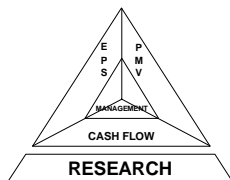


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## Gabelli Asset Management Company

September 13, 2001

To Our Clients and Friends

We thank you for your concern for all of us. We mourn the loss of many friends and colleagues who have perished in Tuesday's tragedy. Our sympathies go out to their families and loved ones. We pray for all that have suffered from this monstrous attack.

### We stand resolved.

Rest assured, we are working diligently to address the dynamics that are unfolding. Clearly, this is a unique time in our history – yet we have been through this before. We were there in the 1987 crash. We were there when Iraq invaded Kuwait. We were there when Long Term Capital nearly brought down the financial system. We will weather this tragedy as we have the crises before.

Make no mistake, investors psychology has shifted from a period of concern about a slowdown in general economic activity to one of how deep the recession could be as the consumer stands frozen in the wake of the attack like a deer in headlight's high-beams.

When the U.S. stock market re-opens, we can anticipate a normal speculative tumble. It is prudent to expect that some investors will react to uncertainty by raising cash. However, we have no evidence that the terrorist attack will have any long-term negative impact on our stock market.

As in previous times of crisis, concerted action by political leaders, liquidity provided by the Federal Reserve, and a return to normalcy on the part of the consumer should provide support for stock prices during the next several months. We see the need for the government to move aggressively to provide a sizable economic stimulus – investment tax credits for capital expenditures, capital gains tax cuts and the end of a lock-box for social security.

Let's look at these factors. President Bush will certainly have bipartisan support for both stimulating the economy and combating terrorism. In short, the President now has an agenda. The Federal Reserve will provide liquidity in the U.S. and will also work with central banks around the world to maintain stability and confidence in equity markets. The consumer is the wild card. The knee-jerk reaction is to expect consumers to pull back, to retrench. But history shows that over time confidence gets restored. Airports and shopping malls will get crowded again, and there is a lot of cash on the sidelines (\$2 trillion by some estimates) that will return to stocks once investors see an increase in consumer confidence.

So we will be prepared, spreadsheets in hand, as our stock market re-opens. As we see bargains, we will act on behalf of our clients- that's what we did in October of 1987 and it is what we have done every day for the last 25 years.