

To Our Shareholders:

Gabelli Asset Management Inc. (NYSE: “GBL”) reported record results for the third quarter and nine months ended September 30, 2000. We are pleased to bring you the highlights.

Financial Results

Total revenues rose 34% to \$59.2 million for the three months ended September 30, 2000 versus \$44.1 million for the third quarter of 1999. Operating income for the quarter was \$24.5 million, 26% higher than the \$19.5 million recorded in the prior year. Net income soared 42% to \$14.5 million in the third quarter of 2000 as compared to \$10.2 million in the third quarter of the prior year. Diluted earnings per share was \$0.48 in 2000, 41% higher than per share earnings of \$0.34 in the third quarter of 1999.

For the nine months ended September 30, 2000 total revenues climbed to \$174.1 million up 38% over total revenues of \$126.4 million in 1999. Operating income was \$74.8 million in the first nine months of 2000, an increase of 41% over the year earlier period. Net income rose 37% to \$42.7 million in 2000 as compared to \$31.2 million in 1999. Diluted earnings per share was \$1.43, an increase of 38% from \$1.04 in the first nine months of 1999 (excluding a \$1.03 per share non-recurring charge from the first quarter of 1999).

The solid gains in operating results were principally achieved through the growth in assets under management. We completed the quarter with \$23.8 billion under management, 28% ahead of the \$18.6 billion in assets managed at September 30, 1999.

The Company continues on its record pace in accumulating assets under management and in increasing its overall market share with net cash flows totaling nearly \$900 million in the third quarter of 2000 and \$2.1 billion over the first nine months. Substantially all new net cash flows during the quarter and year-to-date have been into our higher margin equity products, principally our open end equity mutual funds. Fund flows into our highly regarded non-market correlated arbitrage partnerships and our global equity long/short funds helped to more than double assets under management in our alternative investment products to \$416 million at September 30, 2000 from \$198 million in 1999.

Selected Highlights

Selected highlights from our third quarter:

— 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 33.3%.

— 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 33.1%. 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) had a positive performance, as did all of our hedge funds. Our Arbitrage Partnership – where returns are not correlated to the overall market – enjoyed solid positive performance.

— The Gabelli Global Multimedia Trust Inc. (NYSE: “GGT”) completed its Rights Offering with the issuance of nearly 3.6 million shares. This offering permitted our long-term investors to participate in the growth opportunities we see.

— The Gabelli Equity Trust Inc. (NYSE: “GAB”) announced its intention to offer a 6 for 1 Rights Offering expected to be completed in the fourth quarter of 2000.

— Our high net worth business (GAMCO) surpassed \$10 billion in assets under management with net new accounts through September 30, 2000 already exceeding the total new accounts gained for all of 1999.

Our website, www.gabelli.com, continues to be an active, informative and most valuable resource. Our Online Real Time Chat Support, providing clients with access to a “live” client representative and our “Meet the Manager” program have been well received. Subscriptions to our new online newsletter filled with informative articles and investment ideas continue to grow. We encourage all our shareholders to bookmark this site and visit frequently.

Welcome to our Newest Director

On August 7th we announced that Paul B. Guenther, Chairman of the New York Philharmonic and of Fordham University and former president of the Paine Webber Group, Inc., has joined our Board of Directors. We are fortunate to have Paul join us as we benefit from his more than thirty years of experience in the securities industry.

Share Repurchase Program

During the third quarter we purchased 65,000 shares at an average cost of \$22.72 per share as part of the Board approved Share Repurchase Program. This brings repurchases in 2000 to 175,000 shares at an average cost of \$18.50 per share. We have repurchased a total of 475,700 shares since this program was initiated in the second quarter of 1999. The total number of shares outstanding at September 30, 2000 was 29,524,300 comprised of 5,524,300 of Class A shares and 24 million of Class B shares.

Financial Strengths

Our assets included cash and investments on September 30, 2000 of \$267 million compared to \$185 million a year ago. Our outstanding debt of \$50 million will be tax deductible when paid, reducing the net cost to \$30.9 million. Overall we continue to maintain a strong and liquid balance sheet.

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: Euro, election, energy, economy, earnings, and (e)valuation.

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

We again thank our clients and our professional staff for their support, confidence and encouragement as we build on our foundation to deliver our growth objectives and enhance shareholder value.

Mario J. Gabelli
Chairman & Chief Executive Officer

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

	For the Three Months Ended September 30,		
	1999	2000	% Increase
Revenues	\$ 44,091	\$ 59,164	34.2%
Expenses	<u>24,623</u>	<u>34,709</u>	41.0
Operating income	19,468	24,455	25.6
Other income, net	<u>936</u>	<u>3,987</u>	
Income before management fee, income taxes and minority interest	20,404	28,442	39.4
Management fee	<u>2,040</u>	<u>2,844</u>	
Income before income taxes and minority interest	18,364	25,598	39.4
Income tax provision	7,297	10,137	
Minority interest	<u>830</u>	<u>971</u>	
Net income	<u>\$ 10,237</u>	<u>\$ 14,490</u>	41.5
Net income per share:			
Basic	<u>\$ 0.34</u>	<u>\$ 0.49</u>	44.1
Diluted	<u>\$ 0.34</u>	<u>\$ 0.48</u>	41.2
Weighted average shares outstanding:			
Basic	<u>29,861</u>	<u>29,547</u>	
Diluted	<u>29,861</u>	<u>29,969</u>	

	For the Nine Months Ended September 30,		
	Pro Forma 1999 (a)	2000	% Increase
Revenues	\$126,405	\$174,057	37.7%
Expenses	<u>73,361</u>	<u>99,295</u>	35.4
Operating income	53,044	74,762	40.9
Other income, net	<u>9,388</u>	<u>8,996</u>	
Income before management fee, income taxes and minority interest	62,432	83,758	34.2
Management fee	<u>6,243</u>	<u>8,376</u>	
Income before income taxes and minority interest	56,189	75,382	34.2
Income tax provision	22,530	29,852	
Minority interest	<u>2,488</u>	<u>2,790</u>	
Net income	<u>\$ 31,171 (b)</u>	<u>\$ 42,740</u>	37.1
Net income per share:			
Basic	<u>\$ 1.04 (b)</u>	<u>\$ 1.44</u>	38.5
Diluted	<u>\$ 1.04 (b)</u>	<u>\$ 1.43</u>	37.5
Weighted average shares outstanding:			
Basic	<u>29,936</u>	<u>29,593</u>	
Diluted	<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 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 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.

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

						% Increase (decrease) from	
	9/99	12/99	3/00	6/00	9/00	6/00	9/99
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

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

	December 31,		September 30,	
	1999	1999	2000	2000
ASSETS				
Cash and cash equivalents	\$103,032	\$115,311	\$103,677	\$103,677
Investments	90,809	69,968	162,842	162,842
Receivables	26,269	19,916	26,766	26,766
Deferred income taxes, (a)	16,887	19,830	17,599	17,599
Other assets	<u>6,065</u>	<u>12,724</u>	<u>6,306</u>	<u>6,306</u>
Total assets	<u>\$ 243,062</u>	<u>\$237,749</u>	<u>\$317,190</u>	<u>\$317,190</u>
LIABILITIES AND STOCKHOLDERS' EQUITY				
Debt (a)	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
Compensation payable	10,260	22,740	36,476	36,476
Accrued expenses and other liabilities	<u>20,408</u>	<u>16,087</u>	<u>26,160</u>	<u>26,160</u>
Total liabilities	80,668	88,827	112,636	112,636
Minority interest	14,818	14,066	17,476	17,476
Stockholders' equity	<u>147,576</u>	<u>134,856</u>	<u>187,078</u>	<u>187,078</u>
Total liabilities and stockholders' equity	<u>\$243,062</u>	<u>\$237,749</u>	<u>\$317,190</u>	<u>\$317,190</u>

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

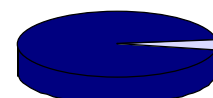
GABELLI ASSET MANAGEMENT INC.
 UNAUDITED QUARTERLY CONSOLIDATED CONDENSED
 STATEMENTS OF INCOME
(in thousands, except per share data)

Asset Profile at 9/30/00

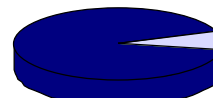
Forward-Looking Information

	1999					2000			Nine Months	
	1 st Quarter ^(a)	2 nd Quarter	3 rd Quarter	4 th Quarter	Total	1 st Quarter	2 nd Quarter	3 rd Quarter	2000	1999 ^(a)
Income Statement Data:										
Revenues	\$ 39,691	\$ 42,623	\$ 44,091	\$ 49,857	\$176,262	\$ 57,773	\$ 57,120	\$ 59,164	\$174,057	\$126,405
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>	<u>73,361</u>
Operating income	16,754	16,822	19,468	22,464	75,508	25,382	24,925	24,455	74,762	53,044
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>	<u>9,388</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	62,432
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>	<u>6,243</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	56,189
Income taxes	6,973	8,260	7,297	10,028	32,558	9,799	9,916	10,137	29,852	22,530
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>	<u>2,488</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>	<u>\$ 31,171</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>	<u>\$ 1.04</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>	<u>\$ 1.04</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>	<u>29,936</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>	<u>29,936</u>

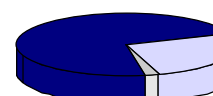
Geographic Mix



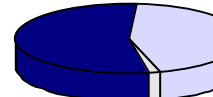
Asset Class



Equities by Style



Equities by Client Type



This Shareholders' Report contains certain forward looking information, including without limitation, business strategies and growth objectives, intrinsic value and the overall outlook for 2000 (including without limitation certain contemplated transactions). It should be recognized that such information are estimates or forecasts based upon various assumptions including those set forth herein as well as meeting the Company's internal operating performance assumptions, competitive conditions, and the expected performance of the economy and financial markets as they impact the Company's business. There may be other unknown risks, uncertainties or factors that may result in actual results, performance or achievements being materially different. There is no assurance that the forward-looking matters can be accomplished on terms acceptable to the Company or what the terms thereof may be. As a result of the foregoing and other factors, no assurance can be given as to future results and neither the Company nor any other person assumes responsibility for the accuracy or completeness of such information.

(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.

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Third Quarter Report
September 30, 2000