System means
  - (a) computers with related peripheral components, including storage components, wherever located,
  - (b) systems and applications software,
  - (c) terminal devices, and
  - (d) related communication networks

by which data are electronically collected, transmitted, processed, stored and retrieved.

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3. In addition to the exclusions in the attached bond, the following exclusions are applicable to this Insuring Agreement:

- (a) loss resulting directly or indirectly from the theft of confidential information, material or data; and

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Page 1 of 2

- (b) loss resulting directly or indirectly from entries or changes made by an individual authorized to have access to a Computer System who acts in good faith on instructions, unless such instructions are given to that individual by a software contractor (or by a partner, officer or employee thereof) authorized by the insured to design, develop, prepare, supply, service, write or implement programs for the Insured's Computer System.

The following portions of the attached bond are not applicable to this Rider:

- (a) the portion preceding the Insuring Agreements which reads "at any time but discovered during the Bond Period";
- (b) Section 9 NONREDUCTION AND NON-ACCUMULATION OF LIABILITY of the Conditions and Limitations; and
- (c) Section 10 LIMIT OF LIABILITY of the Conditions and Limitations.

5. The coverage afforded by this Rider applies only to loss discovered by the Insured during the period this Rider is in force.

6. All loss or series of losses involving the fraudulent activity of one individual, or involving fraudulent activity, in which one individual is implicated, whether or not that individual is specifically identified, shall be treated as one loss. A series of losses involving unidentified individuals but arising from the same method of operation may be deemed by the Underwriter to involve the same individual and in that event shall be treated as one loss.

7. The Limit of Liability for the coverage provided by this Rider shall be Twenty Three Million Five Hundred Seventy Five Thousand

Dollars (\$23,575,000 ), it being understood, however, that such liability shall be a part of and not in addition to the Limit of Liability stated in Item 3 of the Declarations of the attached bond or any amendment thereof.

8. The Underwriter shall be liable hereunder for the amount by which one loss exceeds the Deductible Amount applicable to the attached bond, but not in excess of the Limit of Liability stated above.

9. If any loss is covered under this Insuring Agreement and any other Insuring Agreement or Coverage, the maximum amount payable for such loss shall not exceed the largest amount available under any one Insuring Agreement or Coverage.

10. Coverage under this Rider shall terminate upon termination or cancellation of the bond to which this Rider is attached. Coverage under this Rider may

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also be terminated or canceled without canceling the bond as an entirety

- (a) 60 days after receipt by the Insured of written notice from the Underwriter of its desire to terminate or cancel coverage under this Rider, or
- (b) immediately upon receipt by the Underwriter of a written request from the Insured to terminate or cancel coverage under this Rider.

The Underwriter shall refund to the insured the unearned premium for the coverage under this Rider. The refund shall be computed at short rates if this Rider be terminated or canceled or reduced by notice from, or at the instance of, the Insured.

Nothing herein contained shall be held to vary, alter, waive, or extend any of the terms, conditions, provisions, agreements or limitations of the above mentioned Bond or Policy, other than as above stated.

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ENDORSEMENT OR RIDER NO.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

The following spaces preceded by an (\*) need not be completed if this endorsement or rider and the Bond or Policy have the same inception date.

ATTACHED TO AND FORMING PART OF BOND OR POLICY NO.	DATE ENDORSEMENT OR RIDER EXECUTED	EFFECTIVE DATE OF ENDORSEMENT OR RIDER
468PB1347	12/05/08	12/07/08

12:01 AM. STA  
SPECIFIED IN

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\* ISSUED TO

The Gabelli Funds, et al

Unauthorized Signatures

It is agreed that:

- 1. The attached bond is amended by inserting an additional Insuring Agreement as follows:

INSURING AGREEMENT UNAUTHORIZED SIGNATURE

- (A) Loss resulting directly from the Insured having accepted, paid or cashed any check or withdrawal order, draft, made or drawn on a customer's account which bears the signature or endorsement of one other than a person whose name and signature is on the application

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on file with the Insured as a signatory on such account.

(B) It shall be a condition precedent to the Insured's right of recovery under this Rider that the Insured shall have on file signatures of all persons who are authorized signatories on such account.

2. The total liability of the Underwriter under Insuring Agreement is limited to the sum of Twenty-Five Thousand Dollars (\$25,000 ), it being understood, however, that such liability shall be part of and not in addition to the Limit of Liability stated in Item 3 of the Declarations of the attached bond or amendment thereof.
3. With respect to coverage afforded under this Rider, the Deductible Amount shall be Five Thousand Dollars (\$5, 000 ).

Nothing herein contained shall be held to vary, alter, waive, or extend any of the terms, conditions, provisions, agreements or limitations of the above mentioned Bond or Policy, other than as above stated.

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ENDORSEMENT OR RIDER NO.

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468FB1347	12/05/08	12/07/08
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\* ISSUED TO

The Gabelli Funds, et al

Telefacsimile Transactions

It is agreed that:

1. The attached Bond is amended by adding an additional Insuring Agreement as follows:

INSURING AGREEMENT TELEFACSIMILE TRANSACTIONS

Loss caused by a Telefacsimile Transaction, where the request for such Telefacsimile Transaction is unauthorized or fraudulent and is made with the manifest intent to deceive; provided, that the entity which receives such request generally maintains and follows during the Bond Period all Designated Fax Procedures with respect to Telefacsimile Transactions. The isolated failure of such entity to maintain and follow a particular Designated Fax Procedure in a particular instance will not preclude coverage under this Insuring Agreement, subject to the exclusions herein and in the Bond.

2. Definitions. The following terms used in this Insuring Agreement shall

## Edgar Filing: Gabelli Global Deal Fund - Form 40-17G

have the following meanings:

- a. "Telefacsimile System" means a system of transmitting and reproducing fixed graphic material (as, for example, printing) by means of signals transmitted over telephone lines.
- b. "Telefacsimile Transaction" means any Fax Redemption, Fax Election, Fax Exchange, or Fax Purchase.
- c. "Fax Redemption" means any redemption of shares issued by an Investment Company which is requested through a Telefacsimile System.
- d. "Fax Election" means any election concerning dividend options available to Fund shareholders which is requested through a Telefacsimile System.
- e. "Fax Exchange" means any exchange of shares in a registered account of one Fund into shares in an identically registered account of another Fund in the same complex pursuant to exchange privileges of the two Funds, which exchange is requested through a Telefacsimile System.
- f. "Fax Purchase" means any purchase of shares issued by an Investment Company which is requested through a Telefacsimile System.
- g. "Designated Fax Procedures" means the following procedures:
  - (1) Retention: All Telefacsimile Transaction requests shall be retained for at least six (6) months. Requests shall be capable of being retrieved and produced in legible form within a reasonable time after retrieval is requested.
  - (2) Identity: The identity of the sender in any request for a Telefacsimile Transaction shall be tested before executing that Telefacsimile Transaction, either by requiring the sender to include on the face of the request a unique identification number or to include key specific account information. Requests of Dealers must be on company letterhead and be signed by an authorized representative. Transactions by occasional users are to be verified by telephone confirmation.
  - (3) Copy: A Telefacsimile Transaction shall not be executed unless the request for such Telefacsimile Transaction is dated and purports to have been signed by (a) any shareholder or subscriber to shares issued by a Fund, or (b) any financial or banking institution or stockbroker.
  - (4) Written Confirmation: A written confirmation of each Telefacsimile Transaction shall be sent to the shareholder(s) to whose account such Telefacsimile Transaction relates, at the record address, by the end of the Fund's next regular processing cycle, but no later than five (5) business days following such Telefacsimile Transaction.
- i. "Designated" means or refers to a written designation signed by a

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shareholder of record of a Fund, either in such shareholder's initial application for the purchase of Fund shares, with or without a Signature Guarantee, or in another document with a Signature Guarantee.

"Signature Guarantee" means a written guarantee of a signature, which guarantee is made by an Eligible Guarantor Institution as defined in Rule 17Ad-15(a) (2) under the Securities Exchange Act of 1934.

3. Exclusions. It is further understood and agreed that this Insuring Agreement shall not cover:
  - a. Any loss covered under Insuring Agreement A, "Fidelity," of this Bond; and
  - b. Any loss resulting from:
    - (1) Any Fax Redemption, where the proceeds of such redemption were requested to be paid or made payable to other than (a) the shareholder of record, or (b) a person Designated in the initial application or in writing at least one (1) day prior to such redemption to receive redemption proceeds, or (c) a bank account Designated in the initial application or in writing at least one (1) day prior to such redemption to receive redemption proceeds; Dx
    - (2) Any Fax Redemption of Fund shares which had been improperly credited to a shareholder's account, where such shareholder (a) did not cause, directly or indirectly, such shares to be credited to such account, and (b) directly or indirectly received any proceeds or other benefit from such redemption; Qr
    - (3) Any Fax Redemption from any account, where the proceeds of such redemption were requested to be sent to any address other than the record address or another address for such account which was designated (a) over the telephone or by telefacsimile at least fifteen (15) days prior to such redemption, or (b) in the initial application or in writing at least one (1) day prior to such redemption; rir
    - (4) The intentional failure to adhere to one or more Designated Fax Procedures; 9r
    - (5) The failure to pay for shares attempted to be purchased.
4. The Single Loss Limit of Liability under Insuring Agreement is limited to the sum of Twenty Three Million Five Hundred Seventy Five Thousand Dollars (\$23,575,000) it being understood, however, that such liability shall be part of and not in addition to the Limit of Liability stated in Item 3 of the Declarations of the attached Bond or amendments thereof.
5. With respect to coverage afforded under this Rider the applicable Single loss Deductible Amount is Ten Thousand Dollars (\$10,000).

Nothing herein contained shall be held to vary, alter, waive, or extend any of the terms, conditions, provisions, agreements or limitations of the above mentioned Bond or Policy, other than as above stated.

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Page 2 of 2

ENDORSEMENT OR RIDER NO.

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468PB1347	12/05/08	12/07/08

\* ISSUED TO

The Gabelli Funds, et al

Definition of Investment Company

It is agreed that:

1. Section 1, Definitions, under General Agreements is amended to include the following paragraph:

(f) Investment Company means an investment company registered under the Investment Company Act of 1940 and as listed under the names of Insureds on the Declarations.

Nothing herein contained shall be held to vary, alter, waive, or extend any of the terms, conditions, provisions, agreements or limitations of the above mentioned Bond or Policy, other than as above stated.

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ENDORSEMENT OR RIDER NO.

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468PB1347	12/05/08	12/07/08

468PB1347

## Edgar Filing: Gabelli Global Deal Fund - Form 40-17G

ISSUED TO

The Gabelli Funds, et al

### Automated Phone Systems

1. The attached Bond is amended by adding an additional Insuring Agreement as follows:

#### INSURING AGREEMENT - AUTOMATED PHONE SYSTEMS ("APS")

Loss caused by an APS Transaction, where the request for such APS Transaction is unauthorized or fraudulent and is made with the manifest intent to deceive; provide , that the entity which receives such request generally maintains and follows during the Bond Period all APS Designated Procedures with respect to APS Transactions. The isolated failure of such entity to maintain and follow a particular APS Designated Procedure in a particular instance will not preclude coverage under this Insuring Agreement, subject to the exclusions herein and in the Bond.

2. Definitions. The following terms used in this Insuring Agreement shall have the following meanings:
  - a. "Automated Phone Systems" or "APS" means an automated system which receives and converts to executable instructions (1) transmissions by voice over the telephone, or (2) transmissions over the telephone through use of a touch-tone keypad or other tone system; and always excluding transmissions from a Computer System or part thereof.
  - b. "APS Transaction" means any APS Redemption, APS Election, APS Exchange, or PAS Purchase.
  - c. "APS Redemption" means any redemption of shares issued by an Investment Company which is requested through an Automated Phone System.
  - d. "APS Election" means any election concerning dividend options available to Fund shareholders which is requested through an Automated Phone System.
  - e. "APS Exchange" means any exchange of shares in a registered account of one Fund into shares in an identically registered account of another Fund in the same complex pursuant to exchange privileges of the two Funds, which exchange is requested through an Automated Phone System.
  - f. "APS Purchase" means any purchase of shares issued by an investment Company which is requested through an Automated Phone System.
  - g. "APS Designated Procedures" means the following procedures:
    - (1) Logging: All APS Transaction requests shall be logged or otherwise recorded, so as to preserve all of the information necessary to effect the requested APS Transaction transmitted in the course of such a request, and the records shall be retained for at least six months. Information contained in the records shall be capable of being retrieved and produced within a reasonable time after retrieval of specific information is requested, at a success rate of no less than 85 percent.

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- (2) Identity Test: The identity of the caller in any request for an APS Transaction shall be tested before executing that APS Transaction, by requiring the entry by the caller of an identification number consisting of at least four characters.
- (3) Contemporaneous Confirmation: All information in each request for an APS Transaction which is necessary to effect such APS Transaction shall be contemporaneously repeated to the caller, and no such APS Transaction shall be executed unless the caller has confirmed the accuracy of such information.

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Page 1 of 2

- (4) Written Confirmation: A written confirmation of each APS Transaction shall be sent to the shareholder(s) to whose account such APS Transaction relates, at the record address, by the end of the Insured's next regular processing cycle, but not later than five (5) business days following such APS Transaction.
  - (5) Access to PS Equipment : Physical access to APS equipment shall be limited to duly authorized personnel.
- h "Investment Company" or "Fund" means a investment company registered under the Investment Company Act of 1940.
- i. "Officially Designated" means or refers to a written designation signed by a shareholder of record of a Fund, either in such shareholder's initial application for the purchase of Fund shares, with or without a Signature Guarantee, or in another document with a Signature Guarantee.
- j "Signature Guarantee" means a written guarantee of a signature, which guarantee is made by a financial or banking institution whose deposits are insured by the Federal Deposit Insurance Corporation or by a broker which is a member of any national securities exchange registered under the Securities Exchange Act of 1934.
3. Exclusion: It is further understood and agreed that this Insuring Agreement shall not cover:
- a. Any loss covered under Insuring Agreement A, "Fidelity", of this Bond: and
  - b. Any loss resulting from:
    - (1) Any APS Redemption, where the proceeds of such redemption were requested to be paid or made payable to other than (a) the shareholder of record, or (b) a person officially Designated to receive redemption proceeds, or (c) a bank account Officially Designated to receive redemption proceeds; Q
    - (2) Any APS Redemption of Fund shares which had been improperly credited to a shareholder's account, where such shareholder (a) did not cause, directly or indirectly, such shares to be credited to such account, and (b) directly or indirectly received any proceeds or other benefit from such redemption;

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- (3) Any APS Redemption from any account, where the proceeds of such redemption were requested to be sent (a) to any address other than the record address for such account, or (b) to a record address for such account which was either (i) designated over the telephone fewer than thirty (30) days prior to such redemption, or (ii) designated in writing less than one (1) day prior to such redemption; Q
  - (4) The failure to pay for shares attempted to be purchased, Q
  - (5) The intentional failure to adhere to one or more APS Designated Procedures.
4. The total liability of the Underwriter under Insuring Agreement is limited to the sum of 23 Million 575 Thousand Dollars (\$23, 5 75,000), it being understood, however, that such liability shall be part of and not in addition to the Limit of Liability stated in item 3 of the Declarations of the attached bond or amendments thereof.
5. With respect to coverage afforded under this Rider, the applicable Deductible Amount is Ten Thousand Dollars (\$10,000).

Nothing herein contained shall be held to vary, alter, waive, or extend any of the terms, conditions, provisions, agreements or limitations of the above mentioned Bond or Policy, other than as above stated.

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Page 2 of 2

ENDORSEMENT OR RIDER NO.  
THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

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468PB1347	12/05/08	12/07/08

\* ISSUED TO  
The Gabelli Funds, et al

Add Exclusions (n) & (o)

It is agreed that:

- 1. Section 2, Exclusions, under General Agreements, is amended to include the following sub-sections:

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- (n) loss from the use of credit, debit, charge, access, convenience, identification, cash management or other cards, whether such cards were issued or purport to have been issued by the insured or by anyone else, unless such loss is otherwise covered under Insuring Agreement A.
- (o) the underwriter shall not be liable under the attached bond for loss due to liability imposed upon the Insured as a result of the unlawful disclosure of non-public material information by the insured or any Employee, or as a result of any Employee acting upon such information, whether authorized or unauthorized.

Nothing herein contained shall be held to vary, alter, waive, or extend any of the terms, conditions, provisions, agreements or limitations of the above mentioned Bond or Policy, other than as above stated.

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The following spaces preceded by an ( ) need not be completed if this endorsement or rider and the Bond or Policy have the same inception date.

ATTACHED TO AND FORMING PART OF BOND OR POLICY NO.	DATE ENDORSEMENT OR RIDER EXECUTED	EFFECTIVE DATE OF ENDORSEMENT OR RIDER 12:01 AM- LOCAL TIME AS SPECIFIED IN THE BOND OR
468PB1347	12/05/08	12/07/08

ISSUED TO

The Gabelli Funds, et al

AMEND SECTION 4. - LOSS - NOTICE - PROOF - LEGAL PROCEEDINGS -  
 DESIGNATE PERSONS FOR DISCOVERY OF LOSS  
 MEL2555 Ed. 3-05 - For use with ICB005 Ed. 7-04

It is agreed that:

Section 4. - Loss - Notice - Proof - Legal Proceedings of the attached bond is amended by deleting the second sub- paragraph and replacing it with the following:

Discovery occurs when the

Corporate Risk Management Department, Internal Audit Department, General Counsel's Department, or any Partner or Officer of the Insured:

- (a) first becomes aware of facts, or
- (b) receives written notice of an actual or potential claim by a third party which alleges that the Insured is liable under circumstances,

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which would cause a reasonable person to assume that a loss of a type covered under this bond has been or will be incurred regardless of when the act or acts causing or contributing to such loss occurred, even though the exact amount or details of loss may not be then known.

Nothing herein contained shall be held to vary, alter, waive, or extend any of the terms, conditions, provisions, agreements or limitations of the above mentioned Bond or Policy, other than as above stated.

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A7 (ACHED TO AND FORMING PART OF BOND OR POLICY NO.	DATE ENDORSEMENT OR RIDER EXECUTED	EFFECTIVE DATE OF ENDORSEMENT OR RIDER	12:01 A.M. LOCAL TIME SPECIFIED IN THE BOND
468PB1347	12/05/08	12/07/08	

ISSUED TO

The Gabelli Funds, et al

AMEND SECTION 13. TERMINATION  
For use with ICB005 - Ed. 7/04  
MEL3281 - Ed. 5/05

It is agreed that:

This Bond is amended by deleting from SECTION 13. TERMINATION, the term "60 days" under the first paragraph and substituting "90 days".

Nothing herein contained shall be held to vary, alter, waive, or extend any of the terms, conditions, provisions, agreements or limitations of the above mentioned Bond or Policy, other than as above stated.

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The following spaces preceded by an (C) need not be completed if this endorsement or rider and the Bond or Policy have the same inception date.

ATTACHED TO AND FORMING PART OF BOND OR POLICY NO_	DATE ENDORSEMENT OR RIDER EXECUTED	* EFFECTIVE DATE OF ENDORSEMENT OR RIDER	12:01 A.M. LOCAL TIME AS SPECIFIED IN THE BOND OR
468PB1347	12/05/08	12/07/08	

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ISSUED TO

The Gabelli Funds, et al

REPLACE INSURING AGREEMENT (A) FIDELITY For use  
with ICB005 Ed. 7/04  
MEL5530 Ed. 12/07

It is agreed that:

1. Insuring Agreement (A) Fidelity is replaced with the following:

- (A) Loss resulting from any dishonest or fraudulent act(s), including Larceny or Embezzlement, committed by an Employee, committed anywhere and whether committed alone or in collusion with others, including loss of Property resulting from such acts of an Employee, which Property is held by the Insured for any purpose or in any capacity and whether so held gratuitously or not and whether or not the Insured is liable therefor.

Dishonest or fraudulent act(s) as used in this Insuring Agreement shall mean only dishonest or fraudulent act(s) committed by such Employee with the intent:

- (a) to cause the Insured to sustain such loss, or
- (b) to obtain financial benefit for the Employee or another person or organization.

Notwithstanding the foregoing, it is agreed that with regard to Loans and/or Trading this bond covers only loss resulting directly from dishonest or fraudulent acts committed by an Employee with the intent to obtain financial benefit and which result in a financial benefit for the Employee. However, where the proceeds of a fraud committed by an Employee involving Loans and/or Trading are actually received by persons with whom the Employee was acting in collusion, but said Employee fails to derive a financial benefit therefrom, such a loss will nevertheless be covered hereunder as if the Employee had obtained such benefit provided the Insured establishes that the Employee intended to participate therein.

As used in this Insuring Agreement, financial benefit does not include any employee benefits earned in the normal course of employment, including: salaries, commissions, fees, bonuses, promotions, awards, profit sharing and pensions.

"Trading" as used in this Insuring Agreement means trading or otherwise dealing in securities, commodities, futures, options, foreign or federal funds, currencies, foreign exchange or other means of exchange similar to or in the nature of the foregoing.

"Loan" as used in this Insuring Agreement means any extension of credit by the Insured, any transaction creating a creditor relationship in favor of the Insured and any transaction by which the Insured assumes an existing creditor relationship.

Nothing herein contained shall be held to vary, alter, waive, or extend any of the terms, conditions, provisions, agreements or limitations of the above mentioned Bond or Policy, other than as above stated.

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By

INSURED

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Page 1 of 1

ENDORSEMENT OR RIDER NO.  
THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

The following spaces preceded by an (\*) need not be completed if this endorsement or rider and the Bond or Policy have the same inception date.

ATTACHED TO AND FORMING PART OF BOND OR POLICY NO.	DATE ENDORSEMENT OR RIDER EXECUTED	EFFECTIVE DATE OF ENDORSEMENT OR RIDER 12:01 A.M_ STANDARD TIME AS SPECIFIED IN THE BOND OR POLI
468PB1347	12/18/08	12/07/08

\* ISSUED TO

The Gabelli Funds, et al

New York Statutory Rider

1. The first paragraph of Section 13. "TERMINATION" under Conditions and Limitations is amended by adding the following:

Cancellation of this bond by the Underwriter is subject to the following provisions:

If the bond has been in effect for 60 days or less, it may be canceled by the Underwriter for any reason. Such cancellation shall be effective 60 days after the Underwriter mails a notice of cancellation to the first-named Insured at the mailing address shown in the bond. However, if the bond has been in effect for more than 60 days or is a renewal, then cancellation must be based on one of the followings grounds:

- (A) non-payment of premium, however, that a .notice of cancellation on this ground shall inform the insured of the amount due;
- (B) conviction of crime arising out of acts increasing the hazard insured against;
- (C) discovery of fraud or material misrepresentation in the obtaining of the bond or in the presentation of claim thereunder;
- (D) after issuance of the bond or after the last renewal date, discovery of an act or omission, or a violation of any bond condition that substantially and materially increases the hazard Insured against, and which occurred subsequent to inception of the current bond period;
- (E) material change in the nature or extent of the risk, occurring after issuance or last annual renewal anniversary date of the bond, which causes the risk of loss to be substantially and materially increased beyond that contemplated at the time the bond was issued or last renewed;

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- (F) the cancellation is required pursuant to a determination by the superintendent that continuation of the present premium volume of the Insurer would jeopardize the Insurer's solvency or be hazardous to the interest of the insureds, the Insurer's creditors or the public;
- (G) a determination by the superintendent that the continuation of the bond would violate, or would place the Insurer in violation of, any provision of the New York State Insurance laws.
- (H) where the Insurer has reason to believe, in good faith and with sufficient cause, that there is a possible risk or danger that the Insured property will be destroyed by the Insured for the purpose of collecting the insurance proceeds, provided, however, that:
  - (i) a notice of cancellation on this ground shall inform the Insured in plain language that the Insured must act within ten days if review by the Insurance Department of the State of New York of the ground for cancellation is desired, and
  - (ii) notice of cancellation on this ground shall be provided simultaneously by the Insurer to the Insurance Department of the State of New York.
  - (iii) upon written request of the insured made to the Insurance Department of the State of New York within ten days from the Insured's receipt of notice of cancellation on this ground, the department shall undertake a review of the ground for cancellation to determine whether or not the Insurer has satisfied the criteria for cancellation specified in this subparagraph; if after such review the

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department finds not sufficient cause for cancellation on this ground, the notice of cancellation on this ground shall be deemed null and void.

Cancellation based on one of the above grounds shall be effective 60 days after the notice of cancellation is mailed or delivered to the Named Insured, at the address shown on the bond, and to its authorized agent or broker.

2. If the Underwriter elects not to replace a bond at the termination of the Bond Period, it shall notify the Insured not more than 120 days nor less than 60 days before termination. If such notice is given late, the bond shall continue in effect for 60 days after such notice is given. The Aggregate Limit of Liability shall not be increased or reinstated. The notice not to replace shall be mailed to the Insured and its broker or agent.
3. If the Underwriter elects to replace the bond, but with a change of limits, reduced coverage, increased deductible, additional exclusion, or upon increased premiums in excess of ten percent (exclusive of any premium increase as a result of experience rating), the Underwriter must mail written notice to the Insured and its agent or broker not more than 120 days nor less than 60 days before replacement. If such notice is given late, the replacement

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bond shall be in effect with the same terms, conditions and rates as the terminated bond for 60 days after such notice is given.

- 4. The Underwriter may elect to simply notify the Insured that the bond will either be not renewed or renewed with different terms, conditions or rates. In this event, the Underwriter will inform the Insured that a second notice will be sent at a later date specifying the Underwriter's exact intention. The Underwriter shall inform the insured that, in the meantime, coverage shall continue on the same terms, conditions and rates as the expiring bond until the expiration date of the bond or 60 days after the second notice is mailed or delivered, whichever is later.

Nothing herein contained shall be held to vary, alter, waive, or extend any of the terms, conditions, provisions, agreements or limitations of the above mentioned Bond or Policy, other than as above stated.

By

INSURED

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ENDORSEMENT OR RIDER NO.

THIS ENDORSEMENT CHANGES THE POLICY, PLEASE READ IT CAREFULLY.

The following spaces preceded by an (\*) need not be completed if this endorsement or rider and the Bond or Policy have the same inception date.

Table with 3 columns: ATTACHED TO AND FORMING PART OF BOND OR POLICY NO., DATE ENDORSEMENT OR RIDER EXECUTED, EFFECTIVE DATE OF ENDORSEMENT OR RIDER. Row 1: 468PB1347, 02/09/09, 12/07/08. Includes note: 12:01 A.M. STANDARD TIME AS SPECIFIED IN THE BOND OR POLICY.

\* ISSUED TO

The Gabelli Funds, et al

Named Insured Endorsement

It is agreed that:

- 1. From and after the time this rider becomes effective the Insured under the attached bond are:

- Gabelli Funds, LLC
The Gabelli ABC Fund
The Gabelli Asset Fund
The Gabelli Blue Chip Value Fund
The Gabelli Capital Asset Fund
Comstock Strategy Fund Comstock Capital Value Fund
The Gabelli Equity Income Fund
The Gabelli Woodland Small Cap Value Fund
The GAMCO Global. Telecommunications Fund
The GAMCO Global Convertible Securities Fund

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The GAMCO Global Growth Fund  
The GAMCO Opportunity Fund GAMCO Gold Fund, Inc.

- 2. The first named Insured shall act for itself and for each and all of the Insured for all the purposes of the attached bond.
- 3. Knowledge possessed or discovery made by any Insured or by any partner or officer thereof shall for all the purposes of the attached bond constitute knowledge or discovery by all the Insured.
- 4. If, prior to the termination of the attached bond in its entirety, the attached bond is terminated as to any Insured, there shall be no liability for any loss sustained by such Insured unless discovered before the time such termination as to such Insured becomes effective.
- 5. The liability of the Underwriter for loss or losses sustained by any or all of the Insured shall not exceed the amount for which the Underwriter would be liable had all such loss or losses been sustained by any one of the Insured. Payment by the Underwriter to the first named Insured of loss sustained by any Insured shall fully release the Underwriter on account of such loss.
- 6. If the first named Insured ceases for any reason to be covered under the attached bond, then the Insured next named shall thereafter be considered as the first named Insured for all the purposes of the attached bond.

Nothing herein contained shall be held to vary, alter, waive, or extend any of the terms, conditions, provisions, agreements or limitations of the above mentioned Bond or Policy, other than as above stated.

By

Page 1 of 1

ENDORSEMENT OR RIDER NO.

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ATTACHED TO AND FORMING PART OF BOND OR POLICY NO.	DATE ENDORSEMENT OR RIDER EXECUTED	EFFECTIVE DATE OF ENDORSEMENT OR RIDER 12:01 A.M. STANDARD TIME SPECIFIED IN THE BOND OR
468PB1347	02/09/09	12/07/08

ISSUED TO

The Gabelli Funds, et al

Named Insured Endorsement

It is agreed that:

- 1. From and after the time this rider becomes effective the Insured under the attached bond are:

The GAMCO Growth Fund

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GAMCO International Growth Fund, Inc.  
TheGAMCO Mathers Fund  
TheGabelli Healthcare & Wellness RxTrust  
TheGabelli SRI Fund, Inc.  
TheGabelli GlobalDeal Fund  
TheGabelli UtilityTrust  
TheGabelli U.S. Treasury Money Market Fund  
TheGabelli Utilities Fund  
TheGabelli Value Fund, Inc.  
GAMCO The Westwood Equity Fund  
GAMCO Westwood Intermediate Bond Fund  
GAMCO Westwood SmallCap Equity Fund  
GAMCO Westwood Income Fund  
GAMCO Westwood Mighty Mites Fund

2. The first named Insured shall act for itself and for each and all of the Insured for all the purposes of the attached bond.

3

BASIC  
EARNINGS PER SHARE

\$

1.03

1.32

1.73

1.86

DILUTED  
EARNINGS PER SHARE

\$

1.00

1.26

1.67

1.79

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DIVIDENDS  
PER COMMON SHARE

\$

.065

.0625

.13

.125

AVERAGE  
BASIC SHARES OUTSTANDING

108,405

115,441

109,718

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118,917

AVERAGE  
DILUTED SHARES OUTSTANDING

113,721

121,636

115,015

124,798

See accompanying notes to consolidated financial statements.

**CenturyTel, Inc.**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**(UNAUDITED)**

	Three months ended June 30,		Six months ended June 30,	
	2007	2006	2007	2006
	(Dollars in thousands)			
NET INCOME	\$ 112,265	152,210	190,135	221,470
<b>OTHER COMPREHENSIVE INCOME, NET OF TAX:</b>				
Minimum pension liability adjustment, net of \$799 and (\$25) tax	-	1,282	-	(41)
Unrealized gain (loss) on investments, net of \$355, (\$133), \$304 and (\$92) tax	570	(213)	488	(148)
Derivative instruments:				
Net loss on derivatives hedging the variability of cash flows, net of \$294 tax	-	-	471	-
Reclassification adjustment for losses included in net income, net of \$61, \$59, \$120 and \$117 tax	99	94	193	188
Items related to employee benefit plans*:				
Change in net actuarial loss, net of \$5,755 and \$5,973 tax	9,233	-	9,582	-
Amortization of net actuarial loss, net of \$908 and \$1,815 tax	1,456	-	2,912	-
Amortization of net prior service credit, net of (\$178) and (\$356) tax	(285)	-	(571)	-
Amortization of unrecognized transition asset, net of (\$14) and (\$28) tax	(22)	-	(44)	-
Net change in other comprehensive income (loss), net of tax	11,051	1,163	13,031	(1)
COMPREHENSIVE INCOME	\$ 123,316	153,373	203,166	221,469

\* Reflected in 2007 due to the December 31, 2006 adoption of SFAS 158.

See accompanying notes to consolidated financial statements.

**CenturyTel, Inc.**  
**CONSOLIDATED BALANCE SHEETS**  
**(UNAUDITED)**

	June 30, 2007	December 31, 2006
	(Dollars in thousands)	
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 43,525	25,668
Accounts receivable, less allowance of \$19,773 and \$20,905	214,810	227,346
Materials and supplies, at average cost	6,977	6,628
Other	29,094	30,475
Total current assets	294,406	290,117
<b>NET PROPERTY, PLANT AND EQUIPMENT</b>		
Property, plant and equipment	8,560,266	7,893,760
Accumulated depreciation	(5,355,716)	(4,784,483)
Net property, plant and equipment	3,204,550	3,109,277
<b>GOODWILL AND OTHER ASSETS</b>		
Goodwill	3,999,526	3,431,136
Other	775,054	610,477
Total goodwill and other assets	4,774,580	4,041,613
<b>TOTAL ASSETS</b>	<b>\$ 8,273,536</b>	<b>7,441,007</b>
<b><u>LIABILITIES AND EQUITY</u></b>		
<b>CURRENT LIABILITIES</b>		
Current maturities of long-term debt	\$ 424,307	155,012
Short-term debt	87,000	23,000
Accounts payable	135,185	129,350
Accrued expenses and other liabilities		
Salaries and benefits	57,749	54,100
Income taxes	22,143	60,522
Other taxes	60,038	46,890
Interest	83,704	73,725
Other	32,735	23,352
Advance billings and customer deposits	57,413	51,614
Total current liabilities	960,274	617,565
<b>LONG-TERM DEBT</b>	<b>2,735,073</b>	<b>2,412,852</b>
<b>DEFERRED CREDITS AND OTHER LIABILITIES</b>	<b>1,441,155</b>	<b>1,219,639</b>
<b>STOCKHOLDERS' EQUITY</b>		

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Common stock, \$1.00 par value, authorized 350,000,000 shares, issued and outstanding 108,201,274 and 113,253,889 shares	108,201	113,254
Paid-in capital	81,666	24,256
Accumulated other comprehensive loss, net of tax	(91,911)	(104,942)
Retained earnings	3,031,639	3,150,933
Preferred stock - non-redeemable	7,439	7,450
Total stockholders' equity	3,137,034	3,190,951
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 8,273,536</b>	<b>7,441,007</b>

See accompanying notes to consolidated financial statements.

**CenturyTel, Inc.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(UNAUDITED)**

	Six months ended June 30,	
	2007	2006
	(Dollars in thousands)	
<b>OPERATING ACTIVITIES</b>		
Net income	\$ 190,135	221,470
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	262,095	266,999
Gain on asset dispositions	-	(118,649)
Deferred income taxes	30,005	22,151
Changes in current assets and current liabilities:		
Accounts receivable	24,316	21,641
Accounts payable	1,106	(2,707)
Accrued income and other taxes	27,071	(28,113)
Other current assets and other current liabilities, net	18,342	8,719
Retirement benefits	14,647	14,926
Excess tax benefits from share-based compensation	(6,312)	(4,947)
Decrease in other noncurrent assets	3,653	297
Increase (decrease) in other noncurrent liabilities	(11,667)	2,286
Other, net	4,634	2,244
Net cash provided by operating activities	558,025	406,317
<b>INVESTING ACTIVITIES</b>		
Acquisitions, net of cash acquired	(307,424)	-
Payments for property, plant and equipment	(106,856)	(130,455)
Proceeds from redemption of Rural Telephone Bank stock	-	122,819
Proceeds from sale of assets	-	5,865
Investment in unconsolidated cellular entity	-	(5,222)
Other, net	1,523	(1,296)
Net cash used in investing activities	(412,757)	(8,289)
<b>FINANCING ACTIVITIES</b>		
Payments of debt	(667,132)	(12,559)
Net proceeds from issuance of long-term debt	741,840	-
Net proceeds from the issuance of short-term debt	64,000	-
Proceeds from issuance of common stock	42,292	41,206
Repurchase of common stock	(302,033)	(573,888)
Cash dividends	(14,480)	(14,661)
Excess tax benefits from share-based compensation	6,312	4,947
Other, net	1,790	(150)
Net cash used in financing activities	(127,411)	(555,105)
Net increase (decrease) in cash and cash equivalents	17,857	(157,077)
Cash and cash equivalents at beginning of period	25,668	158,846

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Cash and cash equivalents at end of period	\$	43,525	1,769
Supplemental cash flow information:			
Income taxes paid	\$	72,928	132,666
Interest paid (net of capitalized interest of \$522 and \$1,005)	\$	96,227	96,562

See accompanying notes to consolidated financial statements.

**CenturyTel, Inc.**  
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**  
**(UNAUDITED)**

	Six months ended June 30,	
	2007	2006
	(Dollars in thousands)	
<b>COMMON STOCK</b>		
Balance at beginning of period	\$ 113,254	131,074
Issuance of common stock through dividend reinvestment, incentive and benefit plans and other	1,552	1,740
Repurchase of common stock	(6,606)	(16,523)
Conversion of preferred stock into common stock	1	10
Balance at end of period	108,201	116,301
<b>PAID-IN CAPITAL</b>		
Balance at beginning of period	24,256	129,806
Issuance of common stock through dividend reinvestment, incentive and benefit plans	40,740	39,466
Repurchase of common stock	-	(71,362)
Conversion of preferred stock into common stock	10	179
Excess tax benefits from share-based compensation	6,312	4,947
Share-based compensation and other	10,348	4,891
Balance at end of period	81,666	107,927
<b>ACCUMULATED OTHER COMPREHENSIVE LOSS, NET OF TAX</b>		
Balance at beginning of period	(104,942)	(9,619)
Change in other comprehensive loss, net of tax	13,031	(1)
Balance at end of period	(91,911)	(9,620)
<b>RETAINED EARNINGS</b>		
Balance at beginning of period	3,150,933	3,358,162
Net income	190,135	221,793
Repurchase of common stock	(295,427)	(486,003)
Cumulative effect of adoption of FIN 48 (see Note 7)	478	-
Cash dividends declared		
Common stock - \$.13 and \$.125 per share, respectively	(14,294)	(14,467)
Preferred stock	(186)	(194)
Balance at end of period	3,031,639	3,079,291
<b>PREFERRED STOCK - NON-REDEEMABLE</b>		
Balance at beginning of period	7,450	7,850
Conversion of preferred stock into common stock	(11)	(189)
Balance at end of period	7,439	7,661
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>\$ 3,137,034</b>	<b>3,301,560</b>

See accompanying notes to consolidated financial statements.

**CenturyTel, Inc.**  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2007  
(UNAUDITED)

**(1) Basis of Financial Reporting**

Our consolidated financial statements include the accounts of CenturyTel, Inc. and its majority-owned subsidiaries. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to rules and regulations of the Securities and Exchange Commission; however, in the opinion of management, the disclosures made are adequate to make the information presented not misleading. The consolidated financial statements and footnotes included in this Form 10-Q should be read in conjunction with the consolidated financial statements and notes thereto included in our annual report on Form 10-K for the year ended December 31, 2006.

The financial information for the three months and six months ended June 30, 2007 and 2006 has not been audited by independent certified public accountants; however, in the opinion of management, all adjustments necessary to present fairly the results of operations for the three-month and six-month periods have been included therein. The results of operations for the first six months of the year are not necessarily indicative of the results of operations which might be expected for the entire year.

During the fourth quarter of 2006, in accordance with Staff Accounting Bulletin No. 108, "Considering the Effect of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Results" ("SAB 108"), we identified two misstatements that previously were deemed immaterial using the income statement approach that were deemed material upon application of the balance sheet approach. We recorded the cumulative effect of such adjustments as an adjustment to retained earnings (as of January 1, 2006). We have adjusted our results of operations for the first three quarters of 2006 to reflect the ongoing application of the adjustments recorded pursuant to SAB 108. Such adjustments were immaterial to each quarter. For additional information, see our annual report on Form 10-K for the year ended December 31, 2006.

**(2) Acquisition**

On April 30, 2007, we acquired all of the outstanding stock of Madison River Communications Corp. ("Madison River") from Madison River Telephone Company, LLC for an initial aggregate purchase price of \$322 million cash. In connection with the acquisition, we also paid all of Madison River's existing indebtedness (including accrued interest), which approximated \$522 million. Madison River operates approximately 164,000 predominantly rural access lines in four states with more than 30% high-speed Internet penetration and its network includes access to a 2,400 route mile fiber network.

We are accounting for the acquisition of Madison River as a purchase under the guidance of Statement of Financial Accounting Standards No. 141, "Business Combinations" ("SFAS 141") and Statement of Financial Accounting Standards No. 71, "Accounting for the Effects of Certain Types of Regulation" ("SFAS 71"). SFAS 141 requires us to record the assets acquired and liabilities assumed at their respective fair values. In accordance with SFAS 71, we recorded the fixed assets of Madison River's regulated telephone operations at historical book value since those values are used to develop the rates we charge to our customers (which are approved by regulatory authorities).

We have reflected the results of operations of the Madison River properties in our consolidated results of operations beginning May 1, 2007.

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The total cost of the Madison River acquisition through June 30, 2007 is composed of the following components (amounts in thousands):

Cash paid at closing (1)	\$ 322,187
Closing costs (2)	5,217
Total purchase price	\$ 327,404

(1) Excludes the cash payment of \$671,000 we received in accordance with the purchase agreement subsequent to June 30, 2007 upon finalization of the working capital portion

of the purchase price.

(2) Closing costs primarily consist of advisory and legal fees incurred in connection with the acquisition.

The values assigned to the assets acquired and liabilities assumed at acquisition are based on a preliminary purchase price allocation. The final allocation of the purchase price will be based on values as determined by an independent third-party valuation, which we expect will be completed by the end of third quarter 2007. The actual valuation may differ significantly from the preliminary allocation. The purchase price has been allocated to the assets acquired and liabilities assumed on a preliminary basis as follows (amounts in thousands):

Current assets (1)	\$ 33,761
Net property, plant and equipment	242,822
Identifiable intangible assets	
Customer list	148,800
Goodwill	568,390
Other assets	9,827
Current liabilities (2)	(22,200)
Long-term debt (2)	(520,000)
Deferred income taxes	(111,174)
Other liabilities	(22,822)
Total purchase price	\$ 327,404

(1) Includes approximately \$20.0 million of acquired cash and cash equivalents.

(2) We paid all the long-term debt and \$2.2 million of related accrued interest (included in "current liabilities" in the above table) immediately after closing.

**(3) Goodwill and Other Intangible Assets**

Goodwill and other intangible assets as of June 30, 2007 and December 31, 2006 were composed of the following:

	June 30, 2007	Dec. 31, 2006
(Dollars in thousands)		
Goodwill	\$ 3,999,526	3,431,136
Intangible assets subject to amortization		
Customer base		
Gross carrying amount	\$ 173,894	25,094
Accumulated amortization	(9,858)	(7,022)
Net carrying amount	\$ 164,036	18,072

<b>Contract rights</b>			
Gross carrying amount	\$	4,186	4,186
Accumulated amortization		(4,186)	(3,256)
Net carrying amount	\$	-	930
<b>Intangible asset not subject to amortization</b>			
	\$	36,690	36,690

Goodwill and intangible assets increased in 2007 due to the Madison River acquisition.

Total amortization expense related to the intangible assets subject to amortization for the first six months of 2007 was \$3.8 million and is expected to be \$10.6 million in 2007 and \$13.7 million annually thereafter through 2011. Such amortization expense includes estimates based on a preliminary purchase price allocation for the Madison River acquisition, which may differ significantly from the final allocation. See Note 2.

#### (4) Postretirement Benefits

We sponsor health care plans that provide postretirement benefits to all qualified retired employees.

Net periodic postretirement benefit cost for the three months and six months ended June 30, 2007 and 2006 included the following components:

	Three months ended June 30,		Six months ended June 30,	
	2007	2006	2007	2006
	(Dollars in thousands)			
Service cost	\$ 1,732	1,783	3,450	3,491
Interest cost	5,039	4,846	10,057	9,490
Expected return on plan assets	(620)	(623)	(1,241)	(1,219)
Amortization of unrecognized actuarial loss	899	950	1,798	1,860
Amortization of unrecognized prior service cost	(505)	(221)	(1,010)	(433)
Net periodic postretirement benefit cost	\$ 6,545	6,735	13,054	13,189

We contributed \$6.4 million to our postretirement health care plan in the first six months of 2007 and expect to contribute approximately \$13 million for the full year.

#### (5) Defined Benefit Retirement Plans

We sponsor defined benefit pension plans for substantially all employees. We also sponsor a Supplemental Executive Retirement Plan to provide certain officers with supplemental retirement, death and disability benefits.

Net periodic pension expense for the three months and six months ended June 30, 2007 and 2006 included the following components:

	Three months ended June 30,		Six months ended June 30,	
	2007	2006	2007	2006
	(Dollars in thousands)			

Service cost	\$	4,609	4,220	9,226	8,483
Interest cost		7,071	6,160	13,976	12,377
Expected return on plan assets		(9,170)	(8,183)	(18,219)	(16,367)
Recognized net losses		291	1,962	556	3,840
Net amortization and deferral		1,301	(123)	3,260	6
Net periodic pension expense	\$	4,102	4,036	8,799	8,339

The amount of the 2007 contribution to our pension plans will be determined based on a number of factors, including the results of the 2007 actuarial valuation. At this time, the amount of the 2007 contribution is not known.

## (6) Stock-based Compensation

Effective January 1, 2006, we adopted the provisions of Statement of Financial Accounting Standards No. 123 (Revised 2004), "Share-Based Payments" ("SFAS 123(R)"). SFAS 123(R) requires us to recognize as compensation expense our cost of awarding employees with equity instruments by allocating the fair value of the award on the grant date over the period during which the employee is required to provide service in exchange for the award.

We currently maintain programs which allow the Board of Directors, through the Compensation Committee, to grant incentives to certain employees and our outside directors in any one or a combination of several forms, including incentive and non-qualified stock options; stock appreciation rights; restricted stock; and performance shares. As of June 30, 2007, we had reserved approximately 6.2 million shares of common stock which may be issued in connection with outstanding incentive awards under our current incentive programs. We also offer an Employee Stock Purchase Plan whereby employees can purchase our common stock at a 15% discount based on the lower of the beginning or ending stock price during recurring six-month periods stipulated in such program.

Stock option awards are generally granted with an exercise price equal to the market price of CenturyTel's shares at the date of grant. Our outstanding options generally have a three-year vesting period and all of them expire ten years after the date of grant. The fair value of each stock option award is estimated as of the date of grant using a Black-Scholes option pricing model. During the first six months of 2007, —948,920 options were granted with a weighted average exercise price of \$48.50 per share and a weighted average grant date fair value of \$14.67 per share.

As of June 30, 2007, outstanding and exercisable stock options were as follows:

	Number	Average	Average remaining contractual term (in years)	Aggregate intrinsic value
	of options	price		
Outstanding	3,680,843	\$ 36.70	7.2	\$ 45,450,000
Exercisable	2,104,158	\$ 32.83	5.7	\$ 34,129,000

Our outstanding restricted stock awards generally vest over a five-year period (for employees) and a three-year period (for outside directors). As of June 30, 2007, there were 864,895 shares of nonvested restricted stock outstanding at an average grant date fair value of \$36.91 per share.

The total compensation cost for all share-based payment arrangements for the first six months of 2007 and 2006 was \$10.3 million and \$6.0 million, respectively. As of June 30, 2007, there was \$38.8 million of total unrecognized compensation cost related to the share-based payment arrangements, which is expected to be recognized over a weighted-average period of 3.2 years.

(7)

**Income Tax Uncertainties**

In June 2006, the Financial Accounting Standards Board issued Interpretation No. 48, “Accounting for Uncertainty in Income Taxes” (“FIN 48”), which clarifies the accounting for uncertainty in income taxes recognized in financial statements. FIN 48 requires us, effective January 1, 2007, to recognize and measure tax benefits taken or expected to be taken in a tax return and disclose uncertainties in income tax positions.

Upon the initial adoption of FIN 48, we recorded a cumulative effect adjustment to retained earnings as of January 1, 2007 (which increased retained earnings by approximately \$478,000 as of such date) related to certain previously recognized liabilities that did not meet the criteria for recognition upon the adoption of FIN 48.

As of January 1, 2007, we had approximately \$55.9 million of unrecognized tax benefits reflected on our balance sheet, substantially all of which is included as a component of “Deferred credits and other liabilities”. Such amount was reflected in “Accrued income taxes” as of December 31, 2006. As of June 30, 2007, we had approximately \$57.7 million of unrecognized tax benefits reflected on our balance sheet, which includes approximately \$6.5 million allocated on a preliminary basis to unrecognized tax benefits in connection with our Madison River acquisition. If we were to prevail on all unrecognized tax benefits recorded on our balance sheet, approximately \$49.0 million would benefit the effective tax rate.

Our policy is to reflect interest and penalties associated with unrecognized tax benefits as income tax expense. We had accrued interest and penalties (presented before related tax benefits) of approximately \$20.7 million as of January 1, 2007 and \$27.8 million as of June 30, 2007.

We file income tax returns, including returns for our subsidiaries, with federal, state and local jurisdictions. Our uncertain income tax positions are related to tax years that are currently under or remain subject to examination by the relevant taxing authorities. Our open income tax years by major jurisdiction are as follows.

Jurisdiction	Open tax years
Federal	1998-current
State	
Georgia	2002-current
Louisiana	1997-current
Minnesota	2001-current
Montana	2000-current
Oregon	2001-current
Wisconsin	2001-current
All other states	2002-current

Additionally, it is possible that certain jurisdictions in which we do not believe we have an income tax filing responsibility, and accordingly did not file a return, may attempt to assess a liability. Since the period for assessing additional liability typically begins upon the filing of a return, it is possible that certain jurisdictions could assess tax for years prior to 2002.

Based on (i) the potential outcomes of these ongoing examinations, (ii) the expiration of statute of limitations for specific jurisdictions, (iii) the negotiated settlement of certain disputed issues, or (iv) a jurisdiction’s administrative practices, it is reasonably possible that the related unrecognized tax benefits for tax positions previously taken may materially change within the next 12 months. However, based on the status of such examinations and the protocol of finalizing audits by the relevant tax authorities (which could include formal legal proceedings), we do not believe it is

possible to reasonably estimate the amount or range of the impact of such changes, if any, at this time.

**(8) Debt Offerings**

On March 29, 2007, we publicly issued \$500 million of 6.0% Senior Notes, Series N, due 2017 and \$250 million of 5.5% Senior Notes, Series O, due 2013. Our \$741.8 million of net proceeds from the sale of these Senior Notes were used to pay a substantial portion of the approximately \$844 million of cash that was needed in order to (i) pay the purchase price for the acquisition of Madison River on April 30, 2007 (\$322 million) and (ii) pay off Madison River’s existing indebtedness (including accrued interest) at closing (\$522 million). We funded the remainder of these cash outflows from borrowings under our commercial paper program and cash on hand. See Note 2 for additional information concerning the acquisition of Madison River.

In anticipation of the debt offerings mentioned above, we had previously entered into four cash flow hedges that effectively locked in the interest rate on an aggregate of \$400 million of debt. We locked in the interest rate on (i) \$200 million of 10-year debt at 5.0675% and (ii) \$200 million of 10-year debt at 5.05%. In March 2007, upon settlement of the hedges, we received an aggregate of \$765,000 (reflected in “Accumulated other comprehensive loss” on the balance sheet), which is being amortized as a reduction of interest expense over the 10-year term of the debt.

**(9) Business Segments**

We are an integrated communications company engaged primarily in providing an array of communications services to our customers, including local exchange, long distance, Internet access and broadband services. We strive to maintain our customer relationships by, among other things, bundling our service offerings to provide our customers with a complete offering of integrated communications services. Our operating revenues for our products and services include the following components:

	Three months ended June 30,		Six months ended June 30,	
	2007	2006	2007	2006
	(Dollars in thousands)			
Voice	\$ 219,803	216,485	428,878	433,499
Network access	266,202	221,663	477,601	446,986
Data	108,206	84,447	204,070	167,685
Fiber transport and CLEC	40,714	36,051	79,040	71,831
Other	55,066	50,261	101,257	100,197
Total operating revenues	\$ 689,991	608,907	1,290,846	1,220,198

We derive our voice revenues by providing local exchange telephone and retail long distance services to our customers in our local exchange service areas.

We derive our network access revenues primarily from (i) providing services to various carriers and customers in connection with the use of our facilities to originate and terminate their interstate and intrastate voice and data transmissions and (ii) receiving universal support funds which allows us to recover a portion of our costs under federal and state cost recovery mechanisms. In March 2006, we filed a complaint against a carrier for recovery of unpaid and underpaid access charges for calls made using the carrier’s prepaid calling cards and calls that used Internet Protocol for a portion of their transmission. The carrier filed a counterclaim against us, asserting that we improperly billed them terminating intrastate access charges on certain wireless roaming traffic. In April 2007, we entered into a

settlement agreement with the carrier and received approximately \$49 million cash from them related to the issues described above. This amount is reflected in our second quarter 2007 results of operations as a component of "Network access" revenues.

We derive our data revenues primarily by providing Internet access services (both high-speed ("DSL") and dial-up services) and data transmission services over special circuits and private lines in our local exchange service areas.

Our fiber transport and CLEC revenues include revenues from our fiber transport, competitive local exchange carrier and security monitoring businesses.

We derive other revenues primarily by (i) leasing, selling, installing and maintaining customer premise telecommunications equipment and wiring, (ii) providing billing and collection services for third parties, (iii) participating in the publication of local directories and (iv) offering our video and wireless services, as well as other new product offerings.

**(10) Gain on Asset Dispositions**

In April 2006, upon dissolution of the Rural Telephone Bank (“RTB”), we received \$122.8 million in cash for redemption of our investment in stock of the RTB and recorded a pre-tax gain of approximately \$117.8 million in the second quarter of 2006 related to this transaction. We used the cash to reduce our indebtedness.

In May 2006, we sold the assets of our local exchange operations in Arizona for approximately \$5.9 million cash and recorded a pre-tax gain of approximately \$866,000 in the second quarter of 2006.

**(11) Recent Accounting Pronouncement**

In June 2006, the Financial Accounting Standards Board issued EITF 06-3, “How Taxes Collected From Customers and Remitted to Governmental Authorities Should be Presented in the Income Statement” (“EITF 06-3”), which requires disclosure of the accounting policy for any tax assessed by a governmental authority that is directly imposed on a revenue-producing transaction. We adopted the disclosure requirements of EITF 06-3 effective January 1, 2007.

We collect various taxes from our customers and subsequently remit such funds to governmental authorities. Substantially all of these taxes are recorded through the balance sheet. We are required to contribute to several universal service fund programs and generally include a surcharge amount on our customers’ bills which is designed to recover our contribution costs. Such amounts are reflected on a gross basis in our statement of income (included in both operating revenues and expenses) and aggregated approximately \$20 million for both the six months ended June 30, 2007 and 2006.

**(12) Commitments and Contingencies**

In Barbrasue Beattie and James Sovis, on behalf of themselves and all others similarly situated, v. CenturyTel, Inc., filed on October 28, 2002, in the United States District Court for the Eastern District of Michigan (Case No. 02-10277), the plaintiffs allege that we unjustly and unreasonably billed customers for inside wire maintenance services, and seek unspecified money damages and injunctive relief under various legal theories on behalf of a purported class of over two million customers in our telephone markets. On March 10, 2006, the Court certified a class of plaintiffs and issued a ruling that the billing descriptions we used for these services during an approximately 18-month period between October 2000 and May 2002 were legally insufficient. We have appealed this class certification decision, although we cannot predict the length of time before this appeal will be adjudicated. Our preliminary analysis indicates that we billed approximately \$10 million for inside wire maintenance services under the billing descriptions and time periods specified in the District Court ruling described above. Should other billing descriptions be determined to be inadequate or if claims are allowed for additional time periods, the amount of our potential exposure could increase significantly. The Court’s order does not specify the award of damages, the scope of which remains subject to additional fact-finding and resolution of what we believe are valid defenses to plaintiff’s claims. Accordingly, we cannot reasonably estimate the amount or range of possible loss at this time. However, considering the one-time nature of any adverse claim, we do not believe that the ultimate outcome of this litigation will have a material adverse effect on our financial position or on-going results of operations.

The Telecommunications Act of 1996 allows local exchange carriers to file access tariffs on a streamlined basis and, if certain criteria are met, deems those tariffs lawful. Tariffs that have been “deemed lawful” in effect nullify an interexchange carrier’s ability to seek refunds should the earnings from the tariffs ultimately result in earnings above the authorized rate of return prescribed by the FCC. Certain of our telephone subsidiaries file interstate tariffs with the FCC using this streamlined filing approach. Since July 2004, we have recognized billings from our tariffs as revenues since we believe such tariffs are “deemed lawful”. For those billings from tariffs prior to July 2004, we initially recorded as a liability our earnings in excess of the authorized rate of return, and may thereafter recognize as

revenues some or all of these amounts at the end of the applicable settlement period. As of June 30, 2007, the amount of our earnings in excess of the authorized rate of return reflected as a liability on the balance sheet for the 2003/2004 monitoring period aggregated approximately \$43 million. The settlement period related to the 2003/2004 monitoring period lapses on September 30, 2007.

During 2006, we received approximately \$122.8 million in cash from the dissolution of the RTB. Some portion of the gain recognized in connection with the receipt of these proceeds, while not estimable at this time, may be subject to review by regulatory authorities which may result in us recording a regulatory liability.

From time to time, we are involved in other proceedings incidental to our business, including administrative hearings of state public utility commissions relating primarily to rate making, actions relating to employee claims, occasional grievance hearings before labor regulatory agencies and miscellaneous third party tort actions. The outcome of these other proceedings is not predictable. However, we do not believe that the ultimate resolution of these other proceedings, after considering available insurance coverage, will have a material adverse effect on our financial position, results of operations or cash flows.

**(13)**

### **Subsequent Event**

In July 2007, we called for redemption on August 14, 2007 all of our \$165 million aggregate principal amount 4.75% convertible senior debentures, Series K, due 2032 at a redemption price of \$1,023.80 per \$1,000 principal amount of debentures, plus accrued and unpaid interest through August 13, 2007. In accordance with the indenture, holders may elect to convert their debentures into shares of CenturyTel common stock at a conversion price of \$40.455 per share prior to August 10, 2007.

Item 2.

**CenturyTel, Inc.**

MANAGEMENT'S DISCUSSION AND ANALYSIS OF  
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

**Overview**

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") included herein should be read in conjunction with MD&A and the other information included in our annual report on Form 10-K for the year ended December 31, 2006. The results of operations for the three months and six months ended June 30, 2007 are not necessarily indicative of the results of operations which might be expected for the entire year.

We are an integrated communications company engaged primarily in providing an array of communications services, including local and long distance voice, Internet access and broadband services, to customers in 25 states. We currently derive our revenues from providing (i) local exchange and long distance voice services, (ii) network access services, (iii) data services, which includes both high-speed ("DSL") and dial-up Internet services, as well as special access and private line services, (iv) fiber transport, competitive local exchange and security monitoring services and (v) other related services. For additional information on our revenue sources, see Note 9 to our financial statements included in Item 1 of Part I of this quarterly report.

On April 30, 2007, we acquired all of the outstanding stock of Madison River Communications Corp. ("Madison River"). See Note 2 for additional information. We have reflected the results of operations of the Madison River properties in our consolidated results of operations beginning May 1, 2007.

In April 2007, we entered into a settlement agreement with a carrier and received approximately \$49 million cash (see Note 9). Such amount has been reflected in our second quarter 2007 results of operations as a component of "Network access" revenues.

Effective January 1, 2007, we changed our relationship with our provider of satellite television service from a revenue sharing arrangement to an agency relationship and, in connection therewith, we received in the second quarter of 2007 a non-recurring reimbursement of \$5.9 million, of which \$4.1 million was reflected as a reduction of cost of services and the remainder was reflected as revenues. This change has also resulted in us recognizing lower recurring revenues and lower recurring operating costs compared to our prior method of accounting for this arrangement.

In the second quarter of 2006, we (i) recorded a one-time pre-tax gain of approximately \$117.8 million upon redemption of our investment in the stock of the Rural Telephone Bank ("RTB") and (ii) sold our local exchange operations in Arizona.

*In addition to historical information, this management's discussion and analysis includes certain forward-looking statements that are based on current expectations only, and are subject to a number of risks, uncertainties and assumptions, many of which are beyond our control. Actual events and results may differ materially from those anticipated, estimated or projected if one or more of these risks or uncertainties materialize, or if underlying assumptions prove incorrect. Factors that could affect actual results include but are not limited to: the timing, success and overall effects of competition from a wide variety of competitive providers; the risks inherent in rapid technological change; the effects of ongoing changes in the regulation of the communications industry; our ability to effectively manage our expansion opportunities, including successfully integrating newly-acquired businesses into our operations and retaining and hiring key personnel; possible changes in the demand for, or pricing of, our products and services; our ability to successfully introduce new product or service offerings on a timely and cost-effective basis; our continued access to credit markets on favorable terms; our ability to collect our receivables from financially troubled communications companies; our ability to successfully negotiate collective bargaining agreements on reasonable terms without work stoppages; the effects of adverse weather; other risks referenced from*

*time to time in this report or other of our filings with the Securities and Exchange Commission; and the effects of more general factors such as changes in interest rates, in tax rates, in accounting policies or practices, in operating, medical or administrative costs, in general market, labor or economic conditions, or in legislation, regulation or public policy. These and other uncertainties related to the business are described in greater detail in Item 1A to our Form 10-K for the year ended December 31, 2006. You should be aware that new factors may emerge from time to time and it is not possible for us to identify all such factors nor can we predict the impact of each such factor on the business or the extent to which any one or more factors may cause actual results to differ from those reflected in any forward-looking statements. You are further cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this report. We undertake no obligation to update any of our forward-looking statements for any reason.*

**RESULTS OF OPERATIONS****Three Months Ended June 30, 2007 Compared  
to Three Months Ended June 30, 2006**

Net income was \$112.3 million and \$152.2 million for the second quarter of 2007 and 2006, respectively. Diluted earnings per share for the second quarter of 2007 and 2006 was \$1.00 and \$1.26, respectively. We recorded a \$49.0 million one-time increase to operating revenues in second quarter 2007 (\$.27 per share) upon settlement of a dispute with a carrier. Included in net income (and diluted earnings per share) for the second quarter of 2006 was approximately \$72.4 million (\$.59 per share) related to nonrecurring gains, substantially all of which related to the redemption of our RTB stock. The decline in the number of average diluted shares outstanding is attributable to share repurchases that have occurred after June 30, 2006.

	Three months ended June 30, 2007          2006 (Dollars, except per share amounts, and shares in thousands)	
Operating income	\$ 231,836	164,993
Interest expense	(57,667)	(50,639)
Other income (expense)	8,080	123,459
Income tax expense	(69,984)	(85,603)
Net income	\$ 112,265	152,210
Basic earnings per share	\$ 1.03	1.32
Diluted earnings per share	\$ 1.00	1.26
Average basic shares outstanding	108,405	115,441
Average diluted shares outstanding	113,721	121,636

Operating income increased \$66.8 million (40.5%) as an \$81.1 million (13.3%) increase in operating revenues was partially offset by a \$14.2 million (3.2%) increase in operating expenses.

**Operating Revenues**

	Three months ended June 30, 2007          2006 (Dollars in thousands)	
Voice	\$ 219,803	216,485
Network access	266,202	221,663
Data	108,206	84,447

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Fiber transport and CLEC	40,714	36,051
Other	55,066	50,261
	\$ 689,991	608,907

Of the \$3.3 million (1.5%) increase in voice revenues, approximately \$10.9 million was attributable to the Madison River properties acquired April 30, 2007. The remaining \$7.6 million decrease was primarily due to (i) a \$5.3 million decrease due to a 5.0% decline in the average number of access lines (normalized for acquisitions, dispositions and previously-disclosed adjustments made during 2006) and (ii) a \$2.0 million decline in our long distance revenues primarily due to a decrease in the average rate we charge our customers.

Normalized for the adjustments mentioned above, access lines declined 29,300 (1.4%) during the second quarter of 2007 compared to a decline of 24,100 (1.1%) during the second quarter of 2006. We believe the decline in the number of access lines during 2007 and 2006 is primarily due to the displacement of traditional wireline telephone services by other competitive services. Based on current conditions and anticipated competition, we expect access lines to decline between 5.0% and 6.0% for 2007.

Network access revenues increased \$44.5 million (20.1%) in the second quarter of 2007 primarily due to the \$49.0 million of one-time revenue recorded in second quarter 2007 upon settlement of a dispute with a carrier and \$8.3 million of revenues contributed by Madison River. Such increases were partially offset by a \$12.8 million decrease in network access revenues for our incumbent telephone operations, principally due to (i) a \$7.1 million decrease in intrastate revenues due to a reduction in intrastate minutes (partially due to the displacement of minutes by wireless, electronic mail and other optional calling services) and (ii) a \$3.3 million reduction in the partial recovery of lower operating costs through revenue sharing arrangements and return on rate base. We believe that intrastate minutes will continue to decline in 2007, although we cannot estimate the magnitude of such decrease.

Data revenues increased \$23.8 million (28.1%) substantially due to (i) an \$18.9 million increase in DSL-related revenues due primarily to growth in the number of DSL customers and (ii) \$8.5 million of revenues contributed by Madison River. Such increases were partially offset by a \$2.8 million decrease in special access revenues and a \$1.3 million decrease in dial-up Internet revenues due to a decline in the number of dial-up customers.

Fiber transport and CLEC revenues increased \$4.7 million (12.9%), of which \$3.7 million was due to growth in our incumbent fiber transport business and \$1.3 million was contributed by Madison River.

Other revenues increased \$4.8 million (9.6%) primarily due to \$3.1 million of revenues contributed by Madison River. In connection with receiving a one-time reimbursement as a result of our above-mentioned change in accounting for our relationship with our satellite television service provider, we recorded a \$1.9 million one-time increase to revenues in the second quarter of 2007. The impact of the change in the arrangement to recurring revenues resulted in a \$1.9 million decrease in revenues in second quarter 2007 compared to 2006.

**Operating Expenses**

	Three months ended June 30,	
	2007	2006
	(Dollars in thousands)	
Cost of services and products (exclusive of depreciation and amortization)	\$ 226,388	216,191
Selling, general and administrative	97,456	95,596
Depreciation and amortization	134,311	132,127
	\$ 458,155	443,914

Cost of services and products increased \$10.2 million (4.7%) primarily due to (i) \$12.1 million of costs incurred by the Madison River properties, (ii) a \$5.5 million increase in DSL-related expenses primarily due to growth in the number of DSL customers, and (iii) a \$3.7 million increase in expenses associated with pole attachments primarily due to rate increases. Such increases were partially offset by (i) a \$7.4 million decrease in expenses associated with our satellite television service offering due to a change in our arrangement as mentioned above (such reduction includes a \$4.1 million one-time reimbursement of costs received from the service provider in the second quarter of 2007 in connection with the change in the arrangement) and (ii) a \$3.9 million decrease in salaries and benefits due to fewer incumbent employees resulting from our 2006 workforce reduction.

Selling, general and administrative expenses increased \$1.9 million (1.9%) primarily due to \$4.6 million of costs incurred by Madison River and a \$4.0 million increase in salaries and benefits. Such increases were substantially offset by a \$5.3 million reduction in bad debt expense and a \$1.6 million decrease in information technology expenses.

Depreciation and amortization increased \$2.2 million (1.7%) as a \$7.2 million increase due to depreciation and amortization incurred by Madison River and a \$3.7 million increase due to higher levels of plant in service were substantially offset by a \$7.6 million reduction in depreciation expense due to certain assets becoming fully depreciated.

**Interest Expense**

Interest expense increased \$7.0 million (13.9%) in the second quarter of 2007 compared to the second quarter of 2006 primarily due to an increase in average debt outstanding caused by the March 2007 issuance of \$750 million of senior notes used to fund the Madison River acquisition (see Note 8).

**Other Income (Expense)**

Other income (expense) includes the effects of certain items not directly related to our core operations, including gains/losses from nonoperating asset dispositions and impairments, our share of the income from our 49% interest in a cellular partnership, interest income and allowance for funds used during construction. Other income (expense) was \$8.1 million for the second quarter of 2007 compared to \$123.5 million for the second quarter of 2006. The second quarter of 2006 included nonrecurring pre-tax gains of \$118.6 million, substantially all of which related to the redemption of our RTB stock upon dissolution of the RTB. Our share of income from our 49% interest in a cellular partnership increased \$2.5 million in the second quarter of 2007 compared to the second quarter of 2006 (primarily due to one-time favorable adjustments in 2007).

**Income Tax Expense**

The effective income tax rate was 38.4% and 36.0% for the three months ended June 30, 2007 and 2006, respectively. Income tax expense was reduced by approximately \$6.4 million in the second quarter of 2006 due to the resolution of various income tax audit issues.

**Six Months Ended June 30, 2007 Compared  
to Six Months Ended June 30, 2006**

Net income was \$190.1 million and \$221.5 million for the first six months of 2007 and 2006, respectively. Diluted earnings per share for the first six months of 2007 and 2006 was \$1.67 and \$1.79, respectively. We recorded a \$49.0 million one-time increase to operating revenues in 2007 (\$.26 per share) upon settlement of a dispute with a carrier. Included in net income (and diluted earnings per share) for the first six months of 2006 was approximately \$72.4 million (\$.58 per share) related to nonrecurring gains, substantially all of which related to the redemption of our RTB stock. The decline in the number of average diluted shares outstanding is attributable to share repurchases that have occurred since the beginning of 2006.

	Six months ended June 30,	
	2007	2006
	(Dollars, except per share amounts, and shares in thousands)	
Operating income	\$ 399,919	322,917
Interest expense	(104,628)	(100,725)
Other income (expense)	13,370	128,056
Income tax expense	(118,526)	(128,778)
Net income	\$ 190,135	221,470
Basic earnings per share	\$ 1.73	1.86
Diluted earnings per share	\$ 1.67	1.79
Average basic shares outstanding	109,718	118,917
Average diluted shares outstanding	115,015	124,798

Operating income increased \$77.0 million (23.8%) due to a \$70.6 million (5.8%) increase in operating revenues and a \$6.4 million (0.7%) decrease in operating expenses.

**Operating Revenues**

	Six months ended June 30,	
	2007	2006
	(Dollars in thousands)	
Voice	\$ 428,878	433,499
Network access	477,601	446,986
Data	204,070	167,685
Fiber transport and CLEC	79,040	71,831

Other	101,257	100,197
	\$ 1,290,846	1,220,198

The \$4.6 million (1.1%) decrease in voice revenues is primarily due to (i) a \$10.4 million decrease due to a 5.0% decline in the average number of access lines (normalized for acquisitions, dispositions and previously-disclosed adjustments made during 2006); (ii) a \$3.9 million decline as a result of a decrease in revenues associated with extended area calling plans and (iii) a \$2.4 million decrease in our long distance revenues primarily due to a decrease in the average rate we charge our customers. Such decreases were partially offset by \$10.9 million of revenues attributable to the Madison River properties acquired April 30, 2007.

Normalized for the adjustments mentioned above, access lines declined 53,200 (2.5%) during the first six months of 2007 compared to a decline of 47,900 (2.2%) during the first six months of 2006. We believe the decline in the number of access lines during 2007 and 2006 is primarily due to the displacement of traditional wireline telephone services by other competitive services. Based on current conditions and anticipated competition, we expect access lines to decline between 5.0% and 6.0% for 2007.

Network access revenues increased \$30.6 million (6.8%) in the first six months of 2007 primarily due to the \$49.0 million of one-time revenue recorded in second quarter 2007 upon settlement of a dispute with a carrier and \$8.3 million of revenues contributed by Madison River. Such increases were partially offset by a \$26.7 million decrease in network access revenues for our incumbent telephone operations, principally due to (i) an \$11.2 million decrease in the partial recovery of lower operating costs through revenue sharing arrangements and return on rate base and (ii) a \$9.0 million decrease in intrastate revenues due to a reduction in intrastate minutes (partially due to the displacement of minutes by wireless, electronic mail and other optional calling services). We believe that intrastate minutes will continue to decline in 2007, although we cannot estimate the magnitude of such decrease.

Data revenues increased \$36.4 million (21.7%) substantially due to (i) a \$36.6 million increase in DSL-related revenues due primarily to growth in the number of DSL customers and (ii) \$8.5 million of revenues contributed by Madison River. Such increases were partially offset by a \$6.3 million decrease in special access revenues primarily due to certain customers disconnecting circuits and a \$2.4 million decrease in dial-up Internet revenues due to a decline in the number of dial-up customers.

Fiber transport and CLEC revenues increased \$7.2 million (10.0%), of which \$8.3 million was due to growth in our incumbent fiber transport business and \$1.3 million was contributed by Madison River. Such increases were partially offset by a \$2.7 million decrease in CLEC revenues primarily due to customer disconnects.

Other revenues increased \$1.1 million (1.1%). Such increase was primarily due to \$3.1 million of revenues contributed by Madison River. In connection with receiving a one-time reimbursement as a result of our above-described change in accounting for our relationship with our satellite television service provider, we recorded a \$1.9 million one-time increase to revenues in 2007. The impact of the change in the arrangement to recurring revenues resulted in a \$3.5 million decrease in revenues for the six months ended June 30, 2007 compared to 2006. In addition, our directory revenues decreased \$3.2 million in 2007 compared to 2006.

**Operating Expenses**

	Six months ended June 30,	
	2007	2006
	(Dollars in thousands)	
Cost of services and products (exclusive of depreciation and amortization)	\$ 439,919	438,746
Selling, general and administrative	188,913	191,536
Depreciation and amortization	262,095	266,999
	\$ 890,927	897,281

Cost of services and products increased \$1.2 million (0.3%) primarily due to (i) a \$12.3 million increase in DSL-related expenses due to growth in the number of DSL customers; (ii) \$12.1 million of costs incurred by our Madison River properties and (iii) a \$4.4 million increase in expenses associated with pole attachments primarily due to rate increases. Such increases were substantially offset by (i) an \$11.7 million decrease in salaries and benefits due to fewer incumbent employees resulting from our 2006 workforce reduction; (ii) a \$10.2 million decrease in expenses associated with our satellite television service offering due to a change in our arrangement as mentioned above (such reduction includes a \$4.1 million one-time reimbursement of costs received from the service provider in the second quarter of 2007 in connection with the change in the arrangement) and (iii) \$5.5 million of severance and related costs associated with our 2006 workforce reduction.

Selling, general and administrative expenses decreased \$2.6 million (1.4%) primarily due to (i) an \$8.6 million reduction in bad debt expense; (ii) a \$3.7 million decrease in information technology expenses; and (iii) a \$2.3 million decrease in sales and marketing expenses. Such decreases were partially offset by a \$5.5 million increase in salaries and benefits and \$4.6 million of costs incurred by Madison River.

Depreciation and amortization decreased \$4.9 million (1.8%) primarily due to a \$14.9 million reduction in depreciation expense due to certain assets becoming fully depreciated and a \$2.1 million reduction due to depreciation rate reductions in certain jurisdictions. Such decreases were substantially offset by a \$7.5 million increase due to higher levels of plant in service and \$7.2 million of depreciation and amortization incurred by Madison River.

**Interest Expense**

Interest expense increased \$3.9 million (3.9%) in the first six months of 2007 compared to the first six months of 2006. A \$7.8 million increase due to increased average debt outstanding (primarily due to the \$750 million of senior notes issued in March 2007 to fund the Madison River acquisition) was partially offset by a \$2.9 million decrease due to lower average interest rates.

**Other Income (Expense)**

Other income (expense) includes the effects of certain items not directly related to our core operations, including gains/losses from nonoperating asset dispositions and impairments, our share of the income from our 49% interest in a cellular partnership, interest income and allowance for funds used during construction. Other income (expense) was \$13.4 million for the first six months of 2007 compared to \$128.1 million for the first six months of 2006. The first six months of 2006 included nonrecurring pre-tax gains of \$118.6 million, substantially all of which relates to the redemption of our RTB stock upon dissolution of the RTB. Our share of income from our 49% interest in a cellular partnership increased \$2.4 million in the first six months of 2007 compared to 2006 (primarily due to one-time favorable adjustments in 2007).

## Income Tax Expense

The effective income tax rate was 38.4% and 36.8% for the six months ended June 30, 2007 and 2006, respectively. Income tax expense was reduced by approximately \$6.4 million in the first six months of 2006 due to the resolution of various income tax audit issues.

## LIQUIDITY AND CAPITAL RESOURCES

Excluding cash used for acquisitions, we rely on cash provided by operations to fund our operating and capital expenditures. Our operations have historically provided a stable source of cash flow which has helped us continue our long-term program of capital improvements.

Net cash provided by operating activities was \$—558.0 million during the first six months of 2007 compared to \$406.3 million during the first six months of 2006. Our accompanying consolidated statements of cash flows identify major differences between net income and net cash provided by operating activities for each of these periods. As relief from the effects of Hurricane Katrina, certain of our affected subsidiaries were granted a deferral from making their remaining 2005 estimated federal income and excise tax payments until 2006. In the first six months of 2006, we made payments of approximately \$75 million to satisfy our remaining 2005 estimated payments. For additional information relating to our operations, see Results of Operations.

Net cash used in investing activities was \$412.8 million and \$8.3 million for the six months ended June 30, 2007 and 2006, respectively. We used \$307.4 million of cash (net of cash acquired) to purchase Madison River Communications Corp. (“Madison River”) on April 30, 2007 (see below and Note 2 for additional information). Payments for property, plant and equipment were \$23.6 million less in the first six months of 2007 than in the comparable period during 2006. Our budgeted capital expenditures for 2007 total approximately \$325 million. We received approximately \$128.7 million cash from asset dispositions in 2006, of which approximately \$122.8 million was from the redemption of our RTB stock upon dissolution of the RTB and \$5.9 million was from the sale of our local exchange operations in Arizona.

Net cash used in financing activities was \$127.4 million during the first six months of 2007 compared to \$555.1 million during the first six months of 2006. In late March 2007, we publicly issued an aggregate of \$750 million of Senior Notes (see Note 8 for additional information). The net proceeds from the issuance of such Senior Notes aggregated approximately \$741.8 million and were used (along with cash on hand and approximately \$50 million of borrowings under our commercial paper program) to (i) finance the purchase price for the April 30, 2007 acquisition of Madison River (\$322 million) and (ii) pay off Madison River’s existing indebtedness (including accrued interest) at closing (\$522 million). We invested the cash proceeds from the debt offering in short-term cash equivalents prior to the acquisition of Madison River.

We repurchased 6.6 million shares (for \$302.0 million) and 16.5 million shares (for \$573.9 million) in the first six months of 2007 and 2006, respectively. The 2006 repurchases include 14.36 million shares repurchased (for a total price of approximately \$500 million) under accelerated share repurchase agreements with investment banks. We initially funded the accelerated share repurchase agreements principally through borrowings under our \$750 million credit facility and cash on hand and subsequently refinanced the credit facility borrowings through the issuance of short-term commercial paper.

As described further in Note 13, we have called for redemption on August 14, 2007, all of our \$165 million aggregate principal amount of convertible senior debentures, subject to the right of holders to convert their debentures into shares of our common stock at a conversion price of \$40.455, which is equal to a conversion rate of approximately 24.7188 shares per \$1,000 principal amount of debentures. Assuming that trading prices for our stock remain above

the \$40.455 conversion price, we anticipate that all or substantially all of the holders will convert their debentures into stock. If we are required to redeem any of our debentures for cash, we would fund such redemption payments with cash on hand or short term borrowings.

We have available a five-year, \$750 million revolving credit facility which expires in December 2011. Up to \$150 million of the credit facility can be used for letters of credit, which reduces the amount available for other extensions of credit. Available borrowings under our credit facility are also effectively reduced by any outstanding borrowings under our commercial paper program. Our commercial paper program borrowings are effectively limited to the total amount available under our credit facility. As of June 30, 2007, we had \$87 million outstanding under our credit facility or commercial paper program.

## **OTHER MATTERS**

### **Accounting for the Effects of Regulation**

We currently account for our regulated telephone operations (except for the properties acquired from Verizon in 2002) in accordance with the provisions of Statement of Financial Accounting Standards No. 71, "Accounting for the Effects of Certain Types of Regulation" ("SFAS 71"). While we continuously monitor the ongoing applicability of SFAS 71 to our regulated telephone operations due to the changing regulatory, competitive and legislative environments, we believe that SFAS 71 still applies. However, it is possible that changes in regulation or legislation or anticipated changes in competition or in the demand for regulated services or products could result in our telephone operations not being subject to SFAS 71 in the future. In that event, implementation of Statement of Financial Accounting Standards No. 101 ("SFAS 101"), "Regulated Enterprises - Accounting for the Discontinuance of Application of FASB Statement No. 71," would require the write-off of previously established regulatory assets and liabilities. SFAS 101 further provides that the carrying amounts of property, plant and equipment are to be adjusted only to the extent the assets are impaired and that impairment shall be judged in the same manner as for nonregulated enterprises.

If our regulated operations cease to qualify for the application of SFAS 71, we do not expect to record an impairment charge related to the carrying value of the property, plant and equipment of our regulated telephone operations. Additionally, upon the discontinuance of SFAS 71, we would be required to revise the lives of our property, plant and equipment to reflect the estimated useful lives of the assets. We do not expect such revisions in asset lives, or the elimination of other regulatory assets and liabilities, to have a material unfavorable impact on our results of operations. For regulatory purposes, the accounting and reporting of our telephone subsidiaries would not be affected by the discontinued application of SFAS 71.

### **Recent Competitive Developments**

As of June 30, 2007, we believe that over 30% of our access lines faced competition from cable voice offerings, and we expect that figure to increase to approximately 40-45% by December 31, 2007.

Item 3.

**CenturyTel, Inc.**

**QUANTITATIVE AND QUALITATIVE  
DISCLOSURES ABOUT MARKET RISK**

We are exposed to market risk from changes in interest rates on our long-term debt obligations. We have estimated our market risk using sensitivity analysis. Market risk is defined as the potential change in the fair value of a fixed-rate debt obligation due to a hypothetical adverse change in interest rates. Fair value on long-term debt obligations is determined based on a discounted cash flow analysis, using the rates and maturities of these obligations compared to terms and rates currently available in the long-term financing markets. The results of the sensitivity analysis used to estimate market risk are presented below, although the actual results may differ from these estimates.

At June 30, 2007, the fair value of our long-term debt was estimated to be \$3.1 billion based on the overall weighted average rate of our debt of 6.7% and an overall weighted maturity of 8 years compared to terms and rates currently available in long-term financing markets. Market risk is estimated as the potential decrease in fair value of our long-term debt resulting from a hypothetical increase of 67 basis points in interest rates (ten percent of our overall weighted average borrowing rate). Such an increase in interest rates would result in approximately a \$118 million decrease in fair value of our long-term debt at June 30, 2007. As of June 30, 2007, after giving effect to interest rate swaps currently in place, approximately 84% of our long-term debt obligations were fixed rate.

We seek to maintain a favorable mix of fixed and variable rate debt in an effort to limit interest costs and cash flow volatility resulting from changes in rates. From time to time, we use derivative instruments to (i) lock-in or swap our exposure to changing or variable interest rates for fixed interest rates or (ii) to swap obligations to pay fixed interest rates for variable interest rates. We have established policies and procedures for risk assessment and the approval, reporting and monitoring of derivative instrument activities. We do not hold or issue derivative financial instruments for trading or speculative purposes. Management periodically reviews our exposure to interest rate fluctuations and implements strategies to manage the exposure.

At June 30, 2007, we had outstanding four fair value interest rate hedges associated with the full \$500 million aggregate principal amount of our Series L senior notes, due 2012, that pay interest at a fixed rate of 7.875%. These hedges are “fixed to variable” interest rate swaps that effectively convert our fixed rate interest payment obligations under these notes into obligations to pay variable rates that range from the six-month London InterBank Offered Rate (“LIBOR”) plus 3.229% to the six-month LIBOR plus 3.67%, with settlement and rate reset dates occurring each six months through the expiration of the hedges in August 2012. During the first six months of 2007, we realized an average interest rate under these hedges of 9.0%. Interest expense was increased by \$2.8 million during the first six months of 2007 as a result of these hedges. The aggregate fair market value of these hedges was \$28.5 million at June 30, 2007 and is reflected both as a liability and as a decrease in our underlying long-term debt on the June 30, 2007 balance sheet. With respect to each of these hedges, market risk is estimated as the potential change in the fair value of the hedge resulting from a hypothetical 10% increase in the forward rates used to determine the fair value. A hypothetical 10% increase in the forward rates would result in a \$13.2 million decrease in the fair value of these hedges at June 30, 2007, and would also increase our interest expense.

In anticipation of the issuance of Senior Notes in connection with the Madison River acquisition, we entered into four cash flow hedges that effectively locked in the interest rate on an aggregate of \$400 million of debt. The issuance of these Senior Notes was completed in late March 2007 with the issuance of \$500 million of 6.0% Senior Notes, due 2017, and \$250 million of 5.5% Senior Notes, due 2013. We locked in the interest rate on (i) \$200 million of 10-year debt at 5.0675% and (ii) \$200 million of 10-year debt at 5.05%. In March 2007, upon settlement of the hedges, we received an aggregate of \$765,000 cash, which is being amortized as a reduction of interest expense over the 10-year

term of the debt.

Certain shortcomings are inherent in the method of analysis presented in the computation of fair value of financial instruments. Actual values may differ from those presented if market conditions vary from assumptions used in the fair value calculations. The analysis above incorporates only those risk exposures that existed as of June 30, 2007.

Item 4.

**CenturyTel, Inc.**

**CONTROLS AND PROCEDURES**

We maintain disclosure controls and procedures designed to provide reasonable assurances that information required to be disclosed by us in the reports we file under the Securities Exchange Act of 1934 is timely recorded, processed, summarized and reported as required. Our Chief Executive Officer, Glen F. Post, III, and our Chief Financial Officer, R. Stewart Ewing, Jr., have evaluated our disclosure controls and procedures as of June 30, 2007. Based on the evaluation, Messrs. Post and Ewing concluded that our disclosure controls and procedures have been effective in providing reasonable assurance that they have been timely alerted of material information required to be filed in this quarterly report. Since the date of Messrs. Post's and Ewing's most recent evaluation, there have been no significant changes in our internal controls or in other factors that could significantly affect these controls. The design of any system of controls is based in part upon certain assumptions about the likelihood of future events and contingencies, and there can be no assurance that any design will succeed in achieving its stated goals. Because of inherent limitations in any control system, misstatements due to error or fraud could occur and not be detected.

## PART II. OTHER INFORMATION

**CenturyTel, Inc.**Item 1. Legal Proceedings.

See Note 12 included in Part I, Item 1, of this report.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

After completing the \$500 million accelerated share repurchase agreements with investment banks in mid-2006 as part of our \$1.0 billion share repurchase program authorized in February 2006, we began repurchasing our common stock under the remaining \$500 million of the program in August 2006. We completed the remaining \$500 million of the program in June 2007.

The following table reflects the repurchases of our common stock during the second quarter of 2007 under our \$1.0 billion program. All of these repurchases were effected in open-market transactions in accordance with our stock repurchase program.

Period	Total Number of Shares Purchased	Average Price Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
April 1 – April 30, 2007	981,600	\$ 45.77	981,600	\$ 91,378,071
May 1 – May 31, 2007	1,031,975	\$ 47.89	1,031,975	\$ 41,954,387
June 1 – June 30, 2007	856,997	\$ 48.95	856,997	\$ -
Total	2,870,572	\$ 47.49	2,870,572	

\* \* \* \* \*

In addition to the above repurchases, we also withheld 37,893 shares of stock at an average price of \$43.70 per share to pay taxes due upon vesting of restricted stock for certain of our employees in April 2007.

Item 4. Submission of Matters to a Vote of Security Holders

At our annual meeting of shareholders on May 10, 2007, the shareholders elected four Class I directors to serve until the 2010 annual meeting of shareholders and until their successors are duly elected and qualified.

The following number of votes were cast for or were withheld from the following nominees:

<u>Class I Nominees</u>	<u>For</u>	<u>Withheld</u>
William R. Boles, Jr	129,619,737	14,934,579
W. Bruce Hanks	134,045,353	10,508,963
C. G. Melville, Jr.	136,143,133	8,411,183
Glen F. Post, III	135,817,890	8,736,426

The Class II and Class III directors whose terms continued after the meeting are:

<u>Class II</u>	<u>Class III</u>
Virginia Boulet	Fred R. Nichols
Calvin Czeschin	Harvey P. Perry
James B. Gardner	Jim D. Reppond
Gregory J. McCray	Joseph R. Zimmel

The following represents the votes cast by the shareholders to ratify the appointment of KPMG LLP as our independent auditor for 2007:

For	128,302,227
Against	12,195,821
Abstain	4,056,268

The following represents the votes cast by the shareholders for the proposal regarding executive compensation:

For	24,390,597
Against	105,841,147
Abstain	4,963,316
Broker non-votes	9,359,256

For additional information on each of these matters voted upon, see our proxy statement dated April 4, 2007.

Item 6. Exhibits and Reports on Form 8-K

A. Exhibits

- 4.2(l) Fourth Supplemental Indenture, dated as of March 26, 2007, to Indenture dated March 31, 1994, by and between CenturyTel and Regions Bank, as trustee (incorporated by reference to Exhibit 4.1 of our Current Report on Form 8-K dated March 29, 2007).
- 4.2(m) Form of the 6.0% Senior Notes, Series N, due 2017 and 5.5% Senior Notes, Series O, due 2013 (included in Exhibit 4.2(l)).
- 10.1 Amendment No. 6 to Registrant's Key Employee Incentive Compensation Plan, dated February 27, 2007.
- 11 Computations of Earnings Per Share.
- 31.1 Registrant's Chief Executive Officer certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.2 Registrant's Chief Financial Officer certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32 Registrant's Chief Executive Officer and Chief Financial Officer certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

B. Reports on Form 8-K

The following items were reported in the Form 8-K filed May 3, 2007:

Items 2.02, 8.01 and 9.01 - Results of Operations and Financial Condition, Other Events and Financial Statements and Exhibits. News release announcing first quarter 2007 operating results and press release announcing the completion of the acquisition of Madison River Communications Corp.

The following items were reported in the Form 8-K filed June 28, 2007:

Items 8.01 and 9.01 – Other Events and Financial Statements and Exhibits. Press release announcing completion of \$1 billion share repurchase program.

**SIGNATURE**

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

**CenturyTel, Inc.**

Date: August 8, 2007

/s/ Neil A. Sweasy  
Neil A. Sweasy  
Vice President and Controller  
(Principal Accounting Officer)

