

Gabelli Asset Management Inc. ("GAMI")

Reports Record Fourth Quarter and Full Year Results

FOR IMMEDIATE RELEASE
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Gabelli Asset Management Inc. (NYSE: "GBL") today reported record results for the fourth quarter and full year ended December 31, 1999.

For the quarter, revenues climbed 39% to \$49.9 million from \$35.9 million in the fourth quarter of 1998. Net income jumped 61% to \$14.5 million from \$9.0 million in the prior year period. Earnings were \$0.49 per share for the fourth quarter of 1999 compared to \$0.35 per share on an adjusted historical basis and \$0.30 per share on a pro forma basis in 1998.

For the year, revenues were \$176.3 million, 28% higher than revenues of \$138.2 million in 1998. Income before non-recurring charge rose 59% to \$45.7 million as compared to \$28.7 million on an adjusted historical basis in the prior year. Earnings were \$1.53 per share (excluding the non-recurring charge) compared to \$1.20 per share on an adjusted historical basis and \$1.03 per share on a pro forma basis in 1998.

Assets under management at December 31, 1999 were \$21.9 billion, or 35% higher than the \$16.3 billion at December 31, 1998.

GBL purchased 118,100 shares in open market transactions during the fourth quarter for a total repurchase of 300,900 shares in 1999.

Fourth Quarter

Operating income climbed 44% to \$22.5 million in the fourth quarter of 1999 as compared to \$15.6 million in 1998. Operating margin improved to 45.1% in the fourth quarter of 1999 from 43.6% in the same period a year earlier.

Other income, principally investment income earned from a proprietary portfolio, rose \$2.8 million to \$5.7 million in the fourth quarter of 1999 from \$2.9 million on an adjusted historical basis in the 1998 fourth quarter.

Key Growth Drivers

Our "Five Star" funds were terrific. Our Global Growth (previously known as Gabelli Global Interactive Couch Potato) fund rose 117%. The Global Growth fund just crossed the \$500 million mark in assets and is ranked by Lipper as the #1 global fund for the past 3 and 5 year periods. This fund together with the Gabelli Growth and the Gabelli Global Telecommunications funds helped produce net cash inflows in excess of \$500 million in the fourth quarter of 1999 and more than \$1.1 billion for the year. Average assets under management in our open end mutual funds rose 50% during the fourth quarter of 1999 versus the same period a year earlier. The investment performance of our funds has provided a strong base for the Company's continuing solid financial performance.

In addition:

- On October 1 GBL completed our alliance with the Mathers fund (renamed Gabelli Mathers fund) adding \$104 million in assets and 5,000 new shareholders to the Gabelli family of funds.
- GBL announced it had received Board authorization to introduce multi-class shares to be sold through the full service broker/dealer network for the Gabelli Global series of funds. Introduction of these multi-class share products is expected in March 2000.
- GBL announced plans to add Comstock Partners Funds, Inc. to its Gabelli Mathers mutual fund product line. The addition of the Comstock Partners Funds, comprised of the Comstock Partners Capital Value Fund, and Comstock Partners Strategy Fund, adds \$100 million in assets and 20,000 new investors to the Gabelli Mutual fund family.

Organization and Public Offering

On February 17, 1999, Gabelli Asset Management Inc. started trading on the NYSE with the sale of 6 million shares of its Class A Common Stock, through underwriters led by Merrill Lynch & Co., Salomon Smith Barney and Gabelli & Company, Inc. at \$17.50 per

share.

The pro forma financial information presented herein reflects the results of operations as if all of the following were in effect on January 1, 1998: the Formation Transactions and the resulting impact on income and expenses; the \$50 million note payable; the reduction in management fee from 20% to 10% and the conversion from a Subchapter S Corporation to a "C" Corporation and excludes the nonrecurring charge expensed in the first quarter of 1999 related to the note payable (\$30.9 million, net of tax benefit or \$1.03 per share).

The comparative adjusted historical financial information presented herein reflects the historical results of operations acquired as part of the Formation Transactions as if GBL had existed as a separate enterprise during such periods and as if the exchange of shares had taken place. Prior to the reorganization these assets had been an integral part of Gabelli Funds, Inc. and did not constitute a separate legal or reporting entity for which separate financial statements were prepared.

Assets Under Management – Driver of Growth

GBL reported the following:

	Assets Under Management (in millions)					<u>% Increase (decrease) from</u>	
	<u>12/98</u>	<u>3/99</u>	<u>6/99</u>	<u>9/99</u>	<u>12/99</u>	<u>9/99</u>	<u>12/98</u>
	Table I:						
Mutual Funds							
Open end	\$ 5,533	\$ 5,903	\$ 6,735	\$ 6,700	\$ 8,509	27.0	53.8
Closed end	1,626	1,676	1,809	1,731	1,950	12.7	19.9
Fixed income	1,038	1,061	1,025	1,172	1,181	0.8	13.8
Total Mutual Funds	8,197	8,640	9,569	9,603	11,640	21.2	42.0
Institutional & Separate Accounts:							
Equities	7,133	7,573	8,475	8,148	9,370	15.0	31.4
Fixed Income	824	618	594	680	694	2.1	(15.8)
Total Institutional & Separate Accounts	7,957	8,191	9,069	8,828	10,064	14.0	26.5
Partnerships	146	151	165	198	230	16.2	57.5
Total Assets Under Management	16,300	16,982	18,803	18,629	21,934	17.7	34.6

Table II: Fund Flows – 4th Quarter 1999 (in millions)

	<u>Balance 9/30/99</u>	<u>Net Cash Flows</u>	<u>Assets Acquired</u>	<u>Market Appreciation (Depreciation)</u>	<u>Balance 12/31/99</u>
Mutual Funds					
Equities	\$ 8,431	\$ 440	\$ 104	\$ 1,484	\$ 10,459
Fixed Income	1,172	(5)	---	14	1,181
Total Mutual Funds	9,603	435	104	1,498	11,640
Institutional and Separate Accounts					
Equities	8,148	77	25	1,120	9,370
Fixed Income	680	10	---	4	694
Total Institutional & Separate Accounts	8,828	87	25	1,124	10,064
Partnerships	198	19	---	13	230

Total Assets Under Management	\$ 18,629	\$ 541	\$ 129	\$ 2,635	\$ 21,934
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Table III

Gabelli Asset Management INC.
UNAUDITED CONSOLIDATED CONDENSED STATEMENTS OF INCOME
(in thousands, except per share data)

For the Three Months Ended December 31,

	<u>Pro forma</u> <u>1998 (a)</u>	<u>Adjusted</u> <u>Historical</u> <u>1998 (b)</u>	<u>1999</u>	<u>% Increase</u> <u>(Decrease)</u> <u>from Adjusted</u> <u>Historical</u>
Revenues	\$ 35,878	\$ 35,878	\$ 49,857	39.0
Expenses	20,242	20,242	27,393	35.3
Operating income	15,636	15,636	22,464	43.7
Other income, net	2,178	2,928	5,683	
Income before management fee, income taxes and minority interest	17,814	18,564	28,147	
Management fee	1,782	3,713	2,814	
Income before income taxes and minority interest	16,032	14,851	25,333	
Income taxes	6,355	5,885	10,028	
Minority interest	667	667	782	
Net income	\$ 9,010	\$ 8,299	\$ 14,523	75.0
Net income per share:				
Basic and diluted	0.30	0.35	0.49	40.0
Weighted average shares outstanding:				
Basic and diluted	30,000	24,000	(c) 29,752	

- a. Pro forma financial information reflects the results of operations as if all of the following were in effect at January 1, 1998: the Formation Transactions; the \$50 million note payable; the reduction in management fee from 20% to 10% and the conversion from a Subchapter S Corporation to a "C" Corporation.
- b. Adjusted historical financial information reflects the historical results of operations acquired as part of the Formation Transactions as if GBL had existed as a separate enterprise during such periods and was treated as a "C" Corporation for federal and state income tax purposes and as if the exchange of shares, as part of the Formation Transactions, had taken place.
- c. At December 31, 1999 there were 29,699,200 shares outstanding.

Table IV

Gabelli Asset Management INC.
UNAUDITED CONSOLIDATED CONDENSED STATEMENTS OF INCOME
(in thousands, except per share data)

For the Twelve Months Ended December 31,

	<u>Pro forma</u> <u>1998 (a)</u>	<u>Adjusted</u> <u>Historical</u> <u>1998 (b)</u>	<u>1999 (a)</u>	<u>% Increase</u> <u>(Decrease)</u> <u>from Adjusted</u> <u>Historical</u>
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Revenues	\$ 138,187	\$ 138,187	\$ 176,262	27.6
Expenses	78,972	78,972	100,754	27.6
Operating income	59,215	59,215	75,508	27.5
Other income, net	760	3,760	15,071	
Income before management fee, income taxes and minority interest	59,975	62,975	90,579	
Management fee	5,997	12,594	9,057	
Income before income taxes and minority interest	53,978	50,381	81,522	
Income taxes	21,399	19,976	32,558	
Minority interest	1,710	1,710	3,270	
Income before non-recurring charge	30,869	28,695	45,694	59.2
Non-recurring charge, net of tax benefit	---	---	30,895	
Net income	\$ 30,869	\$ 28,695	(c) \$ 14,799	
Income per share (basic & diluted):				
Income before non-recurring charge	\$ 1.03	\$ 1.20	\$ 1.53	27.5
Net income	\$ 1.03	\$ 1.20	\$ 0.50	
Weighted average shares outstanding:				
Basic and diluted	30,000	24,000	(d) 29,890	

- a. Pro forma financial information reflects the results of operations as if all of the following were in effect at January 1, 1998: the Formation Transactions; the \$50 million note payable; the reduction in management fee from 20% to 10% and the conversion from a Subchapter S Corporation to a "C" Corporation.
- b. Adjusted historical financial information reflects the historical results of operations acquired as part of the Formation Transactions as if GBL had existed as a separate enterprise during such periods and was treated as a "C" Corporation for federal and state income tax purposes and as if the exchange of shares, as part of the Formation Transactions, had taken place.
- c. For financial reporting purposes net income and net income per share will include the results of operations related to its parent, Gabelli Group Capital Partners, Inc. for the period up through the date of the Formation Transactions (February 9, 1999). Accordingly, for the year ended December 31, 1999 reported net income and net income per share were \$18.5 million and \$0.64, respectively.
- d. At December 31, 1999 there were 29,699,200 shares outstanding.

Table V

UNAUDITED CONSOLIDATED CONDENSED PRO FORMA STATEMENT OF INCOME
For the Three Months Ended December 31, 1998
(in thousands, except per share data)

	<u>Actual</u>	<u>Pro Forma Adjustments</u>	<u>Pro Forma Consolidated</u>
Revenues	\$ 35,878	---	\$ 35,878
Expenses	21,668	(a) (1,426)	20,242
Operating income	14,210	1,426	15,636
Other (expense) income, net	4,434	(b) (2,256)	2,178
Income before management fee, income taxes and minority interest	18,644	(830)	17,814

Management fee	3,713	(c) (1,931)	1,782
Income before income taxes and minority interest	14,931	1,101	16,032
Income taxes	1,803	(d) 4,552	6,355
Minority interest	667	---	667
Net income	\$ 12,461	\$ (3,451)	\$ 9,010
Pro forma net income per share:			
Basic and diluted			\$ 0.30
Pro forma weighted average shares outstanding:			
Basic and diluted			30,000

Notes to Pro Forma Adjustments:

- To reflect reallocation of expenses to new parent company.
- To reflect effect on income and expenses of distribution of assets and liabilities and reflect interest on \$50 million note payable.
- To reflect change in management fee from 20% to 10%.
- To record additional taxes related to conversion from Subchapter S Corporation to "C" Corporation for Federal and state income tax purposes and tax effects of pro forma adjustments.

Table VI

Gabelli Asset Management Inc.
Unaudited Quarterly Consolidated Condensed Statements of Income
(in thousands, except per share data)

	1998 Adjusted Historical Results (a)					1999 Pro Forma				
	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter	1998 Total	(b) 1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter	1999 Total
Income Statement Data:										
Revenues	\$ 31,928	\$ 36,031	\$ 34,350	\$ 35,878	\$ 138,187	\$ 39,691	\$ 42,623	\$ 44,091	\$ 49,857	\$ 176,262
Expenses	18,430	20,477	19,823	20,242	78,972	22,937	25,801	24,623	27,393	100,754
Operating income	13,498	15,554	14,527	15,636	59,215	16,754	16,822	19,468	22,464	75,508
Other income (expense), net	1,475	(1,429)	786	2,928	3,760	2,097	6,355	936	5,683	15,071
Income before management fee, Income taxes and Minority Interest	14,973	14,125	15,313	18,564	62,975	18,851	23,177	20,404	28,147	90,579
Management fee	2,995	2,824	3,062	3,713	12,594	1,885	2,318	2,040	2,814	9,057
Income before income taxes and minority interest	11,978	11,301	12,251	14,851	50,381	16,966	20,859	18,364	25,333	81,522
Income taxes	4,753	4,479	4,859	5,885	19,976	6,973	8,260	7,297	10,028	32,558
Minority interest	392	247	404	667	1,710	714	944	830	782	3,270
Net Income	6,833	6,575	6,988	8,299	28,695	9,279	11,655	10,237	14,523	45,694
Net income per share:										
Basic and diluted	0.28	0.27	0.29	0.35	1.20	0.31	0.39	0.34	0.49	1.53

Weighted average shares outstanding:

Basic and diluted	24,000	24,000	24,000	24,000	24,000	30,000	29,949	29,861	29,752	29,890
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- Adjusted historical financial information reflects the historical results of operations acquired as part of the Formation Transactions as if GBL had existed as a separate enterprise during such periods and was treated as a "C" Corporation for federal and state income tax purposes and as if the exchange of shares, as part of the Formation Transactions, had taken place.
- Pro forma financial information reflects the results of operations as if all of the following were in effect at January 1, 1999: the Formation Transactions; the \$50 million note payable; the reduction in management fee from 20% to 10% and the conversion from a Subchapter S Corporation to a "C" Corporation. Pro forma results exclude a non-recurring charge related to the note payable (\$30.9 million, net of tax benefit or \$1.03 per share). After giving effect to this charge, the Company had a net loss of \$0.72 per share in the first quarter of 1999, and net income of \$0.50 per share for the year ended December 31, 1999.

Table VII

Gabelli Asset Management INC.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
(in thousands)

	February 9, 1999 (a)	December 31, 1999
ASSETS		
Investments (including cash and cash equivalents of \$123,072 and \$103,032, respectively)	\$ 162,186	\$ 193,841
Receivables	15,178	26,269
Deferred tax asset, net	19,830	16,887
Other assets	12,306	6,065
Total assets	\$ 209,500	\$ 243,062
LIABILITIES AND STOCKHOLDERS' EQUITY		
Debt	(b) 50,000	(b) 50,000
Compensation payable	6,668	10,260
Accrued expenses and other liabilities	29,020	20,408
Total liabilities	85,688	80,668
Minority interest	13,182	14,818
Stockholders' equity (shares outstanding; 30,000 and 29,699, respectively)	110,630	147,576
Total liabilities and stockholders' equity	\$ 209,500	\$ 243,062

- Opening balance sheet adjusted to reflect both the Formation Transactions and initial public offering.
- (b) This debt, arising from the Formation Transactions, is due January 2, 2002, and will result in a tax benefit of \$19,830 (included in deferred tax asset, net above).

Forward Looking Information

This release contains forward-looking statements about future operations, results and performance, which involve risks and uncertainties that may cause the actual operations, results or performance to differ materially from those expressed in or implied by the forward-looking statements. These risks and uncertainties include the performance of the securities markets and the Company's investment products, future economic conditions, changes in business strategy and other factors. Consequently, no assurance can be given as to future operations, results or performance, and neither the Company nor any other person assumes liability for the accuracy and completeness of the forward-looking statements in this release.