

# **GAMCO INVESTORS, INC.**

## **COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS**

### **CHARTER**

#### **Organization**

There shall be a Compensation Committee of the Board of Directors which shall be comprised of directors who are independent (as defined by applicable laws and rules and regulations) of the management of GAMCO Investors, Inc. ("GAMCO") and are free of any relationship that, in the opinion of the Board of Directors, would interfere with their exercise of independent judgment as a committee member.

#### **Members**

The Board annually will appoint not less than two directors as members of the Committee.

#### **Statement of Principle**

The Compensation Committee has responsibility with respect to determining, approving and evaluating the compensation payable to GAMCO's Chief Executive Officer and reviewing and approving the compensation payable to GAMCO's other executive officers. The Committee also has responsibility for designing, approving and evaluating stock-based compensation plans and awards.

In carrying out its responsibilities, the Compensation Committee believes its policies and procedures should remain flexible, in order to best react to changing conditions and to ensure to the directors and shareholders that the compensation practices of the GAMCO are in accordance with all requirements and are of the highest quality.

#### **Duties and Responsibilities**

The Compensation Committee shall have the following duties and responsibilities in addition to any others that may be assigned by the Board:

- Obtain the full Board of Directors' approval of this Charter and review and reassess this Charter as conditions dictate (at least annually).
- Determine and approve the compensation payable to the Chief Executive Officer of GAMCO. In so doing and pursuant to the terms of the Employment Agreement with the Chief Executive Officer, review at least annually all

management fee payments paid to him for compliance with the terms of the Employment Agreement.

- Review and approve, for each and any other executive officer of GAMCO:
  - (i) the annual base salary level,
  - (ii) the annual incentive opportunity level,
  - (iii) long-term incentive opportunity level,
  - (iv) employment agreements, severance arrangements, and change in control provisions/agreements, in each case as, when, and if appropriate, and
  - (v) any special or supplemental benefits.
- Review and approve all stock-based compensation plans and awards, including stock options, deferred share units or any other form of share-based compensation.
- Recommend to the Board the compensation of the Board.
- Determine GAMCO's policy with respect to the application of Section 162(m) of the Internal Revenue Code of 1986, as amended, and when compensation may be paid by GAMCO which is not deductible for Federal income tax purposes.
- Submit the minutes of all meetings of the Compensation Committee to, or discuss the matters discussed at each Committee meeting with, the Board of Directors.
- Investigate any matter brought to its attention within the scope of its duties, with the power to retain outside counsel for this purpose if, in its judgment, that is appropriate.
- Produce the annual report of the Compensation Committee for inclusion in GAMCO's proxy statement in accordance with applicable Securities and Exchange Commission rules and regulations.

### **Chairperson**

The Board will appoint a member as Chair of the Committee. In the event of the Chairperson's absence, the Committee may select another member as Chairperson.

### **Meetings**

The Committee will determine the date, time and place for its meetings. The Committee may meet on written or verbal notice from the Chairperson. Any member of the Committee may also call a special meeting of the Committee by written request and invite other Committee members to attend. The Committee may establish those procedures for the conduct of its business it deems appropriate, such procedures to be in keeping with those adopted by the Board.

All decisions will be by majority vote. In the event of a tie, the Chairperson will have the casting vote.

### **Quorum**

A majority, but not fewer than two, of the members of the Committee constitute a quorum for the transaction of business.

### **Decisions**

The Committee will report its recommendations and decisions to the Board at the Board's next regular meeting.

### **Secretary and Minutes**

The Chairperson of the Committee will appoint a person to act as Secretary of the Committee. The minutes of the Committee meeting will be in writing and duly entered in the books of GAMCO.