



Gabelli Asset Management

For Immediate Release:

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Gabelli Asset Management Inc. Reports Record Third Quarter and Nine Month Results

Rye, New York, October 25, 2000 – Gabelli Asset Management Inc. (NYSE: “GBL”) today reported its results for the third quarter and nine months ended September 30, 2000.

Total revenues rose 34% to \$59.2 million versus \$44.1 million in the third quarter of 1999. Operating income climbed 26% to \$24.5 million from \$19.5 million in the prior year. Net income increased 42% to \$14.5 million versus \$10.2 million in the third quarter of 1999. Diluted earnings per share increased 41% to \$0.48 for the third quarter of 2000 versus \$0.34 per share in 1999.

For the first nine months of 2000 total revenues were \$174.1 million, an increase of 38% from total revenues of \$126.4 million in the same period a year earlier. Net income rose 37% to \$42.7 million versus \$31.2 million for the nine months of 1999. Diluted earnings for the first nine months of 2000 were \$1.43 per share a 38% increase over prior year-to-date earnings of \$1.04 per share.

Revenue and operating earnings growth were driven by the growth in assets under management. During the third quarter of 2000, assets under management averaged \$24.1 billion, 27% higher than the \$18.9 billion of average assets managed during the third quarter of 1999. Average assets in our open end equity mutual funds climbed 48% to \$9.9 billion in 2000 versus \$6.7 billion in the 1999 quarter. At September 30, 2000, total assets under management were \$23.8 billion.

During the third quarter we purchased 65,000 shares at an average cost of \$22.72 per share as part of our announced Share Repurchase Program. This brings repurchases in 2000 to 175,000 at an average price of \$18.50 per share. Nearly 476,000 shares have been repurchased under this program since its inception in May 1999 at an average price of \$16.58 per share.

Other Highlights:

- Our open end Blue Chip Value Fund, managed by Barbara Marcin, CFA, celebrated its first year of investment operation on August 26, 2000 and was up a stellar 33.25%.
- Our open end Utilities Fund, launched under Tim O'Brien, CFA, also had its first birthday on August 31, 2000. It's return for the first twelve months was 33.11%. We enthusiastically endorse Tim's vision that utilities represent solid investment opportunities.
- We continue to expand our efforts in alternative investments. European Partners (a long/short European equity fund launched this year) also had positive performance, as did all of our hedge funds.

- Our Arbitrage Partnership – where returns are not correlated to the overall market – enjoyed solid performance, advancing 3.4% in the third quarter.

Of interest also is an article we prepared for a specialty magazine that traces the history of hedge funds in the United States. We refer you to this article on our website at www.gabelli.com. Finally, we again offer our publication, Deals... Deals...And More Deals to our shareholders.

Outlook:

In the short-term, GBL's results reflect the ebbs and flows of market sentiment (MR. MARKET). As we write this report, the market is sorting out what we refer to as the six E's: economy, earnings, Euro, election, energy, and (e)valuation.

We remain dedicated to generating risk-adjusted returns for our clients by focusing on each stock's specific company fundamentals. In the long run, this will accrue to the benefit of all our constituents.

Assets Under Management – Driver of Growth

The Company reported assets under management as follows:

Table I

| | Assets Under Management (in millions) | | |
|---|---------------------------------------|------------------|-------------------|
| | September 30, | | |
| | <u>1999</u> | <u>2000</u> | <u>% Increase</u> |
| Mutual Funds: | | | |
| Open end | \$ 6,700 | \$ 9,685 | 44.6 |
| Closed end | 1,731 | 1,860 | 7.5 |
| Fixed income | <u>1,172</u> | <u>1,307</u> | 11.5 |
| Total Mutual Funds | <u>9,603</u> | <u>12,852</u> | 33.8 |
| Institutional & Separate Accounts: | | | |
| Equities | 8,148 | 9,788 | 20.1 |
| Fixed Income | <u>680</u> | <u>752</u> | 10.6 |
| Total Institutional & Separate Accounts | <u>8,828</u> | <u>10,540</u> | 19.4 |
| Partnerships | <u>198</u> | <u>416</u> | 110.1 |
| Total Assets Under Management | <u>\$18,629</u> | <u>\$ 23,808</u> | 27.8 |

At September 30, 2000, approximately 92% of open end mutual funds' assets under management were in funds with Morningstar Inc.'s overall rankings of "four stars" or better and 54% were in funds ranked "five stars". Funds that have earned the coveted five star rating from Morningstar, Inc. include the Gabelli Global Growth Fund, the Gabelli Global Telecommunications Fund, and the Gabelli Growth Fund. In addition, the Gabelli Global Multimedia Trust, a closed end fund, also received a five star rating from Morningstar, Inc.

Table II Fund Flows – 3rd Quarter 2000 (in millions)

| | <u>June 30, 2000</u> | <u>Net Cash Flows</u> | <u>Market Appreciation / (Depreciation)</u> | <u>September 30, 2000</u> |
|---|----------------------|-----------------------|---|---------------------------|
| Mutual Funds: | | | | |
| Equities | \$ 11,380 | \$ 537 | \$ (372) | \$ 11,545 |
| Fixed Income | <u>1,225</u> | <u>69</u> | <u>13</u> | <u>1,307</u> |
| Total Mutual Funds | <u>12,605</u> | <u>606</u> | <u>(359)</u> | <u>12,852</u> |
| Institutional and Separate Accounts: | | | | |
| Equities | 9,630 | 163 | (5) | 9,788 |
| Fixed Income | <u>688</u> | <u>55</u> | <u>9</u> | <u>752</u> |
| Total Institutional and Separate Accounts | <u>10,318</u> | <u>218</u> | <u>4</u> | <u>10,540</u> |
| Partnerships | <u>344</u> | <u>65</u> | <u>7</u> | <u>416</u> |
| Total Assets Under Management | <u>\$ 23,267</u> | <u>\$ 889</u> | <u>\$ (348)</u> | <u>\$ 23,808</u> |

Assets Under Management (in millions)

| | Assets Under Management (in millions) | | | | | <u>% Inc. (Dec.)</u> | |
|---|---------------------------------------|------------------|------------------|------------------|------------------|----------------------|-------------|
| | <u>9/99</u> | <u>12/99</u> | <u>3/00</u> | <u>6/00</u> | <u>9/00</u> | <u>6/00</u> | <u>9/99</u> |
| Mutual Funds: | | | | | | | |
| Open end | \$ 6,700 | \$ 8,509 | \$ 9,282 | \$ 9,517 | \$ 9,685 | 1.8 | 44.6 |
| Closed end | 1,731 | 1,950 | 1,955 | 1,863 | 1,860 | (0.2) | 7.5 |
| Fixed income | <u>1,172</u> | <u>1,181</u> | <u>1,188</u> | <u>1,225</u> | <u>1,307</u> | 6.7 | 11.5 |
| Total Mutual Funds | <u>9,603</u> | <u>11,640</u> | <u>12,425</u> | <u>12,605</u> | <u>12,852</u> | 2.0 | 33.8 |
| Institutional & Separate Accounts: | | | | | | | |
| Equities | 8,148 | 9,370 | 9,479 | 9,630 | 9,788 | 1.6 | 20.1 |
| Fixed Income | <u>680</u> | <u>694</u> | <u>815</u> | <u>688</u> | <u>752</u> | 9.3 | 10.6 |
| Total Institutional & Separate Accounts | <u>8,828</u> | <u>10,064</u> | <u>10,294</u> | <u>10,318</u> | <u>10,540</u> | 2.2 | 19.4 |
| Partnerships | <u>198</u> | <u>230</u> | <u>278</u> | <u>344</u> | <u>416</u> | 20.9 | 110.1 |
| Total Assets Under Management | <u>\$ 18,629</u> | <u>\$ 21,934</u> | <u>\$ 22,997</u> | <u>\$ 23,267</u> | <u>\$ 23,808</u> | 2.3 | 27.8 |

Table IV

GABELLI ASSET MANAGEMENT INC.
UNAUDITED CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except per share data)

| | For the Three Months Ended September 30, | | | For the Nine Months Ended September 30, | | |
|--|---|------------------|-----------------------|--|------------------|-----------------------|
| | <u>1999</u> | <u>2000</u> | <u>% Increase</u> | <u>Pro Forma 1999 (a)</u> | <u>2000</u> | <u>% Increase</u> |
| Revenues..... | \$ 44,091 | \$ 59,164 | 34.2 | \$ 126,405 | \$ 174,057 | 37.7 |
| Expenses..... | <u>24,623</u> | <u>34,709</u> | 41.0 | <u>73,361</u> | <u>99,295</u> | 35.4 |
| Operating income..... | 19,468 | 24,455 | 25.6 | 53,044 | 74,762 | 40.9 |
| Other income, net | <u>936</u> | <u>3,987</u> | | <u>9,388</u> | <u>8,996</u> | |
| Income before management fee, income taxes and minority interest..... | 20,404 | 28,442 | 39.4 | 62,432 | 83,758 | 34.2 |
| Management fee..... | <u>2,040</u> | <u>2,844</u> | | <u>6,243</u> | <u>8,376</u> | |
| Income before income taxes and minority interest | 18,364 | 25,598 | 39.4 | 56,189 | 75,382 | 34.2 |
| Income tax provision..... | 7,297 | 10,137 | | 22,530 | 29,852 | |
| Minority interest..... | <u>830</u> | <u>971</u> | | <u>2,488</u> | <u>2,790</u> | |
| Income before nonrecurring charge..... | 10,237 | 14,490 | 41.5 | 31,171 | 42,740 | 37.1 |
| Nonrecurring charge, net of tax benefit..... | <u>-</u> | <u>-</u> | | <u>30,895</u> | <u>-</u> | |
| Net income..... | <u>\$ 10,237</u> | <u>\$ 14,490</u> | 41.5 | <u>\$ 276</u> | <u>\$ 42,740</u> | nm |
| Net income per share, before nonrecurring charge: | | | | | | |
| Basic..... | <u>\$ 0.34</u> | <u>\$ 0.49</u> | 44.1 | <u>\$ 1.04 (b)</u> | <u>\$ 1.44</u> | 38.5 |
| Diluted..... | <u>\$ 0.34</u> | <u>\$ 0.48</u> | 41.2 | <u>\$ 1.04 (b)</u> | <u>\$ 1.43</u> | 37.5 |
| Weighted average shares outstanding: | | | | | | |
| Basic..... | <u>29,861</u> | <u>29,547</u> | | <u>29,936</u> | <u>29,593</u> | |
| Diluted..... | <u>29,861</u> | <u>29,969</u> | | <u>29,936</u> | <u>29,857</u> | |

(a) 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.

(b) Excludes a non-recurring charge of \$50 million related to the note payable (\$30.9 million, net of tax benefit, or \$1.03 per share) and charged to operations in the first quarter of 1999. After giving effect to this charge the Company had net income of \$0.01 per share for the nine months ended September 30, 1999.

Table V

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

| | 1999 | | | | | 2000 | | | |
|---|--------------------------------|----------------------------|----------------------------|----------------------------|------------------|----------------------------|----------------------------|----------------------------|------------------|
| | 1 st Quarter (a) | 2 nd Quarter | 3 rd Quarter | 4 th Quarter | Total | 1 st Quarter | 2 nd Quarter | 3 rd Quarter | Total |
| Income Statement Data: | | | | | | | | | |
| Revenues | \$ 39,691 | \$ 42,623 | \$ 44,091 | \$ 49,857 | \$ 176,262 | \$ 57,773 | \$ 57,120 | 59,164 | \$ 174,057 |
| Expenses | <u>22,937</u> | <u>25,801</u> | <u>24,623</u> | <u>27,393</u> | <u>100,754</u> | <u>32,391</u> | <u>32,195</u> | <u>34,709</u> | <u>99,295</u> |
| Operating income | 16,754 | 16,822 | 19,468 | 22,464 | 75,508 | 25,382 | 24,925 | 24,455 | 74,762 |
| Other income, net | <u>2,097</u> | <u>6,355</u> | <u>936</u> | <u>5,683</u> | <u>15,071</u> | <u>2,111</u> | <u>2,898</u> | <u>3,987</u> | <u>8,996</u> |
| Income before management fee, income taxes and minority interest | 18,851 | 23,177 | 20,404 | 28,147 | 90,579 | 27,493 | 27,823 | 28,442 | 83,758 |
| Management fee | <u>1,885</u> | <u>2,318</u> | <u>2,040</u> | <u>2,814</u> | <u>9,057</u> | <u>2,749</u> | <u>2,783</u> | <u>2,844</u> | <u>8,376</u> |
| Income before income taxes and minority interest | 16,966 | 20,859 | 18,364 | 25,333 | 81,522 | 24,744 | 25,040 | 25,598 | 75,382 |
| Income taxes | 6,973 | 8,260 | 7,297 | 10,028 | 32,558 | 9,799 | 9,916 | 10,137 | 29,852 |
| Minority interest | <u>714</u> | <u>944</u> | <u>830</u> | <u>782</u> | <u>3,270</u> | <u>949</u> | <u>870</u> | <u>971</u> | <u>2,790</u> |
| Net income | <u>\$ 9,279</u> | <u>\$ 11,655</u> | <u>\$ 10,237</u> | <u>\$ 14,523</u> | <u>\$ 45,694</u> | <u>\$ 13,996</u> | <u>\$ 14,254</u> | <u>14,490</u> | <u>\$ 42,740</u> |
| Net income per share: | | | | | | | | | |
| Basic | <u>\$ 0.31</u> | <u>\$ 0.39</u> | <u>\$ 0.34</u> | <u>\$ 0.49</u> | <u>\$ 1.53</u> | <u>\$ 0.47</u> | <u>\$ 0.48</u> | <u>\$ 0.49</u> | <u>\$ 1.44</u> |
| Diluted | <u>\$ 0.31</u> | <u>\$ 0.39</u> | <u>\$ 0.34</u> | <u>\$ 0.49</u> | <u>\$ 1.53</u> | <u>\$ 0.47</u> | <u>\$ 0.48</u> | <u>\$ 0.48</u> | <u>\$ 1.43</u> |
| Weighted average shares outstanding: | | | | | | | | | |
| Basic | <u>30,000</u> | <u>29,949</u> | <u>29,861</u> | <u>29,752</u> | <u>29,890</u> | <u>29,643</u> | <u>29,589</u> | <u>29,547</u> | <u>29,593</u> |
| Diluted | <u>30,000</u> | <u>29,949</u> | <u>29,861</u> | <u>29,752</u> | <u>29,890</u> | <u>29,643</u> | <u>29,877</u> | <u>29,969</u> | <u>29,857</u> |

(a) 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 reduction in management fee from 20% to 10% and the conversion from a Subchapter S Corporation to "C" Corporation. Pro forma results exclude a non-recurring charge related to the \$50 million note payable (\$30.9 million, net of tax benefit or \$1.03 per share) recorded in the first quarter of 1999

Table VI

GABELLI ASSET MANAGEMENT INC.
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
(In thousands)

| | December 31, | September 30, | |
|---|-------------------|--------------------|-------------------|
| | <u>1999</u> | <u>1999</u> | <u>2000</u> |
| ASSETS | | (unaudited) | |
| Cash and cash equivalents..... | \$ 103,032 | \$ 115,311 | \$ 103,677 |
| Investments..... | 90,809 | 69,968 | 162,842 |
| Receivables..... | 26,269 | 19,916 | 26,766 |
| Deferred income taxes, net (a)..... | 16,887 | 19,830 | 17,599 |
| Other assets..... | <u>6,065</u> | <u>12,724</u> | <u>6,306</u> |
| Total assets..... | \$ <u>243,062</u> | \$ <u>237,749</u> | \$ <u>317,190</u> |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | | |
| Debt (a)..... | \$ 50,000 | \$ 50,000 | \$ 50,000 |
| Accrued expenses and other liabilities..... | <u>30,668</u> | <u>38,827</u> | <u>62,636</u> |
| Total liabilities..... | 80,668 | 88,827 | 112,636 |
| Minority interest..... | 14,818 | 14,066 | 17,476 |
| Stockholders' equity..... | <u>147,576</u> | <u>134,856</u> | <u>187,078</u> |
| Total liabilities and stockholders' equity..... | \$ <u>243,062</u> | \$ <u>237,749</u> | \$ <u>317,190</u> |

(a) This debt, arising from the Formation Transactions, is due January 2, 2002, and will result in a tax benefit to the Company of \$19,830 (included in deferred income taxes, net).

Gabelli Asset Management Inc. through its subsidiaries manages \$23.8 billion in assets in mutual funds, closed end funds, partnerships and private investment advisory accounts.

Forward-Looking Information

This release may contain 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 press release.