

GABELLI
ASSET MANAGEMENT INC.

First Quarter Report
March 31, 2002

To Our Shareholders:

Gabelli Asset Management Inc. (NYSE: "GBL") reported record earnings for its first quarter ended March 31, 2002. We are pleased to share with you the highlights.

Financial Results

Revenues for the initial three months of 2002 were \$58.0 million compared to \$58.3 million in the prior year quarter. Operating income increased 5% to \$28.1 million from the \$26.8 million earned in the first quarter of 2001. Net income was \$15.4 million, or a record \$0.51 per diluted share versus \$14.9 million or \$0.50 per diluted share in the first quarter of 2001. Record earnings were achieved despite an increase in shares outstanding to 32.2 million fully diluted versus 29.8 million from the comparable prior year period.

Growth Drivers

Assets under management at March 31, 2002 climbed 9.5% to a record \$25.9 billion from the \$23.7 billion under management at March 31, 2001, and were 4.7% higher than the \$24.8 billion reported at December 31, 2001. Average assets under management were \$24.6 billion in the 2002 quarter against \$24.2 billion in the first quarter of 2001 and \$23.8 billion during the fourth quarter of 2001. Assets grew \$1.2 billion during the 2002 quarter with the growth about evenly divided between cash inflows and market appreciation. Roughly two-thirds of this increase in assets was generated by GAMCO through our institutional and high net worth business. Since GAMCO's fees are mostly billed on asset levels at the beginning of the quarter, the full effect of the asset growth will be reflected in the second quarter of 2002. During the first quarter of 2002 our assets in open-end equity mutual funds rose 3.7% to \$8.6 billion.

Revenues were about the same on a year-to-year basis as the increase in investment advisory and incentive fees was offset by lower commissions and lower 12b-1 distribution fees. The growth in investment advisory and incentive fees was generated primarily by higher revenues from GAMCO's institutional and high net worth business.

Operating margins improved to 48.5% from 45.9% in the initial quarter of 2001 as total expenses declined more than \$1.6 million, or 5.2%, to \$29.9 million from \$31.6 million a year earlier. Compensation costs benefited as we re-engineered our outlays to add to our research capabilities in our sell-side broker dealer operation while reducing administrative staff. Operating expenses were 11% lower in the 2002 quarter reflecting lower mutual fund administration and distribution costs, resulting from lower asset levels in

these funds, as well as our continued efforts to better manage and reduce our overall cost structure.

Interest expense increased \$1.8 million to \$2.7 million from \$0.9 million in the first quarter of 2001 due to the issuance of two convertible securities, with proceeds totaling \$190 million, in August 2001 and February 2002. This increase was partially offset by the repayment of a \$50 million note on January 2, 2002. While investable funds in our proprietary portfolio averaged \$435 million in the quarter versus \$274 million a year ago, lower interest rates coupled with our conservative investment strategy resulted in investment income being unchanged at \$2.1 million.

The effective tax rate in the first quarter of 2002 was 37.6% versus 38.6% in calendar 2001 as we anticipate the full year tax rate to benefit from lower state tax rates and other tax planning opportunities. Minority interest declined as a result of the share exchange program, completed in August 2001, in which we increased our ownership in Gabelli Securities, Inc. to 92% from 77%.

We continue to build a strong and liquid balance sheet. Cash and investments were \$482 million at March 31, 2002 versus \$428 million at December 31, 2001 and \$283 million at March 31, 2001. In addition, we have a \$20 million tax credit which will be utilized during 2002. Convertible debt, consisting of a \$100 million convertible note and \$90 million in mandatory convertible securities, totaled \$190 million on March 31, 2002 as compared to \$100 million at December 31, 2001. Stockholders' equity was \$295 million at March 31, 2002 versus \$216 million a year earlier.

Our cash position reflects the February 6, 2002 sale of \$90 million mandatory convertible securities. The 3.6 million shares we sold trade on the NYSE (GBL.I) and consist of both a contract to purchase shares of GBL on February 17, 2005 and 6% senior notes due in February 2007. Under the purchase contract the number of shares of our Class A Common Stock to be issued will be between 1.9 million and 2.3 million based upon the applicable market value at that date.

Share Repurchase Program

During the quarter the company repurchased 93,000 shares of its common stock for \$3.6 million. The total number of shares repurchased since the inception of the stock repurchase program is 666,000, with an average cost of \$22.02 per share. As of March 31 an authorization to repurchase an additional \$4.2 million of stock remains outstanding.

Investment, Business and Other Highlights

- Assets under management at GAMCO rose 6.3% in the first quarter of 2002 to a record \$13.0 billion. Growth drivers included \$243 million of business from new clients. Net fund inflows from existing clients of \$141 million and positive portfolio performance also added to the overall growth in managed assets.
- Assets in our twenty-eight open-end and four closed-end mutual funds totaled \$12.3 billion at March 31, 2002 up from \$11.7 billion on March 31, 2001 and \$12.0 billion at year end 2001. Net fund inflows into Gabelli Mutual Funds were \$185 million including \$146 million into open-end equity funds.
- Six Gabelli and Gabelli Westwood Funds, representing more than 50% of total rated fund assets, received Morningstar Inc.'s coveted "Five Star" rating. Three of these funds, Gabelli Asset, Gabelli Value, and the Gabelli Westwood Mighty Mites, also were designated "Best in Class" in the March 2002 issue of Mutual Funds Magazine.
- The Gabelli Gold Fund, with a total return of 97.4% for the twelve months ended March 31, 2002, was ranked #1 in its category by Lipper Inc.
- Gabelli Japanese Value Partners, an event-driven offshore equity fund, was started on April 1, 2002 increasing the number of alternative investment products available to institutional and high net worth investors to nine.
- We received an investment grade rating from Moody's Investors Service, which complements an investment grade rating previously received from Standard & Poor's. On assigning their rating Moody's noted our strong brand, financial fundamentals, fund performance and product diversification.

Outlook

As we begin our second quarter-century of research-driven growth, we believe more firmly than ever that we can continue to create shareholder value. We will accomplish this through our intense focus on research and service and by leveraging our brand name, performance and investment expertise to create new products and enter new markets. We believe our commitment to providing investors with superior long-term, risk-adjusted returns will continue to benefit us through periods of increased market volatility and will provide solid long-term performance for our shareholders.

Mario J. Gabelli
Chairman & Chief Executive Officer

GABELLI ASSET MANAGEMENT INC.
ASSETS UNDER MANAGEMENT
(in millions)

	3/01	6/01	9/01	12/01	3/02	% Increase (decrease) from	
					12/01	3/01	
Mutual Funds							
Open-end	\$ 8,321	\$ 8,963	\$ 7,405	\$ 8,334	\$ 8,627	3.5	3.7
Closed-end	1,746	1,971	1,706	1,831	1,850	1.0	6.0
Fixed income	1,614	1,541	1,830	1,790	1,835	2.5	13.7
Total Mutual Funds	11,681	12,475	10,941	11,955	12,312	3.0	5.4
Institutional & Separate Accounts							
Equities	10,651	11,860	10,008	11,513	12,326	7.1	15.7
Fixed income	864	737	780	720	673	(6.5)	(22.1)
Total Institutional & Separate Accounts	11,515	12,597	10,788	12,233	12,999	6.3	12.9
Alternative Investments	473	558	615	573	605	5.6	27.9
Total Assets Under Management	\$23,669	\$ 25,630	\$ 22,344	\$ 24,761	\$ 25,916	4.7	9.5

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

	For the Three Months Ended March 31,		
	2001	2002	%
Revenues	\$ 58,344	\$ 58,032	
Expenses	31,550	29,915	(5.2)
Operating income	26,794	28,117	4.9
Net investment income	2,067	2,093	
Interest expense	(931)	(2,728)	
Total other income, net	1,136	(635)	(155.9)
Income before management fee, income taxes and minority interest	27,930	27,482	
Management fee	2,793	2,748	
Income before income taxes and minority interest:	25,137	24,734	(1.6)
Income tax provision	9,703	9,300	
Minority interest	538	45	
Net income	\$ 14,896	\$ 15,389	3.3
Net income per share:			
Basic	\$ 0.50	\$ 0.51	
Diluted	\$ 0.50	\$ 0.51	2.0
Weighted average shares outstanding:			
Basic	29,507	29,941	
Diluted	29,839	32,164 ^(a)	

(a) Increase due to (i) accounting treatment for the sale of a \$100 million convertible note; (ii) shares issued in the roll up of GSI; (iii) options exercised; and (iv) shares repurchased.

GABELLI ASSET MANAGEMENT INC.
CONDENSED CONSOLIDATED
BALANCE SHEET
(in thousands)

	December 31, 2001	March 31, 2001 2002	
		(unaudited)	
ASSETS			
Cash and cash equivalents	\$305,447	\$105,698	\$364,085
Investments	122,131	177,739	118,039
Receivables	28,241	29,746	33,228
Deferred income tax (a)	18,661	19,382	–
Income taxes receivable	–	–	10,879
Other assets	11,914	6,127	15,469
Total assets	\$486,394	\$ 338,692	\$ 541,700
LIABILITIES AND STOCKHOLDERS' EQUITY			
Note payable (a)	\$ 50,000	\$ 50,000	–
Accrued expenses and other liabilities	53,486	54,102	49,195
Total liabilities	103,486	104,102	49,195
Convertible note	100,000	–	100,000
Mandatory convertible securities	–	–	90,000
Minority interest	7,611	18,351	7,383
Stockholders' equity	275,297	216,239	295,122
Total liabilities and stockholders' equity	\$486,394	\$ 338,692	\$541,700

(a) This debt, arising from the Formation Transactions, was paid on January 2, 2002, and results in a tax benefit to the Company of \$19,830. This tax benefit will be realized in 2002 and has been included in Income taxes receivable.

BALANCE SHEET
SELECTED HIGHLIGHTS
(in millions)

	IPO 2/9/99	December 31,			3/31/02
		1999	2000	2001	
Cash and investments	\$162	\$194	\$260	\$424	\$501 ^(a)
Note payable	\$50	\$50	\$50	\$50	\$-
Convertible note	\$-	\$-	\$-	\$100	\$100
Equity (inc mand. cvtble note)	\$111	\$148	\$202	\$275	\$385

(a) includes \$20 million tax receivable.

GABELLI ASSET MANAGEMENT INC.
 UNAUDITED QUARTERLY FINANCIAL DATA
 (in thousands, except per share data)

Asset Profile at 3/31/02

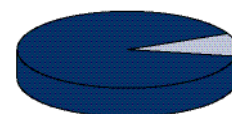
	2001					2002
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total	1st Quarter
Income Statement Data:						
Revenues	\$ 58,344	\$ 57,017	\$ 56,121	\$ 52,932	\$224,414	\$ 58,032
Expenses	31,550	32,102	30,799	25,190	119,641	29,915
Operating income	26,794	24,915	25,322	27,742	104,773	28,117
Net Investment Income	2,067	5,648	3,742	3,191	14,648	2,093
Interest Expense	(931)	(956)	(1,741)	(2,546)	(6,174)	(2,728)
Other income (expense), net	1,136	4,692	2,001	645	8,474	(635)
Income before management fee, income taxes and minority interest	27,930	29,607	27,323	28,387	113,247	27,482
Management fee	2,793	2,961	2,732	2,839	11,325	2,748
Income before income taxes and minority interest	25,137	26,646	24,591	25,548	101,922	24,734
Income taxes	9,703	10,285	9,493	9,861	39,342	9,300
Minority interest	538	520	152	272	1,482	45
Net Income	\$14,896	\$ 15,841	\$ 14,946	\$ 15,415	\$ 61,098	\$ 15,389
Net income pershare:						
Basic	\$ 0.50	\$ 0.54	\$ 0.50	\$ 0.52	\$ 2.06	\$ 0.51
Diluted	\$ 0.50	\$ 0.53	\$ 0.49	\$ 0.51	\$ 2.03	\$ 0.51
Weighted average shares outstanding:						
Basic	29,507	29,527	29,748	29,875	29,666	29,941
Diluted	29,839	29,932	31,142	32,182	30,783	32,164

Geographic Mix



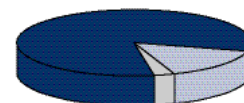
■ United States ■ International

Asset Class



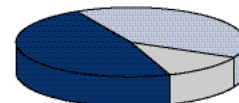
■ Equities ■ Fixed Income

Equities by Style



■ Value ■ Growth
 ■ Alternatives Investments

Equities by Client Type



■ Retail ■ Institutional
 ■ High Net Worth

Special Note Regarding Forward-Looking Information

Our disclosure and analysis in this report 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.

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*For additional information throughout the year,
visit our website at www.gabelli.com*