

Gabelli Asset Management Inc. ("GAMI") Reports Record Results for the First Quarter of 1999

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Gabelli Asset Management Inc. (NYSE:GBL) today reported record earnings for the quarter ended March 31, 1999.

Total revenues rose 24% to \$39.7 million. Net income climbed 27% to \$9.3 million in the first quarter of 1999 versus \$7.3 million, on a pro forma basis. Earnings were \$0.31 per share (before a non recurring charge discussed below) for the first quarter of 1999 versus \$0.24 per share, on a pro forma basis and \$0.28 per share on an adjusted historical basis. "We are pleased with our better than expected first quarterly results as a public company. However, we are even more excited about the future as we position our company for better than average growth in assets under management, revenues and profits." commented Mario J. Gabelli, Chairman and Chief Executive Officer.

GAMI's operating results benefited from both a 20% increase in average assets under management and a further shift toward equity products which generate higher fees. Average assets under management during the first quarter of 1999 were \$16.7 billion compared to \$13.9 billion during the first quarter of 1998.

Organization and Public Offering

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 pro forma financial information presented herein reflects the results of operations as if all of the following were in effect on January 1, 1998: the Formation Transactions and the resulting impact on income and expenses; the \$50 million note payable; the reduction in management fee from 20% to 10% and the conversion from a Subchapter S Corporation to a "C" Corporation and excludes the non-recurring charge expensed in the first quarter related to the note payable (\$30.9 million, net of tax benefit or \$1.03 per share).

The comparative adjusted historical financial information presented herein reflects 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.

Assets Under Management - Driver of Growth

On an historical basis, the Company reported the following:

Table I:

	<u>Assets Under Management</u>		% Increase (Decrease)
	1998	1999	
	(in millions)		
Institutional & Separate Accounts:			
Equities	\$7,278	\$7,573	4.1
Fixed Income	494	618	25.1
Total Institutional & Separate Accounts	7,772	8,191	5.4
Mutual Funds:			
Open end	4,999	5,903	18.1
Closed end	1,603	1,676	4.6
Fixed income	875	1,061	21.3

Total Mutual Funds	7,477	8,640	15.6
Partnerships	139	151	8.6
Total Assets Under Management	\$15,388	\$16,982	10.4

At March 31, 1999, approximately 92% of total assets under management in open-end Mutual Funds were in funds with overall rankings of "four stars" or better from Morningstar, Inc. and nearly 38% were in funds ranked "five stars". Both the Gabelli Global Interactive Couch Potato® Fund and the Gabelli Growth Fund received the coveted five star rating from Morningstar, Inc. In addition, the Gabelli Global Interactive Couch Potato® Fund captured the #1 global rating by Lipper, Inc. for the 3 and 5 year periods ended March 31, 1999 out of 149 and 83 global funds, respectively.

Table II: Fund Flows - 1st Quarter 1999 (in millions)

	Balance December 31, 1998	Net Cash Flows	Market Appreciation	Balance March 31, 1999
Mutual Funds:				
Equities	\$7,159	\$54	\$366	\$7,579
Fixed Income	1,038	(28)	51	1,061
Total Mutual Funds	8,197	26	417	8,640
Institutional and Separate Accounts:				
Equities	7,217	247	109	7,573
Fixed Income	740	(130)	8	618
Total Institutional and Separate Accounts	7,957	117	117	8,191
Partnerships	146	(8)	13	151
Total Assets Under Management	\$16,300	\$135	\$547	\$16,982

Table III:

Gabelli Asset Management INC.
UNAUDITED CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except per share data)

	Adjusted Historical 1998 (a)	For the Three Months Ended March 31,		Pro forma % Increase (Decrease)
		Pro forma		
		1998	1999(b)	
Revenues.	\$31,928	\$31,928	\$39,691	24.3
Expenses.	18,430	18,430	22,937	24.5
Operating income.	13,498	13,498	16,754	24.1
Other income, net	1,475	725	2,097	
Income before management fee, income taxes and minority interest	14,973	14,223	18,851	32.5
Management fee.	2,995	1,422	1,885	
Income before income taxes and minority interest	11,978	12,801	16,966	32.5
Income taxes.	4,753	5,075	6,973	
Minority interest	392	392	714	
Net income.	\$6,833	\$7,334	\$9,279	26.5
Net income per share:				
Basic and diluted	\$.28	\$.24	\$.31	29.2
Weighted average shares outstanding:				
Basic and diluted	24,000	30,000	30,000	

- a. Adjusted historical financial information reflects 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 was treated as a "C" Corporation for Federal and state income tax purposes and as if the exchange of shares had taken place.
- b. Excludes a one-time non recurring charge of \$50 million (\$30.9 million net of tax benefit or \$1.03 per share) included in the first quarter of 1999.

Table IV:

Gabelli Asset Management INC.
UNAUDITED CONSOLIDATED PRO FORMA STATEMENT OF INCOME
For the Three Months Ended March 31, 1999
(in thousands, except per share data)

	Actual ⁽¹⁾	Pro Forma Adjustments	Pro Forma Consolidated
Revenues.	\$39,691		\$39,691
Expenses.	22,960	(23) ^(a)	22,937
Operating income.	16,731	23	16,754
Other income, net	4,691	(2,594) ^(b)	2,097
Income before management fee, income taxes and minority interest	21,422	(2,571)	18,851
Management fee.	2,982	(1,097) ^(c)	1,885
Income before income taxes and minority interest	18,440	(1,474)	16,966
Income taxes.	4,712	2,261 ^(d)	6,973
Minority interest	714		714
Net income.	\$13,014	\$(3,735)	\$9,279
Net income per share:			
Basic and diluted			\$.31
Weighted average shares outstanding:			
Basic and diluted			30,000

(1) Excludes the impact of a \$50 million non-recurring charge (\$30.9 million net of tax benefit) which has been charged in the first quarter of 1999. This deferred payment is not reflected in pro forma income because it is a one-time event directly related to the Offering.

Notes to Pro Forma Adjustments:

- a. To reflect reallocation of expenses to new parent company.
- b. To reflect effect on income and expenses of distribution of assets and Liabilities and reflect a full quarter of interest on \$50 million note payable.
- c. To reflect the change in management fee from 20% to 10%.
- d. To record additional taxes related to conversion from Subchapter S Corporation to "C" Corporation for Federal and state income tax purposes and tax effects of pro forma adjustments.

Table V:

UNAUDITED CONSOLIDATED PRO FORMA STATEMENTS OF INCOME
For the Three Months Ended March 31, 1998
(in thousands, except per share data)

	Actual	Pro Forma Adjustments	Pro Forma Consolidated
Revenues.	\$31,928		\$31,928
Expenses.	18,773	(343) ^(a)	18,430
Operating income.	13,155	343	13,498
Other income, net	3,989	(3,264) ^(b)	725
Income before management fee, income taxes and minority interest	17,144	(2,921)	14,223
Management fee.	3,487	(2,065) ^(c)	1,422
Income before income taxes and minority interest	13,657	(856)	12,801
Income taxes.	1,483	3,592 ^(d)	5,075
Minority interest	392		392
Net income.	\$11,782	\$(4,448)	\$7,334
Net income per share:			
Basic and diluted			\$.24
Weighted average shares outstanding:			
Basic and diluted			30,000

Notes to Pro Forma Adjustments:

- a. To reflect reallocation of expenses to new parent company.
- b. To reflect effect on income and expenses of distribution of assets and Liabilities and reflect interest on \$50 million note payable.
- c. To reflect the change in management fee from 20% to 10%.
- d. To record additional taxes related to conversion from Subchapter S Corporation to "C" Corporation for Federal and state income tax purposes and tax effects of pro forma adjustments.

Table VI:

**Gabelli Asset Management Inc.
Adjusted Historical Quarterly Consolidated Statements of Income**

	<u>1998 Adjusted Historical Results</u> ^(a)				
	<u>1st Quarter</u>	<u>2nd Quarter</u>	<u>3rd Quarter</u>	<u>4th Quarter</u>	<u>Total</u>
Income Statement Data: (in thousands, except per share data)					
Revenues	\$31,928	\$36,031	\$34,350	\$35,878	\$138,187
Expenses	18,430	20,477	19,823	20,242	78,972
Operating income	13,498	15,554	14,527	15,636	59,215
Other income (expense), net	1,475	(1,429)	786	2,928	3,760
Income before management fee, income taxes and minority interest	14,973	14,125	15,313	18,564	62,975
Management fee	2,995	2,824	3,062	3,713	12,594
Income before income taxes and minority interest	11,978	11,301	12,251	14,851	50,381
Income taxes	4,753	4,479	4,859	5,885	19,976
Minority interest	392	247	404	667	1,710
Net Income	\$6,833	\$6,575	\$6,988	\$8,299	\$28,695

Net income per share:					
Basic and diluted	\$0.28	\$0.27	\$0.29	\$0.35	\$1.20
Weighted average shares outstanding					
Basic and diluted	24,000	24,000	24,000	24,000	24,000

- a. Adjusted historical financial information reflects 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 was treated as a "C" Corporation for Federal and state income tax purposes and as if the exchange of shares had taken place.

Table VII:

**Gabelli Asset Management INC.
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL CONDITION
(In thousands)**

March 31, 1999

ASSETS

Cash and cash equivalents	\$113,205
Investments	62,368
Receivables	13,976
Deferred tax asset.	19,830
Other assets.	8,772
Total assets	\$218,151

LIABILITIES AND STOCKHOLDERS' EQUITY

Securities sold, but not yet purchased. . .	\$483
Debt.	50,000
Accrued expenses and other liabilities. . .	37,144
Total liabilities.	87,627
Minority interest	13,474
Stockholders' equity.	117,050
Total liabilities and stockholders' equity	\$218,151

Gabelli Asset Management Inc. through its subsidiaries manages \$17.0 billion in assets in mutual funds, closed end funds, partnerships and private investment advisory accounts.

Forward Looking Information

This release may contain 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.