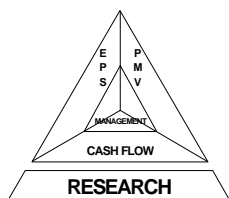


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## Gabelli Asset Management

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### **Gabelli Reports Record Third Quarter Earnings Per Share and Record Nine Month Results**

Rye, New York, October 23, 2001 – Gabelli Asset Management Inc. (NYSE: “GBL”) today reported its results for the third quarter and nine months ended September 30, 2001.

Diluted earnings were a record \$0.49 per share in the third quarter of 2001 versus \$0.48 per share in the third quarter of 2000 as net income rose 3% to \$14.9 million in the 2001 quarter versus \$14.5 million in the prior year. Operating income increased 3.5% to \$25.3 million on total revenues of \$56.1 million in the third quarter in comparison to operating income of \$24.5 million on total revenues of \$59.2 million in the third quarter of the prior year. Income from investments was approximately \$2 million versus \$4 million a year ago. There were 31.1 million shares outstanding on a diluted basis at quarter end versus 30.0 million at September 30, 2000.

For the first nine months of 2001 diluted earnings were \$1.52 per share, 6% ahead of prior year-to-date earnings of \$1.43 per share. Net income for the nine months ended September 30, 2001 was \$45.7 million, a 7% increase over net income of \$42.7 million in the first nine months of 2000. Operating income for the first nine months of 2001 was \$77.0 million up 3% from \$74.8 million in the comparable year earlier period. Revenues were \$171.5 million for the first nine months of 2001 compared to revenues of \$174.1 million for the first nine months of 2000. Other income net, was \$7.8 million versus \$9.0 million a year ago. Average shares for the nine months ended September 30, 2001 were 30.3 million versus 29.9 million.

#### **Financial Highlights**

Operating performance was bolstered by positive cash inflows from clients. Our return on proprietary investments was approximately \$2 million below the year earlier period, even though three-quarters of the \$400 million in our proprietary investment portfolio was in short term U.S. Treasuries. The shortfall was traceable to the plunge in the stock market following the September 11<sup>th</sup> heinous attack.

Operating margins rose to 45.1% and 44.9% in the third quarter and for the first nine months of 2001 versus 41.3% and 43.0%, respectively, in the comparable prior year periods as we benefited from continued efforts to reduce the overall cost structure of the company.

Average total assets under management were \$24.5 billion during the third quarter of 2001 versus \$24.1 billion during the third quarter of 2000. During the quarter our money management activities benefited from positive cash flows totaling \$364 million and was paced by more than \$300 million into our fixed income products. Our Treasurer’s Fund, which comprises three money market portfolios, exceeded one billion dollars for the first time. Cash flows into our alternative investment products were \$57 million during the quarter while net cash flows

into our equity products, impacted by the change in investor sentiment and a modest increase in redemptions after the September attack, were flat.

The increase in average total assets under management during the third quarter of 2001 versus the prior year quarter did not translate into higher comparable revenues as the increase in average assets in our Separate Accounts and Alternative Investment products were offset by a 14.9% decline in average assets in our open-end equity mutual fund accounts and a shift in mix towards lower margin fixed income products. At September 30, 2001 total assets under management were \$22.3 billion versus \$25.6 billion at June 30, 2001 and \$23.8 billion at September 30, 2000. Of note, we point out that GAMCO's revenues are booked based on assets at the beginning of the quarter. Therefore, while assets in the fourth quarter will recover with any overall market gains, fourth quarter billings at GAMCO will reflect the lower level of assets under management at September 30, 2001.

We continue to build a strong and liquid balance sheet. On August 13, 2001 the Company announced the private placement of a ten-year, \$100 million convertible note with Cascade Investment LLC. The note, which is convertible into Class A common stock at \$53 per share, provides additional liquidity and flexibility as we explore a variety of global strategic growth initiatives. We are exploring other ways to increase our financial resources.

Cash and investments, including proceeds from the private placement, were approximately \$422 million at September 30, 2001 versus \$299 million at June 30, 2001 and \$260 million at December 31, 2000. In addition, we have \$7 million in investments, mostly our own mutual funds, that are in our long-term investment account.

On September 17, 2001 the Board of Directors substantially increased the share buyback and authorized the repurchase of up to \$10 million of the Company's Class A Common Stock under its current stock buyback program. The Company repurchased 12,000 shares at an average cost of \$36.50 per share during September bringing the total shares repurchased under the stock buyback program to 522,900 at an average cost of \$17.81 per share. The Company currently has \$9.5 million available for future stock repurchases under the program.

### **Investment, Business and Other Highlights**

#### **Highlights:**

- Our ABC Fund, which specializes in mergers and acquisitions, received a "Five Star" rating from Morningstar. Morningstar is the leading provider of mutual fund ratings. Its coveted star-rating system is based on risk-adjusted performance. This now makes seven of our mutual funds that have this coveted rating and these include, the Asset Fund, the Equity Income Fund, the Global Telecommunications Fund, the Value Fund, our Westwood Equity Fund, and our Westwood Mighty Mites<sup>sm</sup> Fund.
- We witnessed the consummation of the merger between Chris-Craft Industries, BHC Communications, Inc. and United Television Inc., returning over \$1 billion in cash and News Corp. shares to our clients.
- Gabelli traveled to London, England on September 20, 2001 where we met with over one hundred fund of funds at the Gabelli Annual Alternatives Client Meeting at the Carlton Club.
- GAMCO (which is the brand for our high net worth business) had 2% more clients at September 30th than June 30<sup>th</sup> and 14% more on a year to year basis. These clients increased the assets entrusted to us by nearly 1% on a sequential basis. This success continued with a substantial high net worth client entrusting a portion of controlled assets to our stewardship in mid-October.

- Our ownership of Gabelli Securities Inc., the entity through which we conduct our alternative investment as well as our institutional brokerage business, was increased to 92% on September 30, 2001 from 82% on June 30, 2001 and 78% at September 30, 2000.

### The Outlook

The pall cast over the U.S. and world financial markets by recent events only heightened the stock market volatility experienced in recent quarters. Our own results will reflect the dynamics following September 11<sup>th</sup>. But our financial strength in these difficult and uncertain times will help position us for above average gains as we enter 2002 as will the relative performance of our assets under management, the diversification of our investment products and our broad client base. We believe our commitment to providing investors with superior long-term, risk-adjusted performance will continue to benefit us through periods of increased volatility and will provide solid long-term performance for our shareholders.

## Assets Under Management – Driver of Growth

The Company reported assets under management as follows:

**Table I**

	Assets Under Management (in millions)		
	September 30,		
	<u>2000</u>	<u>2001</u>	<u>% Inc. (Dec.)</u>
Mutual Funds:			
Open end	\$ 9,685	\$ 7,405	(23.5)%
Closed end	1,860	1,706	(8.3)
Fixed income	<u>1,307</u>	<u>1,830</u>	40.0
Total Mutual Funds	<u>12,852</u>	<u>10,941</u>	(14.9)
Institutional & Separate Accounts:			
Equities	9,788	10,008	2.2
Fixed Income	<u>752</u>	<u>780</u>	3.7
Total Institutional & Separate Accounts	<u>10,540</u>	<u>10,788</u>	2.4
Partnerships	<u>416</u>	<u>615</u>	47.8
Total Assets Under Management	<u>\$ 23,808</u>	<u>\$ 22,344</u>	(6.1)

At September 30, 2001, approximately 61% of open end mutual fund assets under management were in funds with Morningstar Inc.'s overall ranking of "Four Star" or better. Fourteen Gabelli funds have been rated "Four Star" or better including eight Gabelli funds which have earned the coveted "Five Star" overall rating.

**Table II**

### Fund Flows – 3<sup>rd</sup> Quarter 2001 (in millions)

	<u>June 30, 2001</u>	Net Cash Flows	Market Appreciation / (Depreciation)	<u>September 30, 2001</u>
Mutual Funds:				
Equities	\$ 10,934	\$ (16)	\$ (1,807)	\$ 9,111
Fixed Income	<u>1,541</u>	<u>275</u>	<u>14</u>	<u>1,830</u>
Total Mutual Funds	<u>12,475</u>	<u>259</u>	<u>(1,793)</u>	<u>10,941</u>
Institutional and Separate Accounts:				
Equities	11,860	14	(1,866)	10,008
Fixed Income	<u>737</u>	<u>34</u>	<u>9</u>	<u>780</u>
Total Institutional and Separate Accounts	<u>12,597</u>	<u>48</u>	<u>(1,857)</u>	<u>10,788</u>
Partnerships	<u>558</u>	<u>57</u>	<u>-</u>	<u>615</u>
Total Assets Under Management	<u>\$ 25,630</u>	<u>\$ 364</u>	<u>\$ (3,650)</u>	<u>\$ 22,344</u>

**Table III**

### Assets Under Management (in millions)

	Assets Under Management (in millions)					% Inc. ( Dec.) from	
	<u>9/00</u>	<u>12/00</u>	<u>3/01</u>	<u>6/01</u>	<u>9/01</u>	<u>6/01</u>	<u>9/00</u>
Mutual Funds:							
Open end	\$ 9,685	\$ 8,971	\$ 8,321	\$ 8,963	\$ 7,405	(17.4)%	(23.5)%
Closed end	1,860	1,709	1,746	1,971	1,706	(13.4)	(8.3)
Fixed income	<u>1,307</u>	<u>1,433</u>	<u>1,614</u>	<u>1,541</u>	<u>1,830</u>	18.8	40.0
Total Mutual Funds	<u>12,852</u>	<u>12,113</u>	<u>11,681</u>	<u>12,475</u>	<u>10,941</u>	(12.3)	(14.9)
Institutional & Separate Accounts:							
Equities	9,788	10,142	10,651	11,860	10,008	(15.6)	2.2
Fixed Income	<u>752</u>	<u>859</u>	<u>864</u>	<u>737</u>	<u>780</u>	5.8	3.7
Total Institutional & Separate Accounts	<u>10,540</u>	<u>11,001</u>	<u>11,515</u>	<u>12,597</u>	<u>10,788</u>	(14.4)	2.4
Partnerships	<u>416</u>	<u>437</u>	<u>473</u>	<u>558</u>	<u>615</u>	10.2	47.8
Total Assets Under Management	<u>\$ 23,808</u>	<u>\$ 23,551</u>	<u>\$ 23,669</u>	<u>\$ 25,630</u>	<u>\$ 22,344</u>	(12.8)	(6.1)

**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>2000</u>	<u>2001</u>	<u>% Inc. (Dec.)</u>	<u>2000</u>	<u>2001</u>	<u>% Inc. (Dec.)</u>
Revenues.....	\$ 59,164	\$ 56,121		\$ 174,057	\$ 171,482	
Expenses.....	<u>34,709</u>	<u>30,799</u>	(11.3)	<u>99,295</u>	<u>94,451</u>	(4.9)
Operating income.....	24,455	25,322	3.5	74,762	77,031	3.0
Other income, net .....	<u>3,987</u>	<u>2,001</u>	(49.8)	<u>8,996</u>	<u>7,829</u>	(13.0)
Income before management fee, income taxes and minority interest.....	28,442	27,323		83,758	84,860	
Management fee.....	<u>2,844</u>	<u>2,732</u>		<u>8,376</u>	<u>8,486</u>	
Income before income taxes and minority interest	25,598	24,591	(3.9)	75,382	76,374	1.3
Income tax provision.....	10,137	9,493		29,852	29,481	
Minority interest.....	<u>971</u>	<u>152</u>		<u>2,790</u>	<u>1,210</u>	
Net income.....	<u>\$ 14,490</u>	<u>\$ 14,946</u>	3.1	<u>\$ 42,740</u>	<u>\$ 45,683</u>	6.9
Net income per share:						
Basic.....	<u>\$ 0.49</u>	<u>\$ 0.50</u>	2.0	<u>\$ 1.44</u>	<u>\$ 1.54</u>	6.9
Diluted.....	<u>\$ 0.48</u>	<u>\$ 0.49</u>	2.1	<u>\$ 1.43</u>	<u>\$ 1.52</u>	6.3
Weighted average shares outstanding:						
Basic.....	<u>29,547</u>	<u>29,748</u>		<u>29,593</u>	<u>29,595</u>	
Diluted.....	<u>29,969</u>	<u>31,142</u>		<u>29,857</u>	<u>30,310</u>	

Table V

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

	2000					2001			
	1 <sup>st</sup> Quarter	2 <sup>nd</sup> Quarter	3 <sup>rd</sup> Quarter	4 <sup>th</sup> Quarter	Total	1 <sup>st</sup> Quarter	2 <sup>nd</sup> Quarter	3 <sup>rd</sup> Quarter	Total
<b>Income Statement Data:</b>									
Revenues	\$ 57,773	\$ 57,120	\$ 59,164	\$ 59,861	\$ 233,918	\$ 58,344	\$ 57,017	\$ 56,121	\$ 171,482
Expenses	<u>32,391</u>	<u>32,195</u>	<u>34,709</u>	<u>34,413</u>	<u>133,708</u>	<u>31,550</u>	<u>32,102</u>	<u>30,799</u>	<u>94,451</u>
Operating income	25,382	24,925	24,455	25,448	100,210	26,794	24,915	25,322	77,031
Other income, net	<u>2,111</u>	<u>2,898</u>	<u>3,987</u>	<u>3,751</u>	<u>12,747</u>	<u>1,136</u>	<u>4,692</u>	<u>2,001</u>	<u>7,829</u>
<b>Income before management fee, income taxes and minority interest</b>	27,493	27,823	28,442	29,199	112,957	27,930	29,607	27,323	84,860
Management fee	<u>2,749</u>	<u>2,783</u>	<u>2,844</u>	<u>2,920</u>	<u>11,296</u>	<u>2,793</u>	<u>2,961</u>	<u>2,732</u>	<u>8,486</u>
<b>Income before income taxes and minority interest</b>	24,744	25,040	25,598	26,279	101,661	25,137	26,646	24,591	76,374
Income taxes	9,799	9,916	10,137	10,405	40,257	9,703	10,285	9,493	29,481
Minority interest	<u>949</u>	<u>870</u>	<u>971</u>	<u>619</u>	<u>3,409</u>	<u>538</u>	<u>520</u>	<u>152</u>	<u>1,210</u>
<b>Net income</b>	<u>\$ 13,996</u>	<u>\$ 14,254</u>	<u>\$ 14,490</u>	<u>\$ 15,255</u>	<u>\$ 57,995</u>	<u>\$ 14,896</u>	<u>\$ 15,841</u>	<u>\$ 14,946</u>	<u>\$ 45,683</u>
<b>Net income per share:</b>									
Basic	<u>\$ 0.47</u>	<u>\$ 0.48</u>	<u>\$ 0.49</u>	<u>\$ 0.52</u>	<u>\$ 1.96</u>	<u>\$ 0.50</u>	<u>\$ 0.54</u>	<u>\$ 0.50</u>	<u>\$ 1.54</u>
Diluted	<u>\$ 0.47</u>	<u>\$ 0.48</u>	<u>\$ 0.48</u>	<u>\$ 0.51</u>	<u>\$ 1.94</u>	<u>\$ 0.50</u>	<u>\$ 0.53</u>	<u>\$ 0.49</u>	<u>\$ 1.52</u>
<b>Weighted average shares outstanding:</b>									
Basic	<u>29,643</u>	<u>29,589</u>	<u>29,547</u>	<u>29,522</u>	<u>29,575</u>	<u>29,507</u>	<u>29,527</u>	<u>29,748</u>	<u>29,595</u>
Diluted	<u>29,643</u>	<u>29,877</u>	<u>29,969</u>	<u>30,043</u>	<u>29,914</u>	<u>29,839</u>	<u>29,932</u>	<u>31,142</u>	<u>30,310</u>

**Table VI**

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

	December 31,	September 30,	
	<u>2000</u>	<u>2000</u>	<u>2001</u>
<b>ASSETS</b>			
Cash and cash equivalents.....	\$ 146,475	\$ 103,677	\$ 307,933
Investments (a).....	113,159	162,842	121,244
Receivables.....	32,490	26,766	27,107
Deferred income taxes, net (b).....	19,382	17,599	20,206
Other assets.....	<u>6,298</u>	<u>6,306</u>	<u>6,085</u>
Total assets.....	<u>\$ 317,804</u>	<u>\$ 317,190</u>	<u>\$ 482,575</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
Debt (b).....	\$ 50,000	\$ 50,000	\$ 50,000
Accrued expenses and other liabilities.....	<u>47,756</u>	<u>62,636</u>	<u>67,676</u>
Total liabilities.....	97,756	112,636	117,676
Convertible note payable.....	-	-	100,000
Minority interest.....	17,851	17,476	7,435
Stockholders' equity.....	<u>202,197</u>	<u>187,078</u>	<u>257,464</u>
Total liabilities and stockholders' equity.....	<u>\$ 317,804</u>	<u>\$ 317,190</u>	<u>\$ 482,575</u>

(a) Includes investments in sponsored mutual funds of \$7 million held as available for sale at September 30, 2001.

(b) 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 \$22.3 billion in assets in mutual funds and closed end funds (Gabelli Funds LLC), partnerships (Alternative Investment Group), and private investment advisory accounts (GAMCO).

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**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.