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Gabelli & Company, Inc.

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**MAGNA CARTA
OF
SHAREHOLDER RIGHTS**

There has been a great deal of dialogue among fund sponsors, especially among corporate sponsors, about the voting of proxies. The U.S. Department of Labor has focused on this as well. We thought it timely to share with you our thought process on the voting of proxies.

The MAGNA CARTA (a) of Shareholder Rights

As we have stated in the past, we are neither for nor against management. We are for shareholders.

As security analysts we are best informed (sic!) to make the decisions on matters that will affect the economic value of investments. We believe a Magna Carta of Shareholder Rights should exist. What do you as a professional in the investment business think?

We feel there are issues that affect corporate governance. The following list outlines our position on these issues:

We are in favor of:

Cumulative Voting
Golden Parachutes
One Share: One Vote
Cash Incentives
Pre-emptive Rights

We will vote against:

Greenmail
Poison Pills
Supermajority Voting
Blank Check Preferreds
Super-Dilutive Stock Options

This is our policy. We will make exceptions when we encounter management that demonstrates superior sensitivity to the needs of shareholders. What are you doing?

(a) The MAGNA CARTA (L. great charter) was signed in June 1215 at Runnymede on the Thames. It was the decisive step forward in the establishment of constitutional government in England.

What is a Poison Pill?

The shareholder rights plan, commonly known as the “poison pill,” was developed in the 1980s as a defense mechanism for corporations seeking to protect themselves from hostile takeovers. As the decade’s notorious leveraged buyout firms and corporate raiders pursued one target after another, anxious managements and boards of directors searched for ways to fend off these unwelcome attempts.

In 1982, attorney Marty Lipton of Wachtell, Lipton, Rosen & Katz devised a scheme. A company could effectively place a limit on the level of stock ownership in the hands of a single shareholder or group of shareholders, thereby protecting precious control. In the event that a hostile suitor’s ownership level exceeded a certain threshold (15%, for example), the rights plan would be activated and all other shareholders would be entitled to purchase discounted shares. The influx of new shares would dilute the suitor’s holdings, and management would benefit from additional time to contemplate its next move.



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Rise to Prevalence

Inspired as Mr. Lipton’s strategy was, it did not achieve immediate traction. Lipton first brought the idea to the attention of client General American Oil, which faced a hostile bid from corporate raider T. Boone Pickens. General American’s board was hesitant to implement the unprecedented maneuver, and the company was sold to last-minute bidder Philips Petroleum. However, Lipton soon reintroduced the notion of a shareholder rights plan in his defense of another takeover target, El Paso Company. This tool afforded El Paso the negotiating leverage that the company needed in completing its sale to hostile bidder Burlington Northern.

Less than a year after this initial success, Lipton’s shareholder rights plan had garnered much attention and acquired its infamous nickname. In the midst of Brown-Forman Distillers’ hostile takeover of Lenox Inc., Lenox’s head investment banker Martin Siegel of Kidder, Peabody publicly expressed his support for the takeover defense, referring to Lipton’s strategy as a “poison pill” – alluding to the espionage convention in which spies swallow cyanide pills rather than face capture.

The term “poison pill” has endured, as has the strategy. In 1985, the Delaware Supreme Court upheld the legality of the poison pill in the case of *Moran v. Household International*, affirming the board’s right to adopt a poison pill without seeking shareholder approval. Following this landmark ruling, boards of directors were quick to adopt poison pills for public companies of all sizes in virtually every industry. However, as its name implies, this mechanism carries repercussions harmful to not only the aggressor, but also the target. More importantly, we believe it hurts owners – the shareholders – our clients.

Our Position

We at the Gabelli organization maintain that poison pills have no proper place in corporate governance. In the best of scenarios, the existence of a poison pill promotes constructive conversation

between a potential acquirer and company management, ensuring a fair transaction. More often, a poison pill acts as a wall around shareholder value, to which only management holds the key. In the worst of scenarios, the existence of a poison pill provides underperforming management a safe harbor from any transaction that may be favorable to shareholders but unfavorable to their own interests. At the root of this dilemma is the inherent reality that poison pills upset the balance of power between shareholders and management. As the saying goes: *power corrupts, and absolute power corrupts absolutely*. Poison pills obstruct the democratic, free process of evaluating opportunities, to the detriment of shareholder value.

GAMCO's Magna Carta of Shareholder Rights

We have long emphasized our opposition to poison pills and advocated their removal. Two decades ago, on May 16, 1988, we published our Magna Carta of Shareholder Rights. We stated in this document, as we have in the past, that we are neither for nor against management; we are for shareholders. This viewpoint forms a critical underpinning for our proxy voting policies. We have an extensive history of voting against the adoption and for the elimination of poison pills in the companies in which we invest on behalf of our clients. In specific instances, we have sponsored initiatives to rescind the pill. By submitting a proposal before the company's shareholders, and obtaining the majority vote, we have demonstrated to the board of directors that the poison pill is not appropriate. Selected examples of such companies are listed below:

<u>Company Name</u>	<u>Poison Pill Adopted</u>	<u>GAMCO Proposal Approved</u>	<u>Poison Pill Eliminated</u>
Navistar International Corporation	April 1999	February 2001	October 2001
Modine Manufacturing Company	October 1986	July 2002	July 2002
Penton Media Inc.	June 2000	May 2002	June 2003
Thomas & Betts Corporation	December 1997	May 2003	October 2003
Standard Motor Products, Inc.	January 1996	May 2004	February 2006

Current Initiatives

We continue to believe in a system of checks and balances. Accordingly, we will propose the elimination of a company's poison pill in circumstances that we feel are particularly destructive to shareholder value. Most recently, we have submitted to the managements of Pennichuck Corporation, Gaylord Entertainment, Diebold Incorporated, and Alpharma Inc. proposals for inclusion in the companies' forthcoming proxy statements, to be voted upon at the companies' 2009 annual shareholder meetings. As before, each proposal mandates that the board of directors promptly abolish the shareholder rights plan.

In Conclusion

The application of a poison pill distorts the crucial, fair process by which the shareholders of a company exercise their right to decide what is best for them. Forcing the owners of a company – without their consent – to relinquish this prerogative is unacceptable to us. We will continue to be *for* shareholders.

Important Disclosures

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We prepared this report as a matter of general information. We do not intend for this report to be a complete description of any security or company and it is not an offer or solicitation to buy or sell any security. As of October 31, 2008, our affiliates beneficially own on behalf of their investment advisory clients or otherwise approximately 3.46% of Navistar International Corporation, 13.40% of Modine Manufacturing Company, 6.88% of Thomas & Betts Corporation, 15.54% of Standard Motor Products Inc., 14.89% of Pennichuck Corporation, 9.58% of Gaylord Entertainment, 7.63% of Diebold Incorporated, and 9.28% of Alpharma Inc.
