

# GAMCO Investors, Inc.

## Corporate Governance Guidelines

These Corporate Governance Guidelines (the "Guidelines") have been adopted by the Board of Directors (the "Board") of GAMCO Investors, Inc. ("GAMCO") in connection with its oversight of GAMCO's management and business affairs. These Corporate Governance Guidelines are not intended to change or interpret any law, regulation, rule, or the charter documents of GAMCO.

### 1. Composition of Board of Directors.

**Goal.** The Board's primary goal is to exercise its business judgment in a manner it reasonably believes to be in the best interest of GAMCO and its stockholders. In its efforts to achieve this goal, the Board monitors GAMCO's performance. The Board also strives to ensure that controls are in place to assure that GAMCO's management and employees operate in a legal and ethically responsible manner. GAMCO's management is responsible to conduct GAMCO's business and affairs under the Board's oversight.

**Independence of Directors.** Because GAMCO satisfies the definition of a "controlled company" under the applicable rules of the New York State Exchange (the "Independence Rules"), GAMCO is not required to have a Board comprised of a majority of independent directors.

**Director Qualifications and Selection.** The Nominating Committee of the Board is responsible for reviewing with the Board the appropriate qualifications, requisite skills and characteristics of new directors as well as the composition of the Board as a whole. This assessment shall include the individual skills, experience and perspectives that will help create an effective Board. The Board shall consider whether the candidates meet the qualifications for an independent director under the Independence Rules and the standards set forth in Exhibit A. The Nominating Committee shall recommend to the Board candidates for election as directors, and the Board shall nominate directors for election by GAMCO's stockholders.

**Size of Board.** The Board shall periodically evaluate the appropriate size of the Board and make any changes it deems appropriate.

**Term Limits and Retirement.** The Board has not established a retirement age or term limits for its members. The Board recognizes the value of continuity of directors who have experience with GAMCO and who have gained over a period of time a level of understanding about GAMCO and its operations that enable the director to make a significant contribution to the deliberations of the Board.

### 2. Conflicts of Interest and Other Commitments.

The Board shall review annually the relationships that each director has with GAMCO (either directly or as a partner, shareholder or officer of an organization that has a relationship with GAMCO).

With respect to any matter under discussion by the Board, directors must disclose to the Board any potential conflicts of interest they may have and, if appropriate, refrain from voting on a matter in which they may have a conflict.

Each director is responsible for ensuring that other commitments do not conflict or materially interfere with the director's responsibilities to GAMCO. To ensure that serving as a director of another company or any other change in circumstances such as employment, business or "immediate family" relationships (as defined under the Independence Rules) would not conflict with his or her duties to GAMCO, need to be disclosed in GAMCO's proxy statement, or change the director's status under the Independence Rules, the director should consult the Chairman of the Board and the Secretary in advance of accepting an invitation to serve on another company's board and should report any such change to the Secretary.

### **3. Director Responsibilities.**

The directors are responsible for exercising care, loyalty and good faith; acting in a manner they reasonably believe is in the best interests of GAMCO and its stockholders and in a manner consistent with their fiduciary duties. In fulfilling their responsibilities, directors may ask such questions and conduct such investigations as they deem appropriate, and may reasonably rely on the information provided to them by GAMCO's senior executives and its outside advisors and auditors. The directors shall be entitled to receive the benefits of indemnification and exculpation to the fullest extent permitted by law, GAMCO's charter and by-laws and any indemnification agreements, as applicable.

Directors are expected to regularly attend Board meetings and meetings of committees on which they serve, to spend the time needed in preparation for such meetings and to meet as frequently as they deem necessary to properly discharge their responsibilities. In addition, directors should stay abreast of GAMCO's business and markets. To the extent reasonably practical, directors should review agendas and other meeting materials in advance of any Board or committee meetings.

The Chairman of the Board and the Secretary will establish and disseminate the agenda for each Board meeting. Each Board member is free to suggest the inclusion of items on the agenda. Each Board member is free to raise at any Board meeting subjects that are not on the agenda for that meeting. The Board will periodically review with management GAMCO's long-term strategic plans.

The Board believes that management speaks for GAMCO. Individual directors may, from time to time, expressly represent GAMCO in meetings or otherwise communicate with various third parties on GAMCO's behalf. It is expected that directors will do this with the knowledge of management and, unless warranted by unusual circumstances or as contemplated by the committee charters, only at the request of management.

#### **4. Executive Sessions.**

The non-management directors (i.e., directors who are not GAMCO officers) will meet separately without management in regular executive sessions. The "independent" directors as defined in the "Independence Rules" will meet at least once a year in executive session.

#### **5. Board Committees.**

The Board has an Audit Committee, a Compensation Committee, a Nominating Committee and a Corporate Governance Committee. All members of the Audit Committee, the Compensation Committee and the Corporate Governance Committee will be "independent" directors, as defined in the Independence Rules. In addition, Audit Committee members shall qualify under applicable provisions of the Securities Exchange Act of 1934 (as amended), the rules promulgated thereunder and applicable rules of the New York Stock Exchange.

Committee members shall be appointed by the Board to serve until their successors are duly appointed and qualify. The Board may designate the Chairman of the committee or, in the absence of a designation by the Board, the committee members shall designate the Chairman of the committee.

Each committee shall have its own written charter. The charters will set forth the purpose, authority and responsibilities of the committees as well as qualifications for committee membership, procedures for committee member appointment, committee structure and operations and how the committee reports to the Board. The charters of each committee will be reviewed periodically with a view toward delegating to the standing committees the full authority of the Board concerning specified matters appropriate to such committee.

The Chairman of each committee, in consultation with the committee members, will determine the frequency and length of the committee meetings consistent with any requirements set forth in the committee's charter. The Chairman of each committee, in consultation with the appropriate members of the committee and management, will develop the committee's agenda.

The Board may, from time to time, establish or maintain additional committees as it deems appropriate and delegate to such committees such authority permitted by applicable laws and GAMCO's By-Laws as the Board sees fit.

#### **6. Director Access to Officers, Employees and Independent Advisors.**

Directors shall have full and free access to officers and employees of GAMCO. Any meetings or contacts that a director wishes to initiate may be arranged directly by the directors or through the Chief Executive Officer or the Secretary.

The Board and each Board committee shall have the power to hire legal, accounting, financial or other advisors as they may deem necessary in best judgment with due regard to cost. The Secretary of GAMCO will arrange for payment of the invoices of any such third party.

## **7. Director Compensation.**

The form and amount of director compensation will be determined by the Compensation Committee in accordance with the policies and principles set forth in its charter, and the Compensation Committee will conduct an annual review of director compensation.

## **8. Director Orientation and Continuing Education.**

The Secretary, with the assistance of the Corporate Governance Committee, shall establish, or identify and provide access to, appropriate orientation sessions or material for newly elected directors of GAMCO for their benefit either prior to or within a reasonable period of time after their nomination or election as a director. This orientation may include presentations by senior management to familiarize new directors with GAMCO's strategic plans, its significant financial, accounting and risk management issues, its compliance program, its Code of Business Conduct and Corporate Governance Guidelines, its principal officers, and its internal and independent auditors.

The Secretary, with the assistance of the Corporate Governance Committee, shall also identify or develop continuing education opportunities for non-management directors.

## **9. Management Succession.**

The Board will discuss management succession planning at least once each year. Given the role of Mario Gabelli in founding, growing and managing the business, the Board will devote particular attention to the steps to be taken in the event of an emergency in which Mario Gabelli is no longer able to perform his responsibilities.

## **10. Performance Evaluation.**

The Board, with the assistance of the Corporate Governance Committee, shall conduct an annual self-evaluation to determine whether the Board and its committees are functioning effectively. The full Board will discuss the evaluation to determine what action, if any, could improve Board and committee performance. The Board, with the assistance of the Corporate Governance Committee, shall periodically review these Corporate Governance Guidelines to determine whether any changes are appropriate.

These Corporate Governance Guidelines are intended as a component of the flexible framework within which the Board, assisted by its committees, directs the affairs of GAMCO. While they should be interpreted in the context of applicable laws, regulations and listing requirements, as well as in the context of GAMCO's Certificate of Incorporation and By-Laws, they are not intended to establish by their own force any legally binding obligations.

## Exhibit A:

### Guidelines for Director Independence

For a director to be deemed "independent," the Board shall affirmatively determine that the director has no material relationship with GAMCO Investors, Inc. (together with its consolidated subsidiaries, "GAMCO") or its affiliates or any member of the senior management of GAMCO or his or her affiliates. This determination shall be disclosed in the proxy statement for each annual meeting of GAMCO's shareholders. In making this determination, the Board shall apply the following standards:

- A director who is an employee, or whose immediate family member is an executive officer, of GAMCO will not be deemed independent until three years after the end of such employment relationship. Employment as an interim Chairman or Chief Executive Officer will not disqualify a director from being considered independent following that employment.
- A director who received, or whose immediate family member received in any twelve month period over the last three years more than \$120,000 in direct compensation from GAMCO will not be deemed independent. In calculating such compensation, the following will be excluded:
  - director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service);
  - compensation received by a director for former service as an interim Chairman or Chief Executive Officer;
  - compensation received by an immediate family member for service as a non-executive officer employee of GAMCO; and
  - dividend or interest income and bona fide and documented reimbursed business expenses.
- A director will not be considered independent if:
  - the director is a current partner or employee of a firm that is GAMCO's internal or external auditor;
  - the director has an immediate family member who is a current partner of GAMCO's internal or external auditor;
  - the director has an immediate family member who is a current employee of GAMCO's internal or external auditor and personally works on GAMCO's audit;  
or

- the director or an immediate family member was within in the last three years a partner or employee of GAMCO's internal or external auditor and personally worked on GAMCO's audit within that time.
- A director who is, or whose immediate family member is, employed as an executive officer of another company where any of GAMCO's current executive officers serve on that company's compensation committee will not be deemed independent until three years after the end of such service or the employment relationship.
- A director who is, a general partner or employee, or whose immediate family member is an executive officer or general partner, of an entity that makes payments to, or receives payments from, GAMCO for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of \$1 million or 2% of such other entity's consolidated gross revenues, will not be deemed independent.
- Further to the provision above that applies to goods and services generally, a director who is, or whose immediate family member is, an executive officer, general partner or significant equity holder (i.e., in excess of 10%) of an entity that is a paid provider of professional services to GAMCO, any of its affiliates, any executive officer or any affiliate of an executive officer, if the payments for such services exceed \$120,000 (but do not exceed the greater of \$1 million or 2% of such other entity's consolidated gross revenues) within the preceding twelve-month period may not be deemed independent.
- A director who is, or whose immediate family member is, affiliated with or employed by a tax-exempt entity that receives significant contributions (i.e., more than 2% of the annual contributions received by the entity or more than \$1 million in a single fiscal year, whichever amount is greater) from GAMCO, any of its affiliates, any executive officer or any affiliate of an executive officer within the preceding twelve-month period may not be deemed independent, unless the contribution was approved by the Board and disclosed in GAMCO's proxy statement.

For purposes of these Guidelines, the terms:

- "affiliate" means any consolidated subsidiary of GAMCO and any other company or entity that controls, is controlled by or is under common control with GAMCO, as evidenced by the power to elect a majority of the board of directors or comparable governing body of such entity; and
- "immediate family" means spouse, parents, children, siblings, mothers- and fathers-in-law, sons- and daughters-in-law, brothers- and sisters-in-law and anyone (other than domestic employees) sharing a person's home, but excluding any person who is no longer an immediate family member as a result of legal separation or divorce, or death or incapacitation.

The Board shall undertake an annual review of the independence of all non-employee directors. In advance of the meeting at which this review occurs, each non-employee director shall be asked to provide the Board with full information regarding the director's business and other relationships with GAMCO and its affiliates and with senior management and their affiliates to enable the Board to evaluate the director's independence.

Directors have an affirmative obligation to inform the Board of any material changes in their circumstances or relationships that may impact their designation by the Board as "independent." This obligation includes all business relationships between, on the one hand, directors or members of their immediate family, and, on the other hand, GAMCO and its affiliates or members of senior management and their affiliates, whether or not such business relationships are subject to the approval requirement set forth in the following provision.