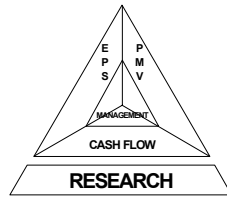


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Gabelli Reports Third Quarter Earnings of \$0.43 vs. \$0.41 per diluted share

**Operating Income Rises 13.1% to \$22.0 Million from \$19.4 Million Last Year
- Earnings Per Share Impacted by Lower Other Income -**

Rye, New York, October 22, 2004 – Gabelli Asset Management Inc. (NYSE: GBL) reported revenues of \$57.2 million for the third quarter ended September 30, 2004, up 10.4% from the \$51.8 million generated in the comparable year earlier period. Operating income increased 13.1% to \$22.0 million from \$19.4 million reported in last year's third quarter, principally due to higher revenues and lower variable expenses as a percent of revenues. Our operating margin rose to 38.4% in the 2004 quarter versus 37.4% in the prior year's quarter.

Net income for the quarter was \$13.0 million or \$0.43 per diluted share versus \$12.3 million or \$0.41 per diluted share in the prior year's quarter. Our earnings per share, despite improved operating results, were impacted by lower other income causing a negative swing of \$1.7 million on a pre-tax basis (approximately \$0.03 per diluted share).

For the nine months ended September 30, 2004, revenues increased 24.1% to \$181.0 million, from the prior year's \$145.8 million. Operating income surged 37.4% to \$71.7 million from \$52.1 million in the first nine months of 2003 reflecting both higher revenues as well as the effect of lower variable compensation costs as a percent of revenues. Net income for the first nine months of 2004 was \$43.0 million or \$1.41 per diluted share versus \$33.2 million or \$1.10 per diluted share in the comparable 2003 period.

Financial Results

Assets under management (AUM) were \$27.2 billion on September 30, 2004, up 17.4% from third quarter end 2003 assets, but below the record \$28.2 billion in AUM on June 30, 2004. Average AUM were \$27.2 billion in the quarter, up 22.8% from average total assets of \$22.2 billion in the third quarter of 2003. Average total AUM were \$27.8 billion in the first nine months, up 29.9% from average total assets of \$21.4 billion in the prior year period.

GAMCO, the institutional and high net worth segment of our business, had AUM of

\$13.2 billion on September 30, 2004, up 16.6% from the \$11.3 billion on September 30, 2003 but 3.3% below the \$13.6 billion on June 30, 2004. AUM in our equity mutual funds were \$11.3 billion at quarter end, 24.6% ahead of the \$9.0 billion at the end of the third quarter 2003 but 3.1% under the \$11.6 billion on June 30, 2004. Fixed income assets totaled \$1.87 billion on September 30, 2004, down 14.1% from the prior year's quarter end assets of \$2.17 billion and 2.6% lower than assets of \$1.92 billion on June 30, 2004. Our alternative investment assets were \$934 million, up 36.0% from third quarter end 2003 assets of \$687 million but 12.0% below the record assets of \$1.06 billion on June 30, 2004.

Investment advisory fees totaled \$49.7 million during the third quarter 2004, an increase of 12.4% from the third quarter of 2003. For the first nine months of 2004, investment advisory fees were \$154.9 million, up 24.5% from the prior year period. The growth in investment advisory fees was driven by higher assets under management in our institutional and high net worth separately managed equity accounts, open-end equity mutual funds and closed-end funds. Advisory fees from alternative investments had a clawback in incentive fees during the third quarter 2004 which led to a negative swing in revenues totaling \$2 million or approximately \$0.02 per share on a year-to-year basis.

Commission revenues for our institutional research affiliate, Gabelli & Company, Inc. were \$3.0 million during the third quarter of 2004 down from \$3.3 million in the prior year's quarter but were up 32.8% to \$11.3 million for the first nine months of 2004 as compared to \$8.5 million in the 2003 period. Distribution fees were \$4.6 million in the third quarter 2004 versus \$4.3 million in the 2003 quarter and rose to \$14.7 million during the first nine months of 2004 from \$12.8 million in the comparable 2003 period. The increase in fees is traceable to higher average assets under management in open-end equity mutual funds in the 2004 periods as compared to the prior year.

Variable compensation costs, as a percent of revenues, decreased to 30.0% in the third quarter 2004 versus 31.3% in the 2003 quarter and 29.6% versus 31.8% for the nine month period. This decrease is traceable to a shift in revenue mix from alternative investments to separately managed accounts and lower overall variable compensation costs related to separately managed accounts compared to the prior year's periods. Other variable operating expenses, as a percent of revenues, fell to 10.7% in the 2004 quarter versus 11.7% in the third quarter of 2003 and to 10.9% for the first nine months of 2004 versus 11.8% in the comparable prior year period. Other variable operating expenses included distribution costs of \$1.0 million in the third quarter 2004 and \$3.3 million during the first nine months of 2004 which were due to the initial inclusion of our two new closed-end funds, The Gabelli Dividend & Income Trust ("GDV") in November 2003 and The Gabelli Global Utility & Income Trust ("GLU") in May 2004.

Expenses not directly tied to revenues increased to \$9.7 million in the third quarter 2004, up 22.5% from \$7.9 million in the prior year's quarter and up 18.1% to \$28.4 million for the nine months of 2004 from \$24.1 million in the comparable prior year period. The increases from the comparable periods include costs related to the expensing of stock options, higher insurance expenses, compliance with Sarbanes-Oxley as well as other regulatory and corporate governance initiatives.

For the third quarter, we experienced a loss of \$1.4 million from our investments and net interest expense versus a net benefit of \$0.3 million in the 2003 quarter. The net return from our corporate investment portfolio declined to \$2.6 million in the 2004 third quarter from \$4.5 million in the prior year's quarter. For the first nine months of 2004, investment income totaled \$8.5 million versus

\$12.3 million in the comparable 2003 period. In future periods, our highly liquid investment portfolio will be influenced by changes in short-term interest rates as a one hundred basis point increase in rates adds approximately \$7 million to our other income on an annual basis. Interest expense fell 3.8% during the 2004 quarter to \$4.0 million compared to \$4.2 million in the prior year's quarter but increased 12.1% to \$12.1 million for the nine month period, mostly due to the May 2003 issuance of \$100 million of 5.5% senior notes, and offset in part by a one percentage point decrease in the interest rate on our convertible note from 6% to 5% in August 2003.

Management fee expense was \$2.3 million for the quarter and \$7.6 million for the nine months of 2004 versus \$2.2 million and \$6.0 million, respectively for the comparable 2003 periods.

The effective tax rate for the third quarter and nine months was 36.4% versus 37.6% in comparable periods in 2003, as we adjusted the tax rate in 2004 to reflect our estimate of the current year-end tax liability.

On September 30, 2004 we had 29,557,853 shares outstanding, which is approximately 2% lower than our shares outstanding of 30,080,856 at the end of the third quarter 2003 and approximately 1% below shares outstanding of 29,822,853 on June 30, 2004.

Investment and Business Highlights

- Gabelli Asset Management Inc. announced several organizational changes to strengthen and broaden our management team:
 - Douglas R. Jamieson, a 23-year veteran executive with the firm, was named to the new position of President and Chief Operating Officer. In addition to continuing to head up the firm's separate accounts business, he will now oversee all of the company's business units and work closely with its mutual funds, administration, operations and securities trading areas.
 - Henry G. Van der Eb, CFA was named as Senior Vice President and will serve as a Senior Advisor to management in all aspects of the firm's business. Mr. Van der Eb has over 30 years of registered investment advisor industry experience including regulatory, legal, compliance, operations, public relations, personnel and acquisitions. He has a wide range of responsibilities across Gabelli's three major product groups (mutual funds, separate accounts, and alternative investments) including portfolio management, security analysis, macro economic strategy, marketing and client service.
 - Michael R. Anastasio, Jr., CPA, was named Chief Financial Officer. Mr. Anastasio has served as the Chief Accounting Officer since September 2003 and was previously the CFO of the Alternative Investment Group at Gabelli.
 - Christopher C. Desmarais, Senior Vice President of GAMCO, has been named the company's Director of Institutional Marketing. Mr. Desmarais, has been the Director of GAMCO's Socially Responsive Investments (SRI) since March 2003 -- where assets have grown to over half a billion dollars. His responsibilities will include marketing the firm's separate account products directly to Consultants, Corporate Plan Sponsors, Taft Hartley Plans, Foundations and Endowments.

- Gabelli & Company, Inc. hosted its 10th Annual Aircraft Supplier Conference in September, at which portfolio managers and securities analysts met with senior management from public companies in the aerospace and defense industries. Precision Castparts, Honeywell, Airbus, and L-3 Communications were among the 17 companies that shared with our clients their thoughts on the industry, competition, regulatory issues and the challenges and opportunities in their businesses.

Subsequent to the end of the quarter:

- The Delaware Chancery Court decided in favor of GAMCO clients in the Carter Wallace appraisal action. Over five hundred clients received a premium of nearly 45% over the merger price offered in September 2001. We are pleased with the outcome. We undertook this lengthy and time consuming process to underscore our willingness to fight for clients, as well as underscore our conviction in our unique Private Market Value (PMV) with a Catalyst research.
- In early October, The Gabelli Dividend & Income Trust (NYSE:GDV) completed an offering of three series of Preferred Shares valued at a total of \$300 million. The issuance was comprised of \$80 million of 5.875% Series A Cumulative Preferred Shares, \$100 million of Series B Auction Market Preferred Shares and \$120 million of Series C Auction Market Preferred Shares. Merrill Lynch & Co., Citigroup, A.G. Edwards and Gabelli & Company, Inc. served as underwriters for the offering.
- Our revenues will be negatively impacted in the fourth quarter when a sub-advisory client will transfer out one of its three portfolios from our management. We were retained to manage this account four years ago. The sponsor was recently taken over by a larger entity.
- In November, Gabelli & Company, Inc. will host its 28th Annual Automotive Aftermarket Symposium in Las Vegas. Over 25 automotive suppliers, retailers, and dealers will present their investment theses to the firm's institutional clients at this interactive symposium. Presenting companies will include Genuine Parts, Dana Corp., and Midas Inc. and all will address various strategies to take advantage of the aging of the car fleet.

Shareholder Initiatives

In our first quarter report we shared with you that our firm is overcapitalized. We would like to return part of our earnings to shareholders in the absence of strategic transactions. The Board of Directors has authorized a special dividend of \$1.00 per share to be paid November 30, 2004 to all shareholders of record on November 15, 2004. The Board also established and declared a quarterly dividend of \$0.02 per share. Management will ask the Board of Directors to consider another special dividend at our upcoming meeting in November.

During the third quarter of 2004, we bought back 287,900 shares at an average investment of \$40.46 per share. Our stock buyback program was initiated in March 1999. Since that time, 1,750,076 Class A shares have been repurchased through September 30, 2004 at an average price of \$30.30 per share, including 572,727 shares during the first nine months of 2004. The Board of Directors authorized the repurchase of an additional \$25 million of our Class A common stock during the third quarter and announced another increase to the buyback program of 1 million shares of Class A common stock during October 2004. This brings the total shares available to be repurchased under the program to approximately 1.5 million.

The Board of Directors also authorized the repurchase of additional shares of our mandatory convertible securities bringing the total authorization up to \$25 million. During the quarter, we repurchased 22,500 shares of our mandatory convertible securities bringing the total shares repurchased since May 2002 to 307,700 at a total outlay of \$6.9 million. On September 30, 2004 there were 3,292,300 shares of mandatory convertible securities outstanding and there remains \$25 million authorized for repurchase under our program. The mandatory convertible securities will be remarketed to new holders in November 2004 and current mandatory convertible shareholders will convert their holdings to our Class A Common Stock in February 2005.

Financial Strength and Flexibility

We ended the quarter with roughly \$701 million in cash, marketable securities and investments. This includes approximately \$73 million of investments in The Gabelli Dividend & Income Trust, The Gabelli Global Utility & Income Trust, Gabelli mutual funds and other investments classified as available for sale securities. Our debt of \$282.3 million consists of a \$100 million 5% convertible note, \$100 million of 5.5% senior notes, and \$82.3 million of mandatory convertible securities. Expressed another way, we had \$14.18 per share of net cash, marketable securities and investments on September 30, 2004.

As further background, our mandatory convertible securities consist of (a) a purchase contract under which holders will purchase shares of our Class A common stock and (b) notes due February 17, 2007. The purchase contract obligates current holders to purchase, on February 17, 2005, newly issued shares of our Class A common stock. The notes that currently bear interest at 6% will be remarketed and the interest rate reset in November 2004. The total number of shares to be issued will be approximately 1.8 million if the market price of GBL is \$46.50 or greater, approximately 2.1 million if the market price of GBL is \$39.40 or less, and within this range if the market price of GBL is between \$39.40 and \$46.50. Following a successful remarketing and the satisfaction of the purchase contract in February 2005, we will have approximately \$82 million of notes due in February 2007 based on the current amount of mandatory convertible securities outstanding. Also, the newly issued Class A shares will be included in our calculation of earnings per share. Assuming no further stock repurchases and further assuming that the maximum number of shares (approximately 2.1 million) are issued, the impact of the share issuance will be a reduction of approximately 6% on a per share basis.

On our \$100 million 5% Convertible Note purchased by Cascade Investment LLC in August 2001, the exercise date of the put option was extended to April 1, 2005.

Stockholders' equity, on a GAAP basis, was \$396.1 million or \$13.40 per share on September 30, 2004 compared with \$378.3 million or \$12.59 per share on December 31, 2003 and \$360.6 million or \$11.99 per share on September 30, 2003.

NOTES ON NON-GAAP FINANCIAL MEASURES

A. Cash and investments as adjusted have been computed as follows: (in millions)

	<u>12/31/03</u>	<u>9/30/03</u>	<u>9/30/04</u>
Cash and cash equivalents	\$386.5	\$425.8	\$337.8
Investments (marketable securities)	<u>228.0</u>	<u>225.5</u>	<u>267.9</u>
Total cash and investments (marketable securities)	614.5	651.3	605.7
Net amounts receivable/(payable) to brokers	<u>(4.5)</u>	<u>(4.5)</u>	<u>22.6</u>
Adjusted cash and investments (marketable securities)	610.0	646.8	628.3
Investments (available for sale)	<u>67.4</u>	<u>17.5</u>	<u>73.1</u>
Total adjusted cash and investments	<u>\$677.4</u>	<u>\$664.3</u>	<u>\$701.4</u>

We believe cash and investments as adjusted is a more useful measure of the company's liquidity for analytical purposes.

Net amounts receivable/(payable) to brokers reflects cash and cash equivalents held with brokers and cash payable for securities purchased and recorded on a trade date basis for which settlement occurs subsequent to period end.

B. Operating income before management fee expense is used by management for purposes of evaluating its business operations. We believe this measure is useful in illustrating the operating results of the Company as management fee expense is based on pre-tax income and includes non-operating items including investment gains and losses from the company's proprietary investment portfolio and interest expense. The reconciliation of operating income before management fee to operating income is provided in Table IV.

SPECIAL NOTE REGARDING FORWARD-LOOKING INFORMATION

Our disclosure and analysis in this press release contain some forward-looking statements. Forward-looking statements give our current expectations or forecasts of future events. You can identify these statements because they do not relate strictly to historical or current facts. They use words such as "anticipate," "estimate," "expect," "project," "intend," "plan," "believe," and other words and terms of similar meaning. They also appear in any discussion of future operating or financial performance. In particular, these include statements relating to future actions, future performance of our products, expenses, the outcome of any legal proceedings, and financial results. Although we believe that we are basing our expectations and beliefs on reasonable assumptions within the bounds of what we currently know about our business and operations, there can be no assurance that our actual results will not differ materially from what we expect or believe. Some of the factors that could cause our actual results to differ from our expectations or beliefs include, without limitation: the adverse effect from a decline in the securities markets; a decline in the performance of our products; a general downturn in the economy; changes in government policy or regulation; changes in our ability to attract or retain key employees; and unforeseen costs and other effects related to legal proceedings or investigations of governmental and self-regulatory organizations. We also direct your attention to any more specific discussions of risk contained in our Form 10-K and other public filings. We are providing these statements as permitted by the Private Litigation Reform Act of 1995. We do not undertake to update publicly any forward-looking statements if we subsequently learn that we are unlikely to achieve our expectations or if we receive any additional information relating to the subject matters of our forward-looking statements.

Assets Under Management

The company reported assets under management as follows:

Table I:

	<u>Assets Under Management (in millions)</u>		
	<u>September 30</u>		<u>%</u>
	<u>2003</u>	<u>2004</u>	<u>Inc. (Dec.)</u>
Mutual Funds:			
Open End	\$ 7,280	\$ 7,534	3.5%
Closed End	1,761	3,727	111.6
Fixed Income	<u>1,783</u>	<u>1,524</u>	(14.5)
Total Mutual Funds	<u>10,824</u>	<u>12,785</u>	18.1
Institutional & High Net Worth Separate Accounts:			
Equities	11,304	13,185	16.6
Fixed Income	<u>391</u>	<u>344</u>	(12.0)
Total Institutional & High Net Worth Separate Accounts	<u>11,695</u>	<u>13,529</u>	15.7
Alternative Investments	<u>687</u>	<u>934</u>	36.0
Total Assets Under Management	<u>\$ 23,206</u>	<u>\$ 27,248</u>	17.4

Table II:

Fund Flows – 3rd Quarter 2004 (in millions)

	<u>June 30,</u>	<u>Net</u>	<u>Market</u>	<u>September 30,</u>
	<u>2004</u>	<u>Cash Flows</u>	<u>Appreciation /</u>	<u>2004</u>
			<u>(Depreciation)</u>	
Mutual Funds:				
Equities	11,616	(197)	(158)	11,261
Fixed Income	<u>1,563</u>	<u>(43)</u>	<u>4</u>	<u>1,524</u>
Total Mutual Funds	<u>13,179</u>	<u>(240)</u>	<u>(154)</u>	<u>12,785</u>
Institutional & HNW Separate Accounts				
Equities	13,628	(139)	(304)	13,185
Fixed Income	<u>354</u>	<u>(15)</u>	<u>5</u>	<u>344</u>
Total Institutional & HNW Separate Accounts	<u>13,982</u>	<u>(154)</u>	<u>(299)</u>	<u>13,529</u>
Alternative Investments	<u>1,061</u>	<u>(118)</u>	<u>(9)</u>	<u>934</u>
Total Assets Under Management	<u>\$ 28,222</u>	<u>(512)</u>	<u>(462)</u>	<u>\$ 27,248</u>

Table III:

	<u>Assets Under Management (in millions)</u>					<u>% Increase/(decrease)</u>	
	<u>9/03</u>	<u>12/03</u>	<u>3/04</u>	<u>6/04</u>	<u>9/04</u>	<u>6/04</u>	<u>9/03</u>
	Mutual Funds						
Open end	\$ 7,280	\$ 8,088	\$ 8,106	\$ 7,852	\$ 7,534	(4.0%)	3.5%
Closed end	1,761	3,530	3,739	3,764	3,727	(1.0)	111.6
Fixed income	<u>1,783</u>	<u>1,714</u>	<u>1,717</u>	<u>1,563</u>	<u>1,524</u>	(2.5)	(14.5)
Total Mutual Funds	<u>10,824</u>	<u>13,332</u>	<u>13,562</u>	<u>13,179</u>	<u>12,785</u>	(3.0)	18.1
Institutional & HNW Separate Accounts:							
Equities	11,304	13,031	13,383	13,628	13,185	(3.3)	16.6
Fixed Income	<u>391</u>	<u>504</u>	<u>369</u>	<u>354</u>	<u>344</u>	(2.8)	(12.0)
Total Institutional & HNW Separate Accounts	<u>11,695</u>	<u>13,535</u>	<u>13,752</u>	<u>13,982</u>	<u>13,529</u>	(3.2)	15.7
Alternative Investments	<u>687</u>	<u>692</u>	<u>901</u>	<u>1,061</u>	<u>934</u>	(12.0)	36.0
Total Assets Under Management	<u>\$ 23,206</u>	<u>\$ 27,559</u>	<u>\$ 28,215</u>	<u>\$ 28,222</u>	<u>\$ 27,248</u>	(3.5)	17.4

Table IV

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

	For the Three Months Ended			For the Nine Months Ended		
	September 30,			September 30,		
	2003	2004	% Inc.	2003	2004	% Inc.
			(Dec.)			(Dec.)
Revenues.....	\$ 51,823	\$ 57,237	10.4%	\$ 145,832	\$ 180,980	24.1%
Expenses.....	<u>30,227</u>	<u>33,002</u>	9.2	<u>87,725</u>	<u>101,760</u>	16.0
Operating income before management fee.....	21,596	24,235	12.2	58,107	79,220	36.3
Investment income.....	4,508	2,620	(41.9)	12,277	8,459	(31.1)
Interest expense.....	<u>(4,174)</u>	<u>(4,014)</u>	(3.8)	<u>(10,790)</u>	<u>(12,095)</u>	12.1
Other income (expense), net.....	<u>334</u>	<u>(1,394)</u>	(517.4)	<u>1,487</u>	<u>(3,636)</u>	(344.5)
Income before management fee, income taxes and minority interest.....	21,930	22,841	4.2	59,594	75,584	26.8
Management fee.....	<u>2,193</u>	<u>2,284</u>		<u>5,959</u>	<u>7,558</u>	
Income before income taxes and minority interest	19,737	20,557		53,635	68,026	
Income taxes.....	7,298	7,483		20,044	24,768	
Minority interest.....	<u>137</u>	<u>43</u>		<u>405</u>	<u>238</u>	
Net income.....	<u>\$ 12,302</u>	<u>\$ 13,031</u>	5.9	<u>\$ 33,186</u>	<u>\$ 43,020</u>	29.6
Net income per share:						
Basic.....	<u>\$ 0.41</u>	<u>\$ 0.44</u>	7.3	<u>\$ 1.11</u>	<u>\$ 1.44</u>	29.7
Diluted.....	<u>\$ 0.41</u>	<u>\$ 0.43</u>	4.9	<u>\$ 1.10</u>	<u>\$ 1.41</u>	28.2
Weighted average shares outstanding:						
Basic.....	<u>30,061</u>	<u>29,707</u>	(1.2)	<u>30,002</u>	<u>29,886</u>	(0.4)
Diluted.....	<u>32,170</u>	<u>31,820</u>	(1.1)	<u>30,134</u>	<u>32,011</u>	6.2
Reconciliation of Non-GAAP Financial Measures to GAAP:						
Operating income before management fee.....	\$ 21,596	\$ 24,235	12.2	\$ 58,107	\$ 79,220	36.3
Deduct: management fee.....	<u>2,193</u>	<u>2,284</u>		<u>5,959</u>	<u>7,558</u>	
Operating income.....	<u>\$ 19,403</u>	<u>\$ 21,951</u>	13.1	<u>\$ 52,148</u>	<u>\$ 71,662</u>	37.4
Operating margin before management fee.....	<u>41.7%</u>	<u>42.3%</u>		<u>39.8%</u>	<u>43.8%</u>	
Operating margin after management fee.....	<u>37.4%</u>	<u>38.4%</u>		<u>35.8%</u>	<u>39.6%</u>	

Table V

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

	2003				Total	2004			
	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter		1 st Quarter	2 nd Quarter	3 rd Quarter	Total
Income Statement Data:									
Revenues	\$ 46,053	\$ 47,956	\$ 51,823	\$ 61,605	\$ 207,437	\$ 63,539	\$ 60,204	\$ 57,237	\$ 180,980
Expenses	<u>28,044</u>	<u>29,454</u>	<u>30,227</u>	<u>35,996</u>	<u>123,721</u>	<u>35,426</u>	<u>33,332</u>	<u>33,002</u>	<u>101,760</u>
Operating income before management fee	18,009	18,502	21,596	25,609	83,716	28,113	26,872	24,235	79,220
Investment income	1,690	6,079	4,508	8,863	21,140	4,290	1,549	2,620	8,459
Interest expense	<u>(3,011)</u>	<u>(3,605)</u>	<u>(4,174)</u>	<u>(4,048)</u>	<u>(14,838)</u>	<u>(4,046)</u>	<u>(4,035)</u>	<u>(4,014)</u>	<u>(12,095)</u>
Other income (expense), net	<u>(1,321)</u>	<u>2,474</u>	<u>334</u>	<u>4,815</u>	<u>6,302</u>	<u>244</u>	<u>(2,486)</u>	<u>(1,394)</u>	<u>(3,636)</u>
Income before management fee, income taxes and minority interest	16,688	20,976	21,930	30,424	90,018	28,357	24,386	22,841	75,584
Management fee	<u>1,669</u>	<u>2,097</u>	<u>2,193</u>	<u>3,043</u>	<u>9,002</u>	<u>2,836</u>	<u>2,438</u>	<u>2,284</u>	<u>7,558</u>
Income before income taxes and minority interest	15,019	18,879	19,737	27,381	81,016	25,521	21,948	20,557	68,026
Income taxes	5,647	7,099	7,298	10,295	30,339	9,296	7,989	7,483	24,768
Minority interest	<u>45</u>	<u>223</u>	<u>137</u>	<u>428</u>	<u>833</u>	<u>154</u>	<u>41</u>	<u>43</u>	<u>238</u>
Net income	<u>\$ 9,327</u>	<u>\$ 11,557</u>	<u>\$ 12,302</u>	<u>\$ 16,658</u>	<u>\$ 49,844</u>	<u>\$ 16,071</u>	<u>\$ 13,918</u>	<u>\$ 13,031</u>	<u>\$ 43,020</u>
Net income per share:									
Basic	<u>\$ 0.31</u>	<u>\$ 0.38</u>	<u>\$ 0.41</u>	<u>\$ 0.55</u>	<u>\$ 1.66</u>	<u>\$ 0.53</u>	<u>\$ 0.47</u>	<u>\$ 0.44</u>	<u>\$ 1.44</u>
Diluted	<u>\$ 0.31</u>	<u>\$ 0.38</u>	<u>\$ 0.41</u>	<u>\$ 0.54</u>	<u>\$ 1.65</u>	<u>\$ 0.52</u>	<u>\$ 0.46</u>	<u>\$ 0.43</u>	<u>\$ 1.41</u>
Weighted average shares outstanding:									
Basic	<u>29,918</u>	<u>30,025</u>	<u>30,061</u>	<u>30,065</u>	<u>30,018</u>	<u>30,064</u>	<u>29,890</u>	<u>29,707</u>	<u>29,886</u>
Diluted	<u>30,031</u>	<u>30,139</u>	<u>32,170</u>	<u>32,155</u>	<u>32,081</u>	<u>32,202</u>	<u>32,010</u>	<u>31,820</u>	<u>32,011</u>
Reconciliation of Non-GAAP Financial Measures to GAAP:									
Operating income before management fee	\$ 18,009	\$ 18,502	\$ 21,596	\$ 25,609	\$ 83,716	\$ 28,113	\$ 26,872	\$ 24,235	\$ 79,220
Deduct: management fee	<u>1,669</u>	<u>2,097</u>	<u>2,193</u>	<u>3,043</u>	<u>9,002</u>	<u>2,836</u>	<u>2,438</u>	<u>2,284</u>	<u>7,558</u>
Operating income	<u>\$ 16,340</u>	<u>\$ 16,405</u>	<u>\$ 19,403</u>	<u>\$ 22,566</u>	<u>\$ 74,714</u>	<u>\$ 25,277</u>	<u>\$ 24,434</u>	<u>\$ 21,951</u>	<u>\$ 71,662</u>
Operating margin before management fee	39.1%	38.6%	41.7%	41.6%	40.4%	44.2%	44.6%	42.3%	43.8%
Operating margin after Management fee	35.5%	34.2%	37.4%	36.6%	36.0%	39.8%	40.6%	38.4%	39.6%

Table VI

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

	December 31, <u>2003</u>	September 30, <u>2003</u> (unaudited)	September 30, <u>2004</u> (unaudited)
ASSETS			
Cash and cash equivalents.....	\$ 386,511	\$ 425,849	\$ 337,830
Investments.....	295,411	243,010	340,928
Receivables.....	39,667	31,386	51,369
Other assets.....	<u>14,922</u>	<u>15,439</u>	<u>14,196</u>
Total assets.....	\$ <u>736,511</u>	\$ <u>715,684</u>	\$ <u>744,323</u>
LIABILITIES AND STOCKHOLDERS' EQUITY			
Compensation payable.....	\$ 25,552	\$ 27,291	\$ 33,871
Income taxes payable.....	12,323	8,603	5,608
Accrued expenses and other liabilities.....	<u>27,900</u>	<u>27,042</u>	<u>20,504</u>
Total operating liabilities.....	65,775	62,936	59,983
5.5% Senior notes (due May 15, 2013).....	100,000	100,000	100,000
5% Convertible note (conversion price, \$52 per share; note due August 14, 2011)...	100,000	100,000	100,000
Mandatory convertible securities (purchase contract settlement date, February 17, 2005; notes due February 17, 2007).....	<u>84,030</u>	<u>84,163</u>	<u>82,308</u>
Total liabilities.....	349,805	347,099	342,291
Minority interest.....	8,395	7,967	5,916
Stockholders' equity.....	<u>378,311</u>	<u>360,618</u>	<u>396,116</u>
Total liabilities and stockholders' equity.....	\$ <u>736,511</u>	\$ <u>715,684</u>	\$ <u>744,323</u>