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February 8, 2017

Dear Shareholders,

Teton Advisors, Inc. (“Teton”) is excited to update you on the progress of the acquisition of the assets of Keeley Asset Management Corp. (“KAMCO”) announced last November. We are in the final stages of completing this transformational acquisition capitalizing on the legacy of John L. Keeley, Jr. Assuming KAMCO is, as expected, able to obtain the requisite approval of mutual fund shareholders, we anticipate closing the transaction at the end of February.

The funding will consist of a combination of cash on the balance sheet and debt and equity financing from private sources. In connection with this financing, Teton is issuing 75,000 redeemable preferred shares. In addition, Teton is issuing the equivalent of 165,000 common shares.

No action is needed by you at this time. Attached as required by Delaware Law are the formal Notice to Stockholders and Written Consent of Stockholders of Teton Advisors, Inc. If you have any questions, please contact me at 914-457-1070.

Sincerely,
Nicholas Galluccio
President & Chief Executive Officer

NOTICE TO STOCKHOLDERS

OF

TETON ADVISORS, INC.

(pursuant to Section 228(e) of the Delaware General Corporation Law)

Dated: February 8, 2017

To Stockholders of Teton Advisors, Inc.:

Teton Advisors, Inc., a Delaware corporation (the “Company”), hereby provides you notice of the taking of corporate action on February 2, 2017 to amend the amended and restated certificate of incorporation (the “Charter”) to (i) add preferred stock as authorized capital stock and (ii) correct certain typographical errors in the Charter. This amendment of the charter was duly authorized, approved and adopted by written consent of the holders of the requisite majority in voting power of the Company’s issued and outstanding stock entitled to vote on the matter. A copy of this written consent and a copy of the amendment to the Charter, as filed with the Secretary of State of Delaware, are attached hereto as Annex A.

This notice to stockholders constitutes prompt notice, pursuant to Section 228 of the Delaware General Corporation Law, of the taking of corporate action without a meeting of stockholders, by holders of less than the unanimous voting power of the Company’s issued and outstanding stock. This notice is being sent to all of those stockholders who have not consented in writing to the amendment to the Charter.

The Company’s board of directors determined that the adoption of the amendment to the Charter was advisable and in the best interest of the Company. Among other things, the amendment will enable the Company to issue a series of preferred stock that it contemplates will be issued to John L. Keeley Enterprises LLC (“Keeley”). This preferred stock would finance part of the purchase price of the Company’s previously announced \$23,000,000 acquisition of all of the assets used in the operation of the investment management, investment advisory, sub-advisory and administrative services business of Keeley Asset Management Corp. The Company plans to issue 75,000 shares of this preferred stock for an aggregate purchase price of \$7,500,000 and 65,000 shares of Class A Common Stock for a purchase price of \$65.00 on terms to be negotiated with Keeley. It is expected that this preferred stock upon redemption will be settled by delivery of \$7,500,000, plus the then fair market value of 10,000 shares of Class A Common Stock. The Company also plans to finance an additional \$5,000,000 of the purchase price through the issuance of a promissory note and warrants to the Company’s controlling stockholder.

Michael Mancuso
Chief Financial Officer

Annex A

**WRITTEN CONSENT OF THE
STOCKHOLDERS OF
TETON ADVISORS, INC.
a Delaware Corporation**

February 2, 2017

The undersigned stockholder of Teton Advisors, Inc., a Delaware Corporation (the “Corporation”), constituting a holder of at least a majority in voting power of the common stock, par value \$0.001 per share, of the Corporation, hereby takes the following actions and adopts the following resolutions by written consent in accordance with the Amended and Restated Certificate of Incorporation of the Corporation (the “Certificate of Incorporation”), the Amended and Restated By-laws of the Corporation, and Sections 228 and 242 of the Delaware General Corporation Law (the “DGCL”):

APPROVAL OF CERTIFICATE OF AMENDMENT AND WARRANTS

WHEREAS, the Corporation’s board of directors (the “Board”) has determined that it is in the best interests of the Corporation to amend its Amended and Restated Certificate of Incorporation (“Certificate of Incorporation”) in order, among other things, to increase and change its authorized capital stock, in the form attached hereto as Exhibit A (the “Certificate of Amendment”); and

WHEREAS, the Board has declared and approved the amendments to the Certificate of Incorporation set forth in the Certificate of Amendment to be advisable and has recommended that the stockholders approve and adopt the Certificate of Amendment; and

WHEREAS, the undersigned stockholder has considered the Certificate of Amendment and desires to authorize, approve and adopt the Certificate of Amendment; and

WHEREAS, the Board has also determined that in connection with the \$5.0 million loan to be provided by GGCP, Inc. (“GGCP”) to the Corporation, it is the best interests of the Corporation to issue to GGCP warrants to purchase up to 100,000 shares of the Corporation’s Class A Common Stock, exercisable at any time for a period of ten years at \$0.01 per warrant, (the “GGCP Warrants”);

NOW, THEREFORE, BE IT RESOLVED, that the amendments to the Certificate of Incorporation set forth in the Certificate of Amendment, in substantially the form attached hereto as Exhibit A, are hereby authorized, approved and adopted; and be it

RESOLVED FURTHER, that the officers of the Corporation be, and each of them hereby is, authorized and directed, for and on behalf of the Corporation, to prepare or cause to be prepared, to execute or cause to be executed, and to file or cause to be filed with the Secretary of State of the State of Delaware, the Certificate of Amendment; and be it

RESOLVED FURTHER, that the Board's determination to authorize the issuance of the GGCP Warrants is hereby ratified and adopted; and be it

RESOLVED FURTHER, as determined and authorized by the Board of Directors, that the officers of the Corporation be, and each of them hereby is, authorized and directed, for and on behalf of the Corporation, to prepare or cause to be prepared, and to execute or cause to be executed, any documents deemed necessary or appropriate in connection with the GGCP Warrants, and to issue or cause the GGCP Warrants to be issued; and be it

GENERAL AUTHORIZATION

RESOLVED FURTHER, that each of the officers of the Corporation acting in connection herewith is hereby severally authorized and directed, for and on behalf of the Corporation, to take all such further actions as any of them deem necessary or appropriate to further the purposes of the foregoing resolutions and the transactions contemplated thereby, including the mailing of materials to the stockholders of the Corporation, and the necessity or propriety of such actions shall be conclusively evidenced by the taking of such actions by any of such officers; and be it

RESOLVED FURTHER, that all corporate actions taken on or prior to the date hereof by any of the officers or their designees or the directors of the Corporation in connection with the foregoing resolutions and the transactions contemplated thereby, are hereby adopted, approved, and ratified in all respects as the actions of the Corporation effective as of the date such actions were taken; and be it

RESOLVED FURTHER, that this Consent may be signed in multiple counterparts, including counterparts transmitted by facsimile or other electronic transmission, each of which shall be deemed an original, and all of which taken together shall constitute one and the same instrument; and be it

RESOLVED FURTHER, that this Consent shall be filed with the minutes of the proceedings of the stockholders in the Corporation's minute book.

[Signature page follows]

WITNESS WHEREOF, the undersigned has executed this Written Consent of the Stockholders of Teton Advisors, Inc. as of the date first set forth above.

GGCP HOLDINGS LLC

By: /s/ Frederic V. Salerno

Name: Frederic V. Salerno

Title: Chairman of the Board of GGCP, Inc.

As Majority Member and Manager of GGCP Holdings LLC

(GGCP Holdings LLC is the holder of 299,026 shares of Class B Common Stock)

Exhibit A

**STATE OF DELAWARE
CERTIFICATE OF AMENDMENT OF
THE AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION OF
TETON ADVISORS, INC.**

Teton Advisors, Inc. (the "**Corporation**"), a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware, hereby certifies, pursuant to Section 242 of the General Corporation Law of the State of Delaware:

FIRST: That the Amended and Restated Certificate of Incorporation of this Corporation (the "**Certificate of Incorporation**") is hereby amended as follows:

1. Subparagraph A of the paragraph entitled FOURTH in the Certificate of Incorporation is deleted and replaced in its entirety with the following:
 - A. Capital Stock. The total number of shares of capital stock which the Corporation is authorized to issue is Two Million Eighty Thousand (2,080,000) shares, which shall be divided into three classes, consisting of One Million Two Hundred Thousand (1,200,000) shares of Class A Common Stock, par value \$0.001 per share (the "Class A Common Stock"), Eight Hundred Thousand (800,000) shares of Class B Common Stock, par value \$0.001 per share (the "Class B Common Stock"), and Eighty Thousand (80,000) shares of Preferred Stock, par value \$0.001 per share (the "Preferred Stock").
2. Clause 1 of Subparagraph B of the paragraph entitled FOURTH in the Certificate of Incorporation is deleted and replaced in its entirety with the following:
 1. Dividend Rights. Shares of Class A Common Stock and Class B Common Stock shall be treated equally, identically and ratably, on a per share basis, with respect to any dividends or distributions as may be declared and paid from time to time by the Corporation's Board of Directors (the "Board") out of any assets of the Corporation legally available therefor; provided, however, that in the event a dividend is paid in the form of shares of Class A Common Stock or Class B Common Stock (or rights to acquire, or securities convertible into or exchangeable for, such shares), then holders of Class A Common Stock shall receive shares of Class A Common Stock (or rights to acquire, or securities convertible into or exchangeable for, such shares, as the case may be) and holders of Class B Common Stock shall receive shares of Class B Common Stock (or rights to acquire, or securities convertible into or exchangeable for, such shares, as the case may be). Notwithstanding the foregoing, the Board of Directors may pay or make a disparate dividend or distribution per share of Class A Common Stock and Class B Common Stock (whether in the amount of such dividend or distribution payable per share, the form in which such dividend or distribution is payable, the

timing of the payment, or otherwise) if such disparate dividend or distribution is approved in advance by the affirmative vote of the holders of a majority in voting power of the outstanding shares of Class A Common Stock and Class B Common Stock, each voting separately as a class.

3. Clause 2 of Subparagraph B of the paragraph entitled FOURTH in the Certificate of Incorporation is deleted and replaced in its entirety with the following:

2. Liquidation, Dissolution or Winding Up. Subject to the preferential or other rights of the holders of any series of Preferred Stock then outstanding, upon the dissolution, liquidation or winding up of the Corporation, whether voluntary or involuntary, holders of Class A Common Stock and Class B Common Stock will be entitled to receive ratably all assets of the Corporation available for distribution to its stockholders unless disparate or different treatment of the shares of each such class with respect to distributions upon any such liquidation, dissolution or winding up is approved in advance by the affirmative vote of the holders of a majority in voting power of the outstanding shares of Class A Common Stock and Class B Common Stock, each voting separately as a class.

4. Subclause (c) of Clause 3 of Subparagraph B of the paragraph entitled FOURTH in the Certificate of Incorporation is deleted and replaced in its entirety with the following:

- (c). Voting. Except as otherwise required by law or this Certificate of Incorporation, the Class A Common Stock and the Class B Common Stock shall vote together as a single class with respect to all matters which may be submitted to stockholders.

5. Subparagraph C of the paragraph entitled FOURTH in the Certificate of Incorporation is deleted and replaced in its entirety with the following:

C. Preferred Stock.

1. Shares of Preferred Stock may be issued from time to time in one or more series. The Board of Directors is hereby authorized to provide by resolution or resolutions from time to time for the issuance, out of the authorized but unissued shares of Preferred Stock, of one or more series of Preferred Stock, without stockholder approval, by filing a certificate pursuant to the applicable laws of the State of Delaware, setting forth such resolution and, with respect to each such series, establishing the number of shares to be included in such series, and fixing the voting powers, full or limited, or no voting power of the shares of such series, and the designations, preferences and relative, participating, optional or other special rights, if any, of the shares of each such series and any qualifications, limitations or restrictions thereof. The powers, designations, preferences and relative, participating, optional and other special rights of each series of Preferred Stock, and the qualifications,

limitations and restrictions thereof, if any, may differ from those of any and all other series of Preferred Stock at any time outstanding. The authority of the Board of Directors with respect to each series of Preferred Stock shall include, but not be limited to, the determination of the following:

- (a) The number of shares constituting that series and the distinctive designation of that series;
- (b) The dividend rate on the shares of that series, if any, whether dividends shall be cumulative, and, if so, from which date or dates, and the relative rights of priority, if any, of payment of dividends on shares of that series;
- (c) Whether that series shall have voting rights, in addition to the voting rights provided by law, and, if so, the terms of such voting rights;
- (d) Whether that series shall have conversion privileges or be exchangeable for shares of any other class or series, or any other security, of the Corporation, and, if so, the terms and conditions of such conversion or exchange, including provision for adjustment of the conversion or exchange rate in such events as the Board of Directors shall determine;
- (e) Whether or not the shares of that series shall be redeemable, and, if so, the terms and conditions of such redemption, including the date or dates upon or after which they shall be redeemable, and the amount per share payable in case of redemption, which amount may vary under different conditions and at different redemption dates;
- (f) Whether that series shall have a sinking fund for the redemption or purchase of shares of that series, and, if so, the terms and amount of such sinking fund;
- (g) The rights of the shares of that series in the event of voluntary or involuntary liquidation, dissolution or winding up of the Corporation, and the relative rights of priority, if any, of payment of shares of that series; and
- (h) Any other relative rights, preferences and limitations of that series.

Unless otherwise provided in any certificate of designations relating to any series of Preferred Stock, regardless of series, shares of Preferred Stock which shall be issued and thereafter acquired by the Corporation through purchase, redemption, exchange, conversion or otherwise, shall be automatically retired and cancelled and, upon such retirement and cancellation, shall return to the status of authorized but unissued shares of Preferred Stock, without designation as to series of Preferred Stock, and the Corporation shall have the right to reissue such shares.

2. Except as may otherwise be provided in any certificate of designations relating to any series of Preferred Stock or by applicable law, the holders of Preferred Stock shall not be entitled to vote at or receive notice of any meeting of stockholders.

3. Except as expressly set forth in any certificate of designations relating to any series of Preferred Stock or any agreement between the Corporation and its stockholders, the holders of Preferred Stock shall have no preemptive right to subscribe for any shares of any class of capital stock of the Corporation whether now or hereafter authorized.

6. A new Subparagraph D is added at the end of the paragraph entitled FOURTH in the Certificate of Incorporation as follows:

D. Notice. Without limiting any manner by which notice may be given under applicable law, any notice required or permitted to be given to the holders of shares of Class A Common Stock, Class B Common Stock or Preferred Stock under this Certificate of Incorporation, the Bylaws of the Corporation or applicable law shall be deemed given if deposited in the United States mail, postage prepaid, and addressed to each holder of record at his address appearing on the books of the Corporation.

7. The title of the paragraph entitled SEVENTH in the Certificate of Incorporation is deleted and replaced with the title SIXTH.
8. The title of the paragraph entitled EIGHT in the Certificate of Incorporation is deleted and replaced with the title SEVENTH, and the last sentence of such paragraph is hereby deleted and replaced with the following:

In addition to any greater or additional vote required by this Certificate of Incorporation, any alteration, amendment or repeal of the Bylaws of the Corporation by the stockholders shall require the affirmative vote of a majority in voting power of the outstanding Class A Common Stock, Class B Common Stock and Preferred Stock, voting together as a single class.

9. The title of the paragraph entitled NINTH in the Certificate of Incorporation is deleted and replaced with the title EIGHTH.

SECOND: The foregoing amendments were duly adopted in accordance with the provisions of Section 242 and Section 228 (by the written consent of the stockholders of the Corporation) of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, Teton Advisors, Inc. has caused this certificate to be signed by its duly authorized officer on this 6th day of February, 2017.

Teton Advisors, Inc.

By: /s/ Nicholas Galluccio
Name: Nicholas Galluccio
Title: President & Chief Executive Officer