SECURITIES & EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2003

or

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OF 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from __________ to

Commission File No. 1-106

GABELLI ASSET MANAGEMENT INC.
(Exact name of Registrant as specified in its charter)

New York	13-4007862
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
One Corporate Center, Rye, New York	10580
(Address of principal executive offices)	(Zip Code)

(914)921-3700
Registrant’s telephone number, including area code

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2). Yes X No

Indicate the number of shares outstanding of each of the Registrant’s classes of Common Stock, as of the latest practical date.

Class	Outstanding at July 31, 2003
Class A Common Stock, .001 par value	6,895,542
Class B Common Stock, .001 par value	23,150,000

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GABELLI ASSET MANAGEMENT INC. AND SUBSIDIARIES

GABELLI ASSET MANAGEMENT INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
UNAUDITED
(In thousands, except per share data)

	Three Months Ended June 30,	
	2003	**2002**
Revenues		
Investment advisory and incentive fees	$ 40,759	$ 48,356
Commission revenue	2,771	3,682
Distribution fees and other income	4,426	5,364
Total revenues	47,956	57,402
Expenses		
Compensation and related costs	20,874	22,291
Management fee	2,097	2,483
Other operating expenses	8,580	8,242
Total expenses	31,551	33,016
Operating income	16,405	24,386
Other income (expense)		
Net gain (loss) from investments	4,711	(636)
Interest and dividend income	1,368	1,780
Interest expense	(3,605)	(3,186)
Total other income (expense), net	2,474	(2,042)
Income before income taxes and minority interest	18,879	22,344
Income tax provision	7,099	8,401
Minority interest	223	2
Net income	$ 11,557	$ 13,941
Net income per share:		
Basic	$ 0.38	$ 0.46
Diluted	$ 0.38	$ 0.46
Weighted average shares outstanding:		
Basic	30,025	30,222
Diluted	30,139	32,327

See accompanying notes.

GABELLI ASSET MANAGEMENT INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
UNAUDITED
(In thousands, except per share data)

	Six Months Ended June 30,	
	2003	**2002**
Revenues		
Investment advisory and incentive fees	$ 80,260	$ 97,216
Commission revenue	5,191	7,613
Distribution fees and other income	8,558	10,605
Total revenues	94,009	115,434
Expenses		
Compensation and related costs	41,399	44,721
Management fee	3,766	5,231
Other operating expenses	16,099	15,727
Total expenses	61,264	65,679
Operating income	32,745	49,755
Other income (expense)		
Net gain from investments	5,145	78
Interest and dividend income	2,624	3,159
Interest expense	(6,616)	(5,914)
Total other income (expense), net	1,153	(2,677)
Income before income taxes and minority interest	33,898	47,078
Income tax provision	12,746	17,701
Minority interest	268	47
Net income	$ 20,884	$ 29,330
Net income per share:		
Basic	$ 0.70	$ 0.97
Diluted	$ 0.69	$ 0.97
Weighted average shares outstanding:		
Basic	29,972	30,083
Diluted	30,082	32,246

See accompanying notes.

GABELLI ASSET MANAGEMENT INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
(In thousands)

	June 30, 2003	June 30, 2002	December 31, 2002
	(Unaudited)		
ASSETS			
Cash and cash equivalents	$ 404,849	$ 395,928	$ 311,430
Investments in securities	190,083	53,803	175,466
Investments in partnerships and affiliates	57,022	60,093	47,932
Receivable from brokers	456	101	4,919
Investment advisory fees receivable	13,845	15,294	15,603
Income tax receivable	-	3,252	-
Other assets.	29,245	28,170	27,381
Total assets	$ 695,500	$ 556,641	$ 582,731
LIABILITIES AND STOCKHOLDERS' EQUITY			
Payable to brokers.	$ 6,195	$ 5,331	$ 17,138
Income taxes payable.	7,077	335	9,196
Compensation payable.	21,403	29,026	18,459
Capital lease obligation.	3,249	3,464	3,433
Securities sold, not yet purchased.	742	-	5,022
Accrued expenses and other liabilities. . .	17,624	16,126	15,583
Total operating liabilities.	56,290	54,282	68,831
5.5% Senior notes	100,000	-	-
6% Convertible note	100,000	100,000	100,000
Mandatory convertible securities.	84,163	87,513	84,545
Total liabilities.	340,453	241,795	253,376
Minority interest	7,830	7,385	7,562
Stockholders' equity.	347,217	307,461	321,793
Total liabilities and stockholders' equity.	$ 695,500	$ 556,641	$ 582,731

See accompanying notes.

GABELLI ASSET MANAGEMENT INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
UNAUDITED
(In thousands)

	Three Months Ended June 30, 2003	Three Months Ended June 30, 2002	Six Months Ended June 30, 2003	Six Months Ended June 30, 2002
Operating activities				
Net income.	$ 11,557	$ 13,941	$ 20,884	$ 29,330
Adjustments to reconcile net income to net cash provided by (used in)operating activities:				
Equity in losses from partnerships and affiliates	(2,089)	(79)	(2,644)	(345)
Depreciation and amortization	243	216	485	428
Stock-based compensation expense.	422	-	637	-
Deferred income taxes	-	-	-	18,661
Tax benefit from exercise of stock options.	144	269	764	4,082
Minority interest in net income of consolidated subsidiaries	223	2	268	47
Market value of donated securities.	-	412	-	412
Realized gains on available for sale securities . .	(14)	(58)	(14)	(40)
(Increase) decrease in operating assets:				
Investments in securities.	(29,993)	2,048	(12,690)	1,887
Investment advisory fees receivable.	555	3,257	1,758	(643)
Receivables from affiliates.	(1,503)	(613)	(1,058)	766
Other receivables.	(235)	738	(422)	258
Receivable from brokers.	2,218	1,922	4,462	(65)
Income tax receivable	-	7,627	-	(3,252)
Other assets	(683)	(388)	(868)	(4,153)
Increase (decrease) in operating liabilities:				
Payable to brokers	(320)	2,631	(10,943)	(3,223)
Income taxes payable	(1,669)	(536)	(2,392)	(4,377)
Compensation payable	763	2,612	2,863	7,858
Accrued expenses and other liabilities	3,390	(77)	1,858	(1,782)
Securities sold, not yet purchased.	(2,091)	-	(4,280)	-
Total adjustments	(30,639)	19,983	(22,216)	16,519
Net cash provided by (used in)operating activities.	(19,082)	33,924	(1,332)	45,849
Investing activities				
Purchases of available for sale securities.	(1,000)	(456)	(1,204)	(558)
Proceeds from sales of available for sale securities	100	500	100	602
Distributions from partnerships and affiliates. . .	2,500	1,487	9,849	12,458
Investments in partnerships and affiliates.	(5,139)	(128)	(16,294)	(6,368)
Net cash provided by (used in) investing activities	(3,539)	1,403	(7,549)	6,134
Financing activities				
Purchase of minority stockholders' interest.. . . .	-	-	-	(273)
Issuance of mandatory convertible securities. . . .	-	-	-	87,952
Issuance of Senior notes.	100,000	-	100,000	-
Repayment of note payable	-	-	-	(50,000)
Proceeds from exercise of stock options	372	1,166	2,877	9,063
Purchase of mandatory convertible securities. . . .	-	(2,422)	(373)	(2,422)
Purchase of treasury stock.	-	(2,228)	(204)	(5,822)
Net cash provided by (used in)financing activities.	100,372	(3,484)	102,300	38,498
Net increase in cash and cash equivalents	77,751	31,843	93,419	90,481
Cash and cash equivalents at beginning of period. .	327,098	364,085	311,430	305,447
Cash and cash equivalents at end of period.	$404,849	$395,928	$404,849	$395,928
Supplemental disclosure of non-cash financing activity				
Net present value of forward purchase contract. . .	$ -	$ 2,353	$ -	$ 2,353

See accompanying notes.

A. Basis of Presentation

The unaudited interim Condensed Consolidated Financial Statements of Gabelli Asset Management Inc. (the "Company") included herein have been prepared in conformity with accounting principles generally accepted in the United States for interim financial information and Rule 10-01 of Regulation S-X. Accordingly, they do not include all the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, the unaudited interim condensed consolidated financial statements reflect all adjustments, which are of a normal recurring nature, necessary for a fair presentation of financial position, results of operations and cash flows of the Company for the interim periods presented and are not necessarily indicative of a full year's results.

In preparing the unaudited interim condensed consolidated financial statements, management is required to make estimates and assumptions that affect the amounts reported in the financial statements. Actual results could differ from those estimates.

These financial statements should be read in conjunction with the Company's audited consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2002, from which the accompanying Condensed Consolidated Statement of Financial Condition was derived.

Certain items previously reported have been reclassified to conform to the current year's financial statement presentation.

B. Investment in Securities

Management determines the appropriate classification of debt and equity securities at the time of purchase and reevaluates such designation as of each balance sheet date. A substantial portion of investments in securities are held for resale in anticipation of short-term market movements and classified as trading securities. Available-for sale investments are stated at fair value, with any unrealized gains or losses, net of deferred taxes, reported as a component of stockholders' equity.

At June 30, 2003 and 2002 the market value of investments available-for-sale was $7.9 million and $6.1 million, respectively. This loss in market value, net of taxes, of $184,000 and $321,000 has been included in stockholders' equity for June 30, 2003 and 2002, respectively.

Proceeds from sales of investments available-for-sale were approximately $0.1 million for the six month period ended June 30, 2003. Gross gains on the sale of investments available for sale amounted to $14,000; there were no gross losses on the sale of investments available for sale. Proceeds from sales of investments available-for-sale were approximately $0.6 million for the six month period ended June 30, 2002. Gross gains on the sale of investments available for sale amounted to $58,000; gross losses on the sale of investments available for sale amounted to $19,000.

C. Earnings Per Share

The computations of basic and diluted net income per share are as follows:

(in thousands, except per share amounts)	Three Months Ended June 30, 2003	Three Months Ended June 30, 2002	Six Months Ended June 30, 2003	Six Months Ended June 30, 2002
Basic:				
Net income	$ 11,557	$ 13,941	$ 20,884	$ 29,330
Average shares outstanding	30,025	30,222	29,972	30,083
Basic net income per share	$ 0.38	$ 0.46	$ 0.70	$ 0.97
Diluted:				
Net income	$ 11,557	$ 13,941	$ 20,884	$ 29,330
Add interest expense on convertible note, net of management fee and taxes	-	913	-	1,825
Total	$ 11,557	$ 14,854	$ 20,884	$ 31,155
Average shares outstanding	30,025	30,222	29,972	30,083
Dilutive stock options	114	218	110	276
Assumed conversion of convertible note	-	1,887	-	1,887
Total	30,139	32,327	30,082	32,246
Diluted net income per share	$ 0.38	$ 0.46	$ 0.69	$ 0.97

For the three and six months ended June 30, 2003 the assumed conversion of the convertible note would not be dilutive and, accordingly, has not been used in the computations of the weighted average diluted shares.

D. Stockholders' Equity

Stock Award and Incentive Plan

On February 18, 2003 the Board of Directors approved stock option awards totaling 633,000 shares under the Company's Stock Award and Incentive Plan at an exercise price to be equal to the closing market price on the date of grant. Of these options 561,000 were granted on February 18 at an exercise price of $28.95 per share and 72,000 were granted on May 13, 2003 at an exercise price of $29.00 per share. These options will vest 75% after three years and 100% after four years from the date of grant and expire after ten years. The Company adopted SFAS 123, "Accounting for Stock-Based Compensation" ("SFAS 123") as of January 1, 2003 in accordance with SFAS 148, "Accounting for Stock-Based Compensation – Transition and Disclosure" ("SFAS 148") and will use the Prospective method for transition. Under SFAS 123 the Company records compensation expense equal to the fair value of the options on the date of grant based on the Black-Scholes option pricing model. This model utilizes a number of assumptions in arriving at its results, including an estimate of the life of the option, the risk-free interest rate at the date of grant and the volatility of the underlying common stock. The weighted average fair value of the options granted on the date of grant and the assumptions used were as follows:

Weighted average fair value of Options granted:	$10.98
Assumptions made:	
Expected volatility	38%
Risk-free interest rate	3.04%
Expected life	5 years
Dividend yield	0%

D. Stockholders' Equity *(continued)*

The expected life reflects an estimate of the length of time the employees are expected to hold the options, including the vesting period, and is based, in part, on actual experience with other grants. The dividend yield reflects the assumption that no payout will be made in the foreseeable future. In the second quarter of 2003 we recognized $422,000 in compensation expense and expect total stock-based compensation expense for 2003 to total $1.5 million.

Proceeds from the exercise of 166,767 and 517,944 stock options were $2,877,000 and $9,063,000 for the six months ended June 30, 2003 and 2002, respectively, resulting in a tax benefit to the Company of $764,000 and $4,082,000 for the six months ended June 30, 2003 and 2002, respectively.

Stock Repurchase Program

In March 1999 the Board of Directors established the Stock Repurchase Program through which the Company is authorized to repurchase shares of its Class A Common Stock from time to time in the open market. During the first quarter of 2003, the Company repurchased 7,417 shares at an average cost of $27.75 per share. Since the inception of the program the Company has repurchased 1,127,843 shares at an average cost of $25.23 per share. At June 30, 2003 the total amount available to repurchase shares under the program was $14.2 million.

Since May 2002 the Board of Directors has also approved the repurchase of up to 700,000 shares of the Company's mandatory convertible securities from time to time in the open market. During the first quarter of 2003, the Company repurchased 15,300 shares at an average investment of $19.02 per share bringing the total shares repurchased to 233,500 at a total investment of $5.1 million. No shares were repurchased in the open market during the three month period ended June 30, 2003. A gain attributable to the debt component of the mandatory convertible securities totaling $87,000 has been included in other income (expense) for the six months ended June 30, 2003.

E. Subsequent Events

On June 5, 2003, the Company commenced a tender offer to purchase up to 800,000 shares of its outstanding Class A common stock under a modified "Dutch Auction." The price offered was in the range of $28.00 to $31.75 per share, which reflected the price of Gabelli's shares on the New York Stock Exchange shortly before the announcement of the offer. On July 7, 2003, one hundred and five shares were properly tendered and accepted for purchase by the Company at a purchase price of $31.75 per share.

On June 19, 2003, the Company announced that Robert S. Zuccaro resigned as Chief Financial Officer of the Company to pursue another professional opportunity. The Company has not yet named a new Chief Financial Officer.

On July 9, 2003 the Company announced that it had agreed with Cascade Investment LLC to modify the terms of the $100 million convertible note previously issued in August 2001 to Cascade by the Company. The parties have agreed to lower the interest rate from 6% to 5%, reduce the conversion price by $1 per share to $52 per share of the Company's Class A Common Stock and extend Cascade's put option for an additional year to August 2004. In each case the changes become effective in August 2003. As a result of these modifications the Company's calculation of diluted EPS will change slightly. The shares that would be issued if converted changes to 1,923,000 from 1,887,000 while the interest that is added back for the calculation would be reduced from $1,500,000 per quarter to $1,250,000 per quarter less management fee and taxes.

ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

Gabelli Asset Management Inc. (the "Company") is a widely recognized provider of investment advisory and brokerage services to mutual fund, institutional and high net worth investors in the United States and internationally. We generally manage assets on a discretionary basis and invest in a wide variety of U.S. and international securities through various investment styles.

The Company's revenues are largely based on the level of assets under management in its business as well as the level of fees associated with its various investment products. Growth in revenues generally depends on good investment performance and the ability to attract additional investors while maintaining current fee levels. The Company's largest source of revenues is investment advisory fees which are based on the amount of assets under management in its Mutual Funds, Separate Accounts and Alternative Investment Partnerships. Revenues derived from the equity oriented portfolios generally have higher management fee rates than fixed income portfolios.

The following discussion should be read in conjunction with the Condensed Consolidated Financial Statements and the notes thereto included in Item 1 to this report.

RESULTS OF OPERATIONS

Three Months Ended June 30, 2003 Compared To Three Months Ended June 30, 2002

Consolidated Results – Three Months Ended June 30:

(Unaudited; in thousands, except per share data)

	2003	2002
Revenues	$ 47,956	$ 57,402
Expenses	31,551	33,016
Operating income	16,405	24,386
Investment income, net	6,079	1,144
Interest expense	(3,605)	(3,186)
Total other income (expense), net	2,474	(2,042)
Income before taxes and minority interest	18,879	22,344
Income tax provision	7,099	8,401
Minority interest	223	2
Net income	$ 11,557	$ 13,941
Net income per share:		
Basic	$ 0.38	$ 0.46
Diluted	$ 0.38	$ 0.46

Reconciliation of Operating income to Adjusted EBITDA:

Operating income	$ 16,405	$ 24,386
Depreciation and amortization	243	216
Investment income, net	6,079	1,144
Adjusted EBITDA(a)	$ 22,727	$ 25,746

(a) Adjusted EBITDA is defined as earnings before interest, taxes, depreciation and amortization and minority interest. Adjusted EBITDA is a Non-GAAP measure and should not be considered as an alternative to any measure of performance as promulgated under accounting principles generally accepted in the United States nor should it be considered as an indicator of our overall financial performance. We use Adjusted EBITDA as a supplemental measure of performance as we believe it gives investors a more complete understanding of our operating results before the impact of investing and financing activities as a tool for determining the private market value of an enterprise.

Total revenues were $48.0 million in the second quarter of 2003 down $9.4 million or 16.5% from total revenues of $57.4 million reported in the second quarter of 2002.

Investment advisory and incentive fees, which comprise 85.0% of total revenues, were $40.8 million in the second quarter of 2003, $7.6 million or 15.7% lower than the $48.4 million reported in the second quarter of 2002. The decrease in investment advisory and incentive fees was principally the result of lower levels of assets under management in our GAMCO institutional and high net worth business and in our open-end equity mutual funds. GAMCO fees, which are generally billed based on asset levels at the beginning of a quarter, declined $7.4 million or 34.6% in the 2003 quarter as compared to the second quarter of 2002. Revenues from open-end equity mutual funds decreased $3.5 million or 16.6% from the prior year as average assets under management in open-end equity funds declined to $6.8 billion, 16.1% below the prior year's second quarter average of $8.2 billion. At June 30, 2003 assets in open-end equity funds were $7.1 billion, 3.2% lower than the prior year second quarter end balance of $7.4 billion. Revenues from our alternative investment products were 83.0% higher at $3.3 million resulting from both increased management and performance fees.

Commissions were $2.8 million in the second quarter of 2003, down 24.7% from $3.7 million in the same period a year earlier largely due to a decrease in overall trading volume.

Revenues from distribution of mutual funds and other income were $4.4 million in the second quarter of 2003 versus $5.4 million in the second quarter of 2002. The decrease in distribution fees results from the decline in average assets managed in open-end equity mutual funds, which generate distribution revenues under 12b-1 compensation plans.

Total expenses were $31.6 million in the second quarter of 2003, a 4.4% decrease from total expenses of $33.0 million reported in the second quarter of 2002. Compensation and related costs, which are largely variable, were $20.9 million, 6.4% lower than the same period a year earlier. The decrease in compensation was due to lower variable incentive compensation. Salaries, which are not variable in nature, increased by $0.7 million as we have added to our research, sales and marketing staffs as planned since the second quarter of 2002. Management fee expense, which is totally variable and based on pretax income, was 15.5% lower at $2.1 million in the second quarter of 2003 versus $2.5 million in the second quarter of 2002. Other operating expenses were higher by $0.4 million, a 4.1% increase to $8.6 million in the second quarter of 2003 from the prior year second quarter of $8.2 million as higher costs from new product initiatives, insurance premiums, reimbursing clients for trading costs or losses, benefit programs, and our most recent acquisitions (Woodland Partners and Grove) were partially offset by lower mutual fund administration and distribution costs and brokerage clearing costs.

Investment income was $6.1 million in the second quarter of 2003 higher by $5.0 million, or 431.4% from $1.1 million reported in the second quarter of 2002 as the rising equity markets resulted in increased earnings from our proprietary investment accounts. Interest expense increased $0.4 million to $3.6 million in the second quarter of 2003 from $3.2 million in the comparable prior year quarter largely as a result of the Company's issuance of $100 million of ten-year 5.5% non-callable senior notes due May 15, 2013 during the second quarter of 2003.

The estimated effective tax rate for the second quarter of 2003 and the second quarter of 2002 was approximately 37.6%. Minority interest was higher by $0.2 million over the prior year quarter.

Six Months Ended June 30, 2003 Compared To Six Months Ended June 30, 2002

Consolidated Results – Six Months Ended June 30:

(Unaudited; in thousands, except per share data)	2003	2002
Revenues	$ 94,009	$ 115,434
Expenses	61,264	65,679
Operating income	32,745	49,755
Investment income, net	7,769	3,237
Interest expense	(6,616)	(5,914)
Total other income (expense), net	1,153	(2,677)
Income before taxes and minority interest	33,898	47,078
Income tax provision	12,746	17,701
Minority interest	268	47
Net income	$ 20,884	$ 29,330
Net income per share:		
Basic	$ 0.70	$ 0.97
Diluted	$ 0.69	$ 0.97

Reconciliation of Operating income to Adjusted EBITDA:

	2003	2002
Operating income	$ 32,745	$ 49,755
Depreciation and amortization	485	428
Investment income, net	7,769	3,237
Adjusted EBITDA(a)	$ 40,999	$ 53,420

(b) Adjusted EBITDA is defined as earnings before interest, taxes, depreciation and amortization and minority interest. Adjusted EBITDA is a Non-GAAP measure and should not be considered as an alternative to any measure of performance as promulgated under accounting principles generally accepted in the United States nor should it be considered as an indicator of our overall financial performance. We use Adjusted EBITDA as a supplemental measure of performance as we believe it gives investors a more complete understanding of our operating results before the impact of investing and financing activities as a tool for determining the private market value of an enterprise.

Total revenues were $94.0 million in the first half of 2003 down $21.4 million or 18.6% from total revenues of $115.4 million reported in the first half of 2002.

Investment advisory and incentive fees, which comprise 85.4% of total revenues, were $80.3 million in the first half of 2003, $16.9 million or 17.4% lower than the $97.2 million reported in the first half of 2002. The decrease in investment advisory and incentive fees was principally the result of lower levels of assets under management in our GAMCO institutional and high net worth business and in our open-end equity mutual funds. GAMCO fees, which are generally billed based on asset levels at the beginning of a quarter, declined $11.2 million or 26.2% in the first half of 2003 as compared to the first half of 2002. Revenues from open-end equity mutual funds decreased $8.5 million or 20.1% from the prior year as average assets under management in open-end equity funds declined to $6.6 billion, 19.7% below the prior year's first half average of $8.2 billion. At June 30, 2003 assets in open-end equity funds were $7.1 billion, 3.2% lower than the prior year first half end balance of $7.4 billion. Revenues from our alternative investment products were 49.1% higher at $5.4 million resulting from both increased management and performance fees.

Commissions were $5.2 million in the first half of 2003, down 31.8% from $7.6 million in the same period a year earlier largely due to a decrease in overall trading volume.

Revenues from distribution of mutual funds and other income were $8.6 million in the first half of 2003 versus $10.6 million in the first half of 2002. The decrease in distribution fees results from the decline in average assets managed in open-end equity mutual funds, which generate distribution revenues under 12b-1 compensation plans.

Total expenses were $61.3 million in the first half of 2003, a 6.7% decrease from total expenses of $65.7

million reported in the first half of 2002. Compensation and related costs, which are largely variable, were $41.4 million, 7.4% lower than the same period a year earlier. The decrease in compensation was due to lower variable incentive compensation. Salaries, which are not variable in nature, increased by $1.7 million as we have added to our research, sales and marketing staffs as planned since the second quarter of 2002. Management fee expense, which is totally variable and based on pretax income, was 28.0% lower at $3.8 million in the first half of 2003 versus $5.2 million in the first half of 2002. Other operating expenses were higher by $0.4 million, a 2.4% increase over $15.7 million in the first half of 2003 from the prior year first half as higher costs from new product initiatives, insurance premiums, reimbursing clients for trading costs or losses, benefit programs, and our most recent acquisitions (Woodland Partners and Grove) were partially offset by lower mutual fund administration and distribution costs and brokerage costs.

Investment income was $7.8 million in the first half of 2003 higher by $4.6 million, or 140.0% from $3.2 million reported in the first half of 2002 as a combination of lower interest rates and the declining equity markets resulted in lower proprietary investment earnings. Interest expense increased $0.7 million to $6.6 million in the first half of 2003 from $5.9 million in the comparable prior year quarter largely as a result of the Company's issuance of $100 million of ten-year 5.5% non-callable senior notes in May.

The estimated effective tax rate for the first half of 2003 and the first half of 2002 was approximately 37.6%. Minority interest was higher by $0.2 million over the prior first half of the year.

LIQUIDITY AND CAPITAL RESOURCES

The Company's assets are primarily liquid, consisting mainly of cash, short term investments, securities held for investment purposes and investments in partnerships in which the Company is a general or limited partner. Investments in partnerships are generally illiquid, however, the underlying investments in such partnerships are generally liquid and the valuations of the investment partnerships reflect this underlying liquidity.

Summary cash flow data is as follows:

	Six Months Ended June 30, 2003	2002
	(in thousands)	
Cash flows provided by (used in):		
Operating activities	$ (1,332)	$ 45,849
Investing activities	(7,549)	6,134
Financing activities	102,300	38,498
Increase	93,419	90,481
Cash and cash equivalents at beginning of period	311,430	305,447
Cash and cash equivalents at end of period	$ 404,849	$ 395,928

Cash requirements and liquidity needs have historically been met through cash generated by operating activities and through the Company's borrowing capacity. The Company has received investment grade ratings from both Moody's Investors Services and Standard & Poor's Rating Services. These investment grade ratings expand our ability to attract both public and private capital. At June 30, 2003, the Company had total cash and cash equivalents of $404.8 million, an increase of $8.9 million from June 30, 2002. The Company has established a collateral account, consisting of cash and cash equivalents totaling $102.5 million, to secure a letter of credit issued in favor of the holder of the $100 million convertible note. The letter of credit was extended and expires on August 14, 2004, which coincides with the date of a put option the note holder may exercise. Cash and cash equivalents held in the collateral account are restricted from other uses until the date of expiration. Total debt at June 30, 2003 was $284.2 million, consisting of a $100 million convertible note, $100 million of ten-year 5.5% non-callable senior notes due May 15, 2013 and $84.2 million in mandatory convertible securities. The mandatory convertible securities consist of two components, a forward exchange contract to purchase shares of Class A common stock in February 2005 and an equivalent amount of senior notes due in February 2007. At the time of the mandatory exercise of the forward contract and purchase of common stock in February 2005 the Company will receive additional proceeds equal to the amount required to repay the senior notes in 2007. The interest rate on the senior notes will be reset in November 2004 and will be based upon the rates for treasury bills maturing on or about February 2007.

Cash used in operating activities was $1.3 million in the first half of 2003 principally resulting from an increase in investments in securities of $12.7 million and a $10.9 million reduction in payable to brokers partially offset by $20.9 million in net income. Cash provided by operating activities was $45.8 million in the first half of 2002 principally resulting from $29.3 million in net income and offset by changes in other assets and liabilities.

Cash used by investing activities, related to investments in and distributions from partnerships and affiliates, was $7.5 million in the first half of 2003. Cash provided by investing activities, related to investments in and distributions from partnerships and affiliates, was $6.1 million in the first half of 2002.

Cash provided by financing activities in the first half of 2003 was $102.3 million. The increase in cash primarily results from the $100 million issuance of ten-year, 5.5% non-callable and non-convertible senior notes and $2.9 million received from the exercise of non-qualified stock options that further generated cash tax savings of $0.8 million. Other significant financing activities which used cash included $0.6 million to repurchase shares of our Class A Common Stock and mandatory convertible securities under the Company's respective Stock Repurchase Programs.

Cash provided by financing activities in the first half of 2002 was $38.5 million. The increase in cash results from the issuance of $90 million of mandatory convertible debt securities before offering expenses and $9.1 million from the exercise of stock options less the repayment of a $50 million note payable and $5.8 million used to repurchase 152,805 shares of our Class A Common Stock under the Company's Stock Repurchase Program. The exercise of non-qualified stock options and the repayment of the note payable during the first half of 2002 generated cash tax savings of $4.1 million and $19.8 million, respectively, which has been included in income tax receivable.

On May 8, 2003 the Company sold $100 million of ten-year, 5.5% non-callable and non-convertible senior notes. The net proceeds to the Company was $99.2 million and is being used for general corporate purposes. The notes were issued under a $400 million shelf registration statement filed in December 2001. There remains $120 million available under the shelf registration statement.

Based upon the Company's current level of operations and its anticipated growth, the Company expects that its current cash balances plus cash flows from operating activities and its borrowing capacity will be sufficient to finance its working capital needs for the foreseeable future. The Company has no material commitments for capital expenditures.

Gabelli & Company, Inc., a subsidiary of the Company, is registered with the Securities and Exchange Commission as a broker-dealer and is a member of the National Association of Securities Dealers. As such, it is subject to the minimum net capital requirements promulgated by the Commission. Gabelli & Company's net capital has historically exceeded these minimum requirements. Gabelli & Company computes its net capital under the alternative method permitted by the Commission, which requires minimum net capital of $250,000. At June 30, 2003, Gabelli & Company had net capital, as defined, of approximately $12.0 million, exceeding the regulatory requirement by approximately $11.7 million. Regulatory net capital requirements increase when Gabelli & Company is involved in underwriting activities.

Market Risk

The Company is subject to potential losses from certain market risks as a result of absolute and relative price movements in financial instruments due to changes in interest rates, equity prices and other factors. The Company's exposure to market risk is directly related to its role as financial intermediary, advisor and general partner for assets under management in its mutual funds, institutional and separate accounts business, alternative investment products and its proprietary investment activities. At June 30, 2003, the Company's primary market risk exposure was to changes in equity prices and interest rates.

With respect to the Company's proprietary investment activities included in investments in securities of $190.1 million at June 30, 2003 were investments in Treasury Bills and Notes of $104.7 million, in mutual funds, largely invested in equity products, of $69.6 million, a selection of common and preferred stocks totaling $13.0 million and other investments of approximately $2.8 million. Investments in mutual funds generally lower market risk through the diversification of financial instruments within their portfolio. In addition, the Company may alter its investment holdings from time to time in response to changes in market risks and other factors considered appropriate by management. Of the approximately $13.0 million invested in common and preferred stocks at June 30, 2003, $2.1 million is invested in risk arbitrage opportunities in connection with mergers, consolidations, acquisitions, tender offers or other similar transactions. Investments in partnerships and affiliates totaled $57.0 million at June 30, 2003 and consisted principally of partnerships which invest in risk arbitrage opportunities. These transactions generally involve announced deals with agreed upon terms and conditions, including pricing, which typically involve less market risk than common stocks held in a trading portfolio. The principal risk associated with risk arbitrage transactions is the inability of the companies involved to complete the transaction.

The Company's exposure to interest rate risk results, principally, from its investment of excess cash in U.S. Government obligations. These investments are primarily short term in nature and the carrying value of these investments generally approximates market value.

The Company's revenues are largely driven by the market value of its assets under management and are therefore exposed to fluctuations in market prices. Investment advisory fees for mutual funds are based on average daily asset values. Management fees earned on institutional and high-net-worth separate accounts, for any given quarter, are generally determined based on asset values on the last day of the preceding quarter. Any significant increases or decreases in market value of institutional and high-net-worth separate accounts assets managed which occur on the last day of the quarter will generally result in a relative increase or decrease in revenues for the following quarter.

Recent Accounting Developments

In December 2002, the FASB issued SFAS 148 which provides alternative methods of transition to SFAS 123 and also amends its disclosure provisions. The Company elected to begin expensing options using the fair value recognition provisions of SFAS 123 effective January 1, 2003 using the Prospective method of transition. Under the Prospective transition method there are no changes to previously issued financial statements and only options granted subsequent to January 1, 2003 are expensed.

In November 2002, the FASB issued Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness to Others" ("FIN 45"), which provides accounting and disclosure requirements for certain guarantees. The Company indemnifies its clearing broker for losses it may sustain from the customer accounts introduced by the Company's broker dealer subsidiaries. In accordance with New York Stock Exchange rules, customer balances are typically collateralized by customer securities or supported by other recourse provisions. In addition, the Company further limits margin balances to a maximum of 25% versus 50% permitted under exchange regulations. At June 30, 2003 the total amount of customer balances subject to indemnification (i.e. margin debits) was immaterial.

In January 2003, the FASB issued Interpretation No. 46, "Consolidation of Variable Interest Entities"

("FIN 46"), which provides new criteria for determining whether or not consolidation accounting is required. This interpretation focuses on financial interests that indicate control despite the absence of clear control through voting interest. It concludes that a company's exposure (variable interest) to the economic risks and rewards from the variable interest entity's assets and activities are the best evidence of control. If the company holds the largest variable interest it could be considered the primary beneficiary. As the primary beneficiary it would be required to include the variable interest entity's assets, liabilities and results of operations in its own financial statements. This interpretation is effective for variable interest entities created after January 31, 2003; otherwise it is applicable for the first interim or annual reporting period after June 15, 2003. The Interpretation will require consolidation of certain of the investment in partnerships and affiliates' assets and liabilities and results of operations with minority interest recorded for the ownership share applicable to other investors. The difference between consolidation and the equity method would impact detailed line items reported within the consolidated financial statements but not overall consolidated net income or stockholders' equity. Where consolidation is not required additional disclosures may be required. We anticipate consolidating investments in partnerships and affiliates in the 10-Q for the quarterly period ended September 30, 2003. Financial information pertaining to the investments in partnerships and affiliates as of June 30, 2003 is as follows:

		June 30, 2003	
	As reported	Adjustment	Pro Forma
Total assets	\$ 695,500	\$ 494,527	\$ 1,190,027
Total liabilities	340,453	136,811	477,264
Minority interest payable	7,830	357,716	365,546
Total other income, net	1,153	15,598	16,751
Total expenses	61,264	3,895	65,159
Minority interest expense	268	11,703	11,971

Item 4. Controls and Procedures

Management, including the Chief Executive Officer and the Chief Financial Officer (who left the Company in the 3rd quarter), have conducted an evaluation of the effectiveness of disclosure controls and procedures pursuant to Exchange Act Rule 13a-14. Based on the evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the disclosure controls and procedures are effective in ensuring that all material information required to be filed in this quarterly report has been made known to them in a timely fashion. There have been no significant changes in internal controls, or in factors that could significantly affect internal controls, subsequent to the date the Chief Executive Officer and the Chief Financial Officer completed their evaluation.

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.

Part II: Other Information

Item 4. Submission of Matters to a Vote of Security Holders

The Annual Meeting of Stockholders of Gabelli Asset Management Inc. was held in Greenwich, Connecticut on May 13, 2003. At that meeting, the stockholders considered and acted upon the following matter:

THE ELECTION OF DIRECTORS. The stockholders elected the following individuals to serve as directors until the 2004 annual meeting of stockholders and until their respective successors are duly elected and qualified. All the directors were elected with more than 99% of the total votes cast.

Raymond C. Avansino, Jr.
John C. Ferrara
Mario J. Gabelli
Paul B. Guenther
Eamon M. Kelly
Karl Otto Pöhl

Item 6. (a) Exhibits

4.1 First Amendment to the Note Purchase Agreement, dated as of July 1, 2003.

4.2 Convertible Promissory Note, dated August 14, 2001.

4.3 Senior Note, dated May 15, 2003.

31.1 Certification by Chief Executive Officer Pursuant to Rule 13a-14 (a) and 15d-14 (a) as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

31.2 Certification by Controller Pursuant to Rule 13a-14 (a) and 15d-14 (a) as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

32.1 Certification of CEO pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

32.2 Certification of Controller pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

(b) Reports on Form 8-K.

The Company filed the following Current Reports on Form 8-K during the three months ended June 30, 2003.

1. Current Report on Form 8-K dated May 6,2003 containing the press release disclosing the Company's operating results for the first quarter ended March 31, 2003.
2. Current Report on Form 8-K/A dated May 8, 2003 to correct and supersede the Current Report on Form 8K filed on May 6, 2003.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

GABELLI ASSET MANAGEMENT INC.
(Registrant)

August 14, 2003
Date

/s/ Mario J. Gabelli
Mario J. Gabelli
Chief Executive Officer