Condensed Financial Statements

Teton Advisors, Inc.

Quarterly Report for the Period Ended March 31, 2011

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Contents

Teton Advisors, Inc.

Condensed Statements of Income

(Unaudited)

	Three months ended March 31, 2011	2010
Revenues		
Investment advisory fees	**$ 2,096,955**	$ 1,284,846
12B-1 fees	**66,490**	-
Other income	**1,555**	136
Total revenues	**2,165,000**	1,284,982
Expenses		
Compensation	**656,763**	399,795
Marketing and administrative fees	**328,583**	271,004
Sub-advisory fees	**134,887**	153,887
Distribution costs and expense reimbursements	**186,315**	74,546
Advance Commissions	**99,252**	-
Other operating expenses	**126,064**	97,247
Total expenses	**1,531,864**	996,479
Income before income taxes	**633,136**	288,503
Income taxes	**225,560**	99,900
Net income	**$ 407,576**	$ 188,603
Net income per share:		
Basic	**$ 0.40**	**$ 0.18**
Diluted	**$ 0.34**	**$ 0.16**
Weighted average shares outstanding:		
Basic	**1,043,394**	**1,043,394**
Diluted	**1,210,242**	**1,197,868**

See accompanying notes.

Teton Advisors, Inc.

Condensed Statements of Financial Condition

	March 31, 2011	**December 31, 2010**
	(Unaudited)	(Audited)
Assets		
Cash and cash equivalents	**$ 647,433**	$ 283,119
Investment advisory fees receivable	**726,376**	588,780
Deferred tax asset	**21,979**	24,592
Income tax receivable	**-**	56,317
Receivables from affiliates	**14,625**	21,964
Contingent deferred sales commissions	**352,300**	172,398
Other assets (net of accumulated depreciation of $6,338 and $5,616, respectively)	**94,106**	65,990
Total assets	**$ 1,856,819**	$ 1,213,160
Liabilities and stockholders' equity		
Payables to affiliates	**$ 218,183**	$ 410,446
Deferred tax liability	**210,002**	161,089
Income tax payable	**110,425**	-
Compensation payable	**220,151**	35,000
Dividend payable	**131,885**	131,885
Distribution costs payable	**85,998**	53,000
Professional fees payable	**39,455**	30,435
Accrued expenses and other liabilities	**80,252**	80,008
Total liabilities	**1,096,351**	901,863
Stockholders' equity:		
Class A Common stock, $.001 par value; 1,200,000 shares authorized: 968,050 and 967,144 shares issued and outstanding, respectively	**708**	707
Class B Common stock, $.001 par value; 800,000 shares authorized; 336,192 and 337,098 issued and outstanding, respectively	**343**	344
Additional paid in capital – Class A	**353,781**	312,186
Treasury stock, class B, at cost (8,000 shares)	**(8,120)**	(8,120)
Retained earnings	**413,756**	6,180
Total stockholders' equity	**760,468**	311,297
Total liabilities and stockholders' equity	**$ 1,856,819**	$ 1,213,160

See accompanying notes.

Teton Advisors, Inc.

Condensed Statements of Stockholders' Equity

(Unaudited)

For the Three Months Ended March 31, 2011

	Common Stock Class A	Common Stock Class B	Additional Paid in Capital - Class A	Treasury Stock	Retained Earnings	Total
Balance at December 31, 2010	$ 707	$ 344	$ 312,186	($ 8,120)	$ 6,180	$ 311,297
Stock based compensation	**-**	**-**	**41,595**	**-**	**-**	**41,595**
Conversion from Class B to Class A	**1**	**(1)**	**-**	**-**	**-**	**-**
Net income	**-**	**-**	**-**	**-**	**407,576**	**407,576**
Balance at March 31, 2011	**$ 708**	**$ 343**	**$ 353,781**	**($ 8,120)**	**$ 413,756**	**$ 760,468**

See accompanying notes.

Teton Advisors, Inc.

Condensed Statements of Cash Flows

(Unaudited)

	Three Months Ended March 31, 2011	2010
Cash flows from operating activities		
Net income	**$ 407,576**	$ 188,603
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	**722**	612
Deferred tax expense (benefit)	**51,526**	-
Stock based compensation	**41,595**	41,595
Amortization of deferred sales commissions	**99,252**	-
(Increase) decrease in operating assets:		
Investment advisory fees receivable	**(137,596)**	(33,226)
Income tax receivable	**56,317**	14,805
Receivables from affiliates	**7,339**	(4,928)
Contingent deferred sales commissions	**(279,154)**	-
Other assets	**(28,838)**	(8,203)
(Decrease) increase in operating liabilities:		
Payables to affiliates	**(192,263)**	18,775
Deferred tax liability	-	87,890
Compensation payable	**185,151**	(10,000)
Income tax payable	**110,425**	-
Distribution costs payable	**32,998**	6,334
Professional fees payable	**9,020**	(3,845)
Accrued expenses and other liabilities	**244**	(14,244)
Total adjustments	**(43,262)**	95,565
Net cash provided by operating activities	**364,314**	284,168
Net increase in cash and cash equivalents	**364,314**	284,168
Cash and cash equivalents at beginning of year	**283,119**	436,412
Cash and cash equivalents at end of year	**$ 647,433**	$ 720,580
Supplemental disclosure of cash flow information		
Cash paid for income taxes	**$ -**	$ 3,500

See accompanying notes.

Teton Advisors, Inc.

Notes to Condensed Financial Statements

March 31, 2011

A. Significant Accounting Policies

Basis of Presentation

Teton Advisors, Inc. ("Teton" or the "Company") was formed in Texas as Teton Advisers LLC in December 1994. On March 2, 1998, Teton Advisers LLC was renamed Gabelli Advisors LLC and, on the same date, merged into Gabelli Advisers, Inc., a Delaware corporation. On January 25, 2008, Gabelli Advisers, Inc. was renamed Teton Advisors, Inc. Prior to the March 20, 2009 spin-off, the Company was a 42%-owned subsidiary of GAMCO Investors, Inc. ("GAMCO"). The Company serves as the investment adviser for the GAMCO Westwood Funds ("Funds", individually "Fund"). The Company's capital structure consists of 1,200,000 shares authorized of Class A common stock with one vote per share and 800,000 shares authorized of Class B common stock with ten votes per share. At the date of incorporation, 200,000 shares of the Class A shares were issued to Westwood Management Corporation ("WMC") and 800,000 shares of Class B shares were issued to GAMCO and its affiliates. In addition, certain shareholders exercised warrants to purchase 59,394 shares of the Class A common stock for $5 per share on December 31, 2001.

Use of Estimates

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Nature of Operations

Teton is a registered investment adviser under the Investment Advisers Act of 1940. Teton's principal market is in the United States.

The accompanying unaudited condensed financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information. Accordingly, they are not audited and do not include all of the information and notes required for complete financial statements. These condensed financial statements and notes should be read in conjunction with Teton's audited financial statements and notes thereto included in Teton's Annual Report for the year ended December 31, 2010. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three month period ended March 31, 2011 are not necessarily indicative of the

A. Significant Accounting Policies (continued)

results that may be expected for the year ending December 31, 2011.

B. Related Party Transactions

Teton has invested all of its cash equivalents in a money market mutual fund managed by Gabelli Funds, LLC, an affiliate. At March 31, 2011 and December 31, 2010, Teton had $608,029 and $255,526, respectively, in this money market fund and earned $164 and $136 for the three month periods ended March 31, 2011 and March 31, 2010, respectively, which are included in other income.

Gabelli & Company, Inc. ("Gabelli & Co."), an affiliate of the Company, serves as the principal distributor for the Funds. As distributor, Gabelli & Co. incurs certain promotional and distribution costs, which are expensed as incurred, related to the sale of Fund shares. Gabelli & Co. receives reimbursements from the Company in connection with these distribution activities to the extent such costs exceed distribution fees received from the Funds managed by the Company. Such amounts will be repaid to the Company if distribution fees are in excess of distribution expenses of the Funds. In connection with its role as principal distributor, the Company received from Gabelli & Co. $592 and $28,108 for the three months ended March 31, 2011 and March 31, 2010, respectively, of previously paid reimbursed distribution expenses which is included in distribution costs and expense reimbursements in the condensed statements of operations. As of March 31, 2011 and December 31, 2010, there was $139,855 and $140,447, respectively, contingently receivable by Teton from Gabelli & Co.

Effective January 1, 2011, the Company and GAMCO renegotiated the sub-administration contract to be based on a tiered formula as opposed to a fixed rate. Under the new contract, the company will pay 20 basis points annually on the first $370 million of average assets under management ("AUM") in the Funds, 12 basis points annually on the next $630 million of average AUM in the Funds and 10 basis points annually on the average AUM in the Funds in excess of $1 billion.

Teton paid GAMCO administration fees based on the average net assets of the Funds, amounting to $328,583 and $271,004 for the three month periods ended March 31, 2011 and March 31, 2010, respectively. Teton also paid GAMCO reimbursement for compensation, which amounted to $235,978 and $122,025 for the three month periods ended March 31, 2011 and 2010, respectively.

B. Related Party Transactions (continued)

Teton pays Westwood Management Corp a sub-advisory fee of 35% of net revenues of Funds for which Westwood acts as the sub-advisor. The percentage of net revenues is defined as advisory fees less 20 basis points for administrative fees, after certain expenses are paid by Teton to the Funds. The fees amounted to $134,887 and $153,887 for the three month periods ended March 31, 2011 and March 31, 2010, respectively. Westwood Management Corporation is a wholly owned subsidiary of Westwood Holdings Group at March 31, 2011.

The Company serves as the investment adviser for the Funds and a separate account and earns advisory fees based on predetermined percentages of the net average daily assets of the Funds and the net assets at the beginning of the quarter for the separate account. Advisory fees earned from the Funds and separate account were $2,096,955 and $1,284,846 for the three month periods ended March 31, 2011 and March 31, 2010, respectively. Advisory fees receivable from the Funds were $726,376 and $588,780 at March 31, 2011 and December 31, 2010, respectively.

The Company has receivables from the Funds of $42,063 and $13,875, which are included in other assets in the condensed statements of financial condition, at March 31, 2011 and December 31, 2010, respectively, relating to reimbursement of shareholder servicing costs associated with No Transaction Fee ("NTF") programs.

Teton's receivables and payables to affiliates at March 31, 2011 and December 31, 2010 are non-interest bearing and are receivable and payable on demand. At March 31, 2011 and December 31, 2010, the amount payable to GAMCO was $214,016 and $67,685, respectively, and the amount payable to Westwood Management Corporation was $45,978 and $45,569, respectively.

C. Indemnifications

In the ordinary course of business, the Company may enter into contracts or agreements that contain indemnifications or warranties. Future events could occur that lead to the execution of these provisions against the Company. Based on its history and experience, the Company believes that the likelihood of any such event is remote.

MANAGEMENT'S DISCUSSION OF OPERATIONS

The following discussion should be read in conjunction with the condensed financial statements and the notes thereto.

Operating Results for the Quarter Ended March 31, 2011 as Compared to the Quarter Ended March 31, 2010

Revenues
Total revenues were $2,165,000 in the first quarter of 2011, $880,018 or 68.5% higher than the total revenues of $1,284,982 in the first quarter of 2010. The change in total revenues by revenue component was as follows:

	For the Three Months ended March 31,		Increase (decrease)	
(unaudited)	**2011**	**2010**	**$**	**%**
Investment advisory fees	$ 2,096,955	$ 1,284,846	$ 812,109	63.2%
12b-1 Fees	66,490	-	66,490	n/m
Other income	1,555	136	1,419	n/m
Total revenues	$ 2,165,000	$ 1,284,982	$ 880,018	68.5%

Investment Advisory Fees: Investment advisory fees are directly influenced by the level and mix of assets under management ("AUM"). Teton earns advisory fees based on the average AUM in the Funds and the AUM at the beginning of the quarter for the separate account. Investment advisory fees were $2,096,955 for the period ended March 31, 2011 compared to $1,284,846 for the period ended March 31, 2010, an increase of $812,109, or 63.2%.

AUM increased to $983.1 million at March 31, 2011 from $819.8 million at December 31, 2010. This increase was due to market appreciation of $44.5 million and inflows of $181.2 million, offset partially by outflows of $62.4 million. Average AUM were $877.2 million for the first quarter 2011, an increase of 59.6% from $549.5 million in the first quarter 2010.

AUM increased to $609.3 million at March 31, 2010 from $560.5 million at December 31, 2009. This increase was due to market appreciation of $35.9 million and inflows of $51.2 million, offset partially by outflows of $38.3 million.

<u>*12b-1 fees:*</u> Effective October 1, 2010, Teton began paying for the advanced commissions on Class C shares sold through Gabelli & Company. In turn, Teton earns a 12b-1 fee on these Class C shares of Funds sold over the first twelve months after the sale. 12b-1 fees for the first quarter of 2011 were $66,490.

<u>*Other income:*</u> Other income includes interest income earned from cash equivalents that were invested in a money market mutual fund managed by Gabelli Funds, LLC, a subsidiary of GAMCO and interest received on an IRS refund. Other income for the first quarter of 2011 for interest earned from cash equivalents was $164, slightly higher than the $136 for 2010 due to higher average cash equivalent balances held in 2011, offset slightly by lower interest rates in 2011 versus 2010. The remaining interest income for the 2011 period was $1,391 from an IRS refund.

Expenses

<u>Sub-advisory Fees</u>: Teton has currently retained a sub-adviser for three of the six Funds. Sub-advisory fees, which are 35% of the net investment advisory revenues of the sub-advised funds and are recognized as expenses as the related services are performed, were $134,887 for the first quarter of 2011, decreasing from $153,887 in the comparable prior year period. This decrease was primarily due to the 11.8% decline in investment advisory revenue from the three sub-advised Funds.

<u>*Administrative Fees:*</u> Administrative expenses, which are charges from GAMCO and paid by Teton for administration of the Fund activities performed by GAMCO on behalf of Teton, were $328,583 for the three months ended March 31, 2011, a 21.2% increase from $271,004 in the comparable prior year period. Effective January 1, 2011, the Company and GAMCO renegotiated the sub-administration contract to be based on a tiered formula as opposed to a fixed rate. Based on the tiered formula administration fees were approximately 15.6 basis points of the average AUM for the first quarter 2011 versus 20 basis points of the average AUM for the first quarter 2010. As AUM grow these fees will decline as a percentage of the average AUM.

<u>*Compensation:*</u> Compensation costs, which include stock based compensation, salaries and portfolio manager compensation, was $656,763 for the first quarter of 2011, a 64.3% increase from $399,795 in the year ago period. Stock based compensation was $41,595 in both the first quarter of 2011 and 2010. Fixed compensation costs decreased to $168,212 for the first quarter of 2011 from $189,358 in the prior year period. The remainder of the compensation expenses represents variable portfolio manager compensation that fluctuates with net investment advisory revenues, which is defined as advisory fees less certain expenses. For the 2011 period, portfolio manager compensation was $446,956, an increase of $278,114 from the $168,842 in the prior year period. The primary driver of this increase was an increase in average AUM, which

generates investment advisory fees, for the Funds in which portfolio manager compensation is based.

Distribution costs and expense reimbursements: Distribution costs, which are principally related to the sale of shares of open-end mutual funds, and expense reimbursements were $186,315 for the first quarter of 2011, increasing $111,769 from $74,546 in the prior year period.

Distribution costs are broken down into two categories, payments made to third party distributors for Funds sold through them, including their no transaction fee programs, and expenses either paid to or reimbursed from Gabelli & Company for distribution of the Funds. Expenses paid to third parties were $143,907 during the 2011 period, an increase of $96,728 from the prior year amount of $47,179. The arrangement between Teton and Gabelli & Company is that Teton will reimburse Gabelli & Company for any distribution costs in excess of Gabelli & Company's distribution revenues. Conversely, if the distribution revenues of Gabelli & Company exceed the costs, such excess is reimbursed to Teton. For the three months ended March 31, 2011 and March 31, 2010, Gabelli & Company reimbursed Teton $592 and $28,108, respectively, a decrease of $27,516. This decrease to Teton was due to one of the Funds ceasing reimbursements during the 2010 period as the cumulative amounts paid back by Gabelli & Company to Teton equaled the cumulative amounts previously reimbursed by Teton to Gabelli & Company.

Expense reimbursements to the Funds were $43,000 for the first quarter of 2011, a decrease of $12,475 from the prior year period amount of $55,475.

Other: General and administrative expenses, including those charged by GAMCO and incurred directly, were $126,064 for the first quarter of 2011, an increase of $28,817 from the year ago amount of $97,247.

Income Taxes

The effective tax rate was 35.6% for the quarter ended March 31, 2011, versus 34.6% for the quarter ended March 31, 2010.

Net Income

Net income for the first quarter of 2011 was $407,576 or $0.34 per fully diluted share versus $188,603 or $0.16 per fully diluted share for the 2010 period.