

Gabelli Asset Management Inc. ("GAMI") Announces Record Financial and Operating Results For the Full Year 1998

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Gabelli Asset Management Inc. (NYSE: GBL) announced today its financial and operating results for the year ended December 31, 1998.

Total revenues increased 31% to \$138.2 million from \$105.3 million in 1997. Operating income jumped 37% to \$59.2 million from \$43.1 million in 1997. Net income rose 35% to \$28.7 million from \$21.3 million. On a per share basis, earnings surged to \$1.20 per share vs. \$0.89 per share for 1997.

GAMI's operating results benefited from a 23% rise in assets under management to \$16.3 billion at December 31, 1998 from \$13.3 billion at the end of 1997. This \$3 billion increase during 1998 reflects net cash flows of approximately \$1 billion and market appreciation on existing assets of approximately \$2 billion. Mutual fund assets grew more than 33% to \$8.2 billion at the end of 1998 from \$6.1 billion at December 31, 1997 with more than \$1.1 billion contributed by net cash flows and \$900 million from market appreciation. Assets under management in institutional and separate accounts rose \$1.0 billion to \$8.0 billion at December 31, 1998 from \$7.0 billion at the end of 1997, with market appreciation contributing \$1.1 billion partially offset by a small decline in net cash flows. Operating results further benefited as revenue growth outpaced expense growth and fixed expenses were spread over a larger revenue base.

Organization and Financial Results

Gabelli Asset Management Inc. was formed in connection with a reorganization of Gabelli Funds, Inc. (to be renamed Gabelli Group Capital Partners, Inc.) through which GAMI acquired most of the net operating assets of the institutional and retail asset management, mutual fund advisory, underwriting and brokerage business (the "Formation Transactions") in exchange for 24 million shares of Class B Common Stock.

On February 17, 1999, GAMI received proceeds of approximately \$96 million, after fees and expenses, from the sale of 6 million shares of its Class A Common Stock, through underwriters led by Merrill Lynch & Co., Salomon Smith Barney and Gabelli & Company, at \$17.50 per share.

The comparative historical statements presented herein reflect the historical results of operations acquired as part of the Formation Transactions as if GAMI had existed as a separate enterprise during such periods and as if the exchange of shares had taken place. Prior to the reorganization these assets had been an integral part of Gabelli Funds, Inc. and did not constitute a separate legal or reporting entity for which separate financial statements were prepared.

Table I

Assets Under Management - Driver of Growth

On an historical basis, the Company reported the following:

	Assets Under Management		% Increase
	1997	1998	(Decrease)
	(in million \$)		
Institutional & Separate Accounts:			
Value	6,085	7,032	15.6
Growth	0	101	--
Fixed Income	928	824	(11.2)
Total Institutional & Separate Accounts	7,013	7,957	13.5
Mutual Funds			
Closed end equities	1,473	1,626	10.4
Open end equities	3,840	5,533	44.1

Fixed income	833	1,038	24.6
Total Mutual Funds	6,146	8,197	33.4
Partnerships	138	146	5.8
Total Assets Under Management	\$ 13,297	\$ 16,300	22.6%

During 1998, the Gabelli Global Growth® Fund was recognized with a five star rating by Morningstar, joining the Gabelli Growth Fund with this important distinction. In addition, the Gabelli Global Growth® Fund captured the #1 global rating by Lipper, Inc. for the period ended December 31, 1998 out of 147 global funds.

Table II
Gabelli Asset Management INC.
Comparative Historical Statements

	Year Ended December 31,					CAGR 1994-1998
	1994	1995	1996	1997	1998	
Income Statement Data	(in thousands, except per share data)					
Revenues						
Investment advisory and incentive fees	\$71,759	\$77,302	\$84,244	\$89,684	\$116,358	
Commission revenue	5,003	5,706	6,667	7,496	8,673	
Distribution fees and other income	<u>4,683</u>	<u>6,302</u>	<u>7,257</u>	<u>8,096</u>	<u>13,156</u>	
Total revenues	<u>81,445</u>	<u>89,310</u>	<u>98,168</u>	<u>105,276</u>	<u>138,187</u>	14.1%
Expenses						
Compensation costs	36,235	39,384	41,814	45,260	55,824	
Other operating expenses	<u>13,745</u>	<u>16,684</u>	<u>16,339</u>	<u>16,901</u>	<u>23,148</u>	
Total expenses	<u>49,980</u>	<u>56,068</u>	<u>58,153</u>	<u>62,161</u>	<u>78,972</u>	
Operating income	31,465	33,242	40,015	43,115	59,215	17.1%
Other income (expense)						
Net gain (loss) from investments	462	3,197	1,172	3,004	3,335	
Interest and dividend income	940	1,219	1,286	1,127	1,141	
Interest expense	<u>(180)</u>	<u>(6)</u>	<u>(18)</u>	<u>(12)</u>	<u>(716)</u>	
Total other income, net	1,222	4,410	2,440	4,119	3,760	
Income before management fee, charge in lieu of income taxes and minority interest	32,687	37,652	42,455	47,234	62,975	

Management fee	<u>6,537</u>	<u>7,530</u>	<u>8,491</u>	<u>9,447</u>	<u>12,594</u>	
Income before charge in lieu of income taxes and minority interest	26,150	30,122	33,964	37,787	50,381	
Charge in lieu of income taxes	<u>10,044</u>	<u>11,517</u>	<u>13,402</u>	<u>14,935</u>	<u>19,976</u>	
Income before minority interest	16,106	18,605	20,562	22,852	30,405	
Minority interest	<u>1,884</u>	<u>2,214</u>	<u>2,380</u>	<u>1,529</u>	<u>1,710</u>	
Net income	<u>\$14,222</u>	<u>\$16,391</u>	<u>\$18,182</u>	<u>\$21,323</u>	<u>\$28,695</u>	19.2%
Earnings per share:						
Basic and diluted	<u>\$ 0.59</u>	<u>\$ 0.68</u>	<u>\$ 0.76</u>	<u>\$ 0.89</u>	<u>\$ 1.20</u>	19.4%
Weighted average shares outstanding:						
Basic and diluted	<u>24,000</u>	<u>24,000</u>	<u>24,000</u>	<u>24,000</u>	<u>24,000</u>	

CAGR: Compound Annual Growth Rate

As further background, and with the release of our first quarter results, we plan to provide additional quarterly data to reflect the "pro forma" results for 1998 traceable to the reduction in management fee from 20% to 10%, interest expense related to the \$50 million note payable and increase in shares outstanding to 30 million.

Historical "Predecessor" Company Data

Table III depicts a comparative condensed summary of results of operations of Gabelli Funds, Inc. and Subsidiaries for 1997 and 1998. This information, required for SEC reporting purposes, includes the results of operations related to a proprietary investment portfolio, including certain PCS licenses, which were not transferred as part of the Formation Transactions to Gabelli Asset Management Inc. After the initial public offering the operating results for the proprietary investment portfolio will not be included in the consolidated results of Gabelli Asset Management Inc. In addition, upon completion of the Offering, Gabelli Asset Management Inc. will reflect a significantly higher effective tax rate resulting from its conversion to a "C" Corporation from an "S" Corporation.

Table III
Gabelli Funds, Inc. and Subsidiaries(a)
Comparative Condensed Results of Operations

	December 31,	
	<u>1997</u>	<u>1998</u>
	(in millions)	
Revenues	\$105.3	\$138.2
Expenses	<u>64.0</u>	<u>80.9</u>
Operating income	41.3	57.3
Other income	<u>10.5</u>	<u>19.4</u>
Income before management fee, income taxes and minority interest	51.8	76.7
Management fee	<u>10.5</u>	<u>12.2</u>
Income before income taxes and	41.3	64.5

minority interest		
Income taxes	<u>3.1</u>	<u>5.5</u>
Income before minority interest	38.2	59.0
Minority interest	<u>1.5</u>	<u>1.7</u>
Net income	<u>\$ 36.7</u>	<u>\$ 57.3</u>

(a) This data reflects historical results for the predecessor corporation.

Forward Looking Information

This release contains 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 report.

Gabelli Asset Management Inc. through its subsidiaries manages more than \$16.6 billion in assets in mutual funds, closed end funds, partnerships and private investment advisory accounts.