

Condensed Financial Statements
Teton Advisors, Inc.
Quarterly Report for the Period Ended September 30, 2011

Teton Advisors, Inc.

Condensed Financial Statements

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Teton Advisors, Inc.
Condensed Statements of Income
(Unaudited)

	Three months ended September 30,	
	2011	2010
Revenues		
Investment advisory fees	\$ 2,197,640	\$ 1,411,816
Distribution fees	158,524	-
Other income	-	223
Total revenues	2,356,164	1,412,039
Expenses		
Compensation	627,951	484,093
Administrative fees	345,556	296,350
Sub-advisory fees	120,986	131,265
Distribution costs and expense reimbursements	309,520	213,375
Advanced Commissions	164,019	-
Other operating expenses	101,299	124,912
Total expenses	1,669,331	1,249,995
Income before income taxes	686,833	162,044
Income taxes	243,725	55,607
Net income	\$ 443,108	\$ 106,437
Net income per share:		
Basic	\$ 0.40	\$ 0.10
Diluted	\$ 0.36	\$ 0.09
Weighted average shares outstanding:		
Basic	1,107,189	1,043,394
Diluted	1,235,964	1,197,893

See accompanying notes.

Teton Advisors, Inc.
Condensed Statements of Income
(Unaudited)

	Nine months ended September 30,	
	2011	2010
Revenues		
Investment advisory fees	\$ 6,626,070	\$ 4,108,127
Distribution fees	376,522	-
Other income	1,634	555
Total revenues	7,004,226	4,108,682
Expenses		
Compensation	1,960,756	1,348,631
Administrative fees	1,039,836	862,885
Sub-advisory fees	389,892	431,958
Distribution costs and expense reimbursements	781,340	530,027
Advanced Commissions	410,807	-
Other operating expenses	385,507	348,093
Total expenses	4,968,138	3,521,594
Income before income taxes	2,036,088	587,088
Income taxes	723,692	201,613
Net income	\$ 1,312,396	\$ 385,475
Net income per share:		
Basic	\$ 1.23	\$ 0.37
Diluted	\$ 1.08	\$ 0.32
Weighted average shares outstanding:		
Basic	1,064,993	1,043,394
Diluted	1,220,006	1,198,016

See accompanying notes.

Teton Advisors, Inc.

Condensed Statements of Financial Condition

	September 30, 2011	December 31, 2010
	(Unaudited)	(Audited)
Assets		
Cash and cash equivalents	\$ 2,194,603	\$ 283,119
Investment advisory fees receivable	618,760	588,780
Deferred tax asset	154,120	24,592
Income tax receivable	-	56,317
Receivables from affiliates	49,798	21,964
Contingent deferred sales commissions	245,704	172,398
Other assets (net of accumulated depreciation of \$7,946 and \$5,616, respectively)	96,420	65,990
Total assets	<u>\$ 3,359,405</u>	<u>\$ 1,213,160</u>
Liabilities and stockholders' equity		
Payables to affiliates	\$ 203,161	\$ 410,446
Deferred tax liability	295,671	161,089
Income tax payable	539,101	-
Compensation payable	147,782	35,000
Dividend payable	92,320	131,885
Distribution costs payable	229,649	53,000
Professional fees payable	39,084	30,435
Accrued expenses and other liabilities	78,578	80,008
Total liabilities	<u>1,625,346</u>	<u>901,863</u>
Stockholders' equity:		
Class A Common stock, \$.001 par value; 1,200,000 shares authorized: 971,168 and 967,144 shares issued and outstanding, respectively	797	707
Class B Common stock, \$.001 par value; 800,000 shares authorized; 333,074 and 337,098 issued and outstanding, respectively	333	344
Additional paid in capital – Class A	422,473	312,186
Treasury stock, class B, at cost (8,000 shares)	(8,120)	(8,120)
Retained earnings	1,318,576	6,180
Total stockholders' equity	<u>1,734,059</u>	<u>311,297</u>
Total liabilities and stockholders' equity	<u>\$ 3,359,405</u>	<u>\$ 1,213,160</u>

See accompanying notes.

Teton Advisors, Inc.

Condensed Statements of Stockholders' Equity

(Unaudited)

For the Nine Months Ended September 30, 2011

	Common Stock		Additional Paid in Capital	Treasury	Retained	Total
	Class A	Class B	- Class A	Stock	Earnings	
Balance at December 31, 2010	\$ 707	\$ 344	\$ 312,186	(\$ 8,120)	\$ 6,180	\$ 311,297
Stock based compensation	-	-	110,366	-	-	110,366
Conversion from Class B to Class A	11	(11)	-	-	-	-
Vesting of restricted shares	79	-	(79)	-	-	-
Net income	-	-	-	-	1,312,396	1,312,396
Balance at September 30, 2011	\$ 797	\$ 333	\$ 422,473	(\$ 8,120)	\$1,318,576	\$1,734,059

See accompanying notes.

Teton Advisors, Inc.
Condensed Statements of Cash Flows

(Unaudited)

	Nine Months Ended September 30,	
	2011	2010
Cash flows from operating activities		
Net income	\$ 1,312,396	\$ 385,475
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	2,330	1,835
Deferred tax expense (benefit)	(129,528)	-
Stock based compensation	110,366	124,785
Amortization of deferred sales commissions	410,807	-
(Increase) decrease in operating assets:		
Investment advisory fees receivable	(29,980)	(52,392)
Income tax receivable	56,317	19,049
Receivables from affiliates	(27,834)	6,580
Contingent deferred sales commissions	(484,113)	-
Other assets	(32,760)	23,311
(Decrease) increase in operating liabilities:		
Payables to affiliates	(207,285)	138,962
Deferred tax liability	134,582	(42,941)
Income tax payable	539,101	-
Compensation payable	112,782	(10,000)
Distribution costs	176,649	27,788
Professional fees payable	8,649	(9,824)
Accrued expenses and other liabilities	(1,430)	5,800
Total adjustments	638,653	232,953
Net cash provided by operating activities	1,951,049	618,428
Cash flows from financing activities		
Distributions paid	(39,565)	-
Net cash used in financing activities	(39,565)	-
Net increase in cash and cash equivalents	1,911,484	618,428
Cash and cash equivalents at beginning of year	283,119	436,412
Cash and cash equivalents at end of year	\$ 2,194,603	\$ 1,054,840
Supplemental disclosure of cash flow information		
Cash paid for income taxes	\$ 101,250	\$ 231,800

See accompanying notes.

Teton Advisors, Inc.

Notes to Condensed Financial Statements

September 30, 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 Advisers 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”) and controlled by 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

Teton Advisors, Inc.

Notes to Condensed Financial Statements (continued)

A. Significant Accounting Policies (continued)

three and nine month periods ended September 30, 2011 are not necessarily indicative of the 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 September 30, 2011 and December 31, 2010, Teton had \$2,180,434 and \$255,526, respectively, in this money market fund and earned \$0 and \$223 for the three month periods ended September 30, 2011 and September 30, 2010, respectively, and \$243 and \$555 for the nine month periods ended September 30, 2011 and 2010, respectively, which are included in other income.

Gabelli & Company, Inc. (“Gabelli & Co.”), an affiliate of the Company, served as the principal distributor for the Funds through July 31, 2011. As distributor, Gabelli & Co. incurred certain promotional and distribution costs, which are expensed as incurred, relating to the sale of Fund shares. Gabelli & Co. receive 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 paid Gabelli & Co. \$3,835 and received from Gabelli & Co. \$14,348 for the three months ended September 30, 2011 and 2010, respectively, of previously paid reimbursed distribution expenses which is included in distribution costs and expense reimbursements in the condensed statements of operations. The Company paid Gabelli & Co. \$2,288 and received from Gabelli & Co. \$74,942 for the nine months ended September 30, 2011 and 2010, respectively, of previously paid reimbursed distribution expenses. As of September 30, 2011 and December 31, 2010, there was \$142,735 and \$140,447, respectively, contingently receivable by Teton from Gabelli & Co. Effective August 1, 2011, G. distributors, LLC serves as the principal distributor of the Funds.

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 Advisors, Inc.

Notes to Condensed Financial Statements (continued)

B. Related Party Transactions (continued)

Teton paid GAMCO administration fees based on the average net assets of the Funds, amounting to \$345,557 and \$296,350 for the three month periods ended September 30, 2011 and September 30, 2010, respectively, and \$1,039,836 and \$862,885 for the nine month periods ended September 30, 2011 and September 30, 2010, respectively. Teton also paid GAMCO reimbursement for compensation, paid on behalf of Teton, which amounted to \$205,628 and \$199,653 for the three month periods ended September 30, 2011 and September 30, 2010, respectively, and \$719,348 and \$493,633 for the nine month periods ended September 30, 2011 and September 30, 2010, respectively.

Teton pays Westwood Management Corp a sub-advisory fee of 35% of net revenues of Funds for which Westwood acts as the sub-advisor. 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 \$120,986 and \$131,265 for the three month periods ended September 30, 2011 and September 30, 2010, respectively, and \$389,892 and \$431,958 for the nine month periods ended September 30, 2011 and September 30, 2010, respectively. Westwood Management Corporation is a wholly owned subsidiary of Westwood Holdings Group at September 30, 2011 in which GAMCO holds a 12% equity interest.

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 \$2,197,640 and \$1,411,816 for the three month periods ended September 30, 2011 and September 30, 2010, respectively, and \$6,626,070 and \$4,108,127 for the nine month periods ended September 30, 2011 and September 30, 2010, respectively. Advisory fees receivable from the Funds were \$618,760 and \$588,780 at September 30, 2011 and December 31, 2010, respectively.

The Company has receivables from the Funds of \$23,565 and \$13,875, which are included in other assets in the condensed statements of financial condition, at September 30, 2011 and December 31, 2010, respectively, relating to reimbursement of shareholder servicing costs associated with No Transaction Fee (“NTF”) programs.

Teton Advisors, Inc.

Notes to Condensed Financial Statements (continued)

B. Related Party Transactions (continued)

Teton's receivables and payables to affiliates at September 30, 2011 and December 31, 2010 are non-interest bearing and are receivable and payable on demand. At September 30, 2011 and December 31, 2010, the amount payable to GAMCO was \$179,641 and \$67,685, respectively, and the amount payable to Westwood Management Corporation was \$36,263 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.

Teton Advisors, Inc.

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 September 30, 2011 as Compared to the Quarter Ended September 30, 2010

Revenues

Total revenues were \$2,356,164 in the third quarter of 2011, \$ 944,125 or 66.9% higher than the total revenues of \$1,412,039 in the third quarter of 2010. The change in total revenues by revenue component was as follows:

(unaudited)	For the Three Months ended September 30,		Increase (decrease)	
	2011	2010	\$	%
Investment advisory fees	\$ 2,197,640	\$ 1,411,816	\$ 785,824	55.7%
Distribution Fees	158,524	-	158,524	n/m
Other income	-	223	(223)	-100.0%
Total revenues	<u>\$ 2,356,164</u>	<u>\$ 1,412,039</u>	<u>\$ 944,125</u>	66.9%

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 accounts. Investment advisory fees were \$2,197,640 for the period ended September 30, 2011 compared to \$1,411,816 for the period ended September 30, 2010, an increase of \$785,824, or 55.7%.

AUM decreased to \$803.7 million at September 30, 2011 from \$1,009.3 million at June 30, 2011. This decrease was due to market depreciation of \$157.4 and outflows of \$108.3 million, offset partially by \$60.1 million of inflows. Average AUM were \$921.6 million for the third quarter 2011, an increase of 50.6% from \$612.1 million in the third quarter 2010.

AUM increased to \$666.9 million at September 30, 2010 from \$580.4 million at June 30, 2010. This increase was due to market appreciation of \$57.5 million and inflows of \$72.3 million, offset partially by outflows of \$43.3 million.

Teton Advisors, Inc.

Distribution fees: Effective October 1, 2010, Teton began paying for the advanced commissions on Class C shares sold through Gabelli & Company. In turn, Teton earns a distribution fee on these Class C shares of Funds sold over the first twelve months after the sale. Distribution fees for the third quarter of 2011 were \$158,524.

Other income: 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. There was no interest income in the third quarter of 2011 versus \$223 for 2010 due to lower interest rates in 2011 versus 2010.

Expenses

Sub-advisory Fees: 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 \$120,986 for the third quarter of 2011, decreasing from \$131,265 in the comparable prior year period. This decrease was primarily due to the 10.2% decline in investment advisory revenue from the three sub-advised Funds resulting from lower levels of assets sub-advised.

Administrative Fees: 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 \$345,556 for the three months ended September 30, 2011, a 16.6% increase from \$296,350 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 12.9 basis points of the average AUM for the third quarter 2011 versus 20 basis points of the average AUM for the third quarter 2010. As AUM grow these fees will decline as a percentage of the average AUM.

Compensation: Compensation costs, which include stock based compensation, salaries and portfolio manager compensation, was \$627,951 for the third quarter of 2011, a 29.7% increase from \$484,093 in the year ago period. Stock based compensation was \$27,176 for the third quarter of 2011 compared to \$41,595 in the third quarter of 2010. Fixed compensation costs decreased to \$163,287 for the third quarter of 2011 from \$181,816 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 \$437,488, an increase of \$176,806 from the \$260,682 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.

Teton Advisors, Inc.

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 \$309,520 for the third quarter of 2011, increasing \$96,145 from \$213,375 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 \$258,127 during the 2011 period, an increase of \$94,565 from the prior year amount of \$163,562. Teton reimburses Gabelli & Company for any distribution costs in excess of distribution revenues related to its funds. Conversely, if the distribution revenues of Gabelli & Company exceed the costs, such excess is reimbursed to Teton. For the three months ended September 30, 2011 and September 30, 2010, Teton reimbursed Gabelli & Company \$3,835 and Gabelli & Company reimbursed Teton \$14,348, respectively, a decrease of \$18,183. 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 \$47,558 for the third quarter of 2011, a decrease of \$16,603 from the prior year period amount of \$64,161.

Other: General and administrative expenses, including those charged by GAMCO and incurred directly, were \$101,299 for the third quarter of 2011, a decrease of \$23,613 from the year ago amount of \$124,912.

Income Taxes

The effective tax rate was 35.5% for the quarter ended September 30, 2011, versus 34.3% for the quarter ended September 30, 2010.

Net Income

Net income for the third quarter of 2011 was \$443,108 or \$0.36 per fully diluted share versus \$106,437 or \$0.09 per fully diluted share for the 2010 period.

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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 Nine months Ended September 30, 2011 as Compared to the Nine months Ended September 30, 2010

Revenues

Total revenues were \$7,004,226 for the nine months ended September 30, 2011, \$2,895,544 or 70.5% higher than the total revenues of \$4,108,682 for the nine months ended September 30, 2010. The change in total revenues by revenue component was as follows:

(unaudited)	For the Nine Months ended September 30,		Increase (decrease)	
	2011	2010	\$	%
Investment advisory fees	\$ 6,626,070	\$ 4,108,127	\$ 2,517,943	61.3%
Distribution Fees	376,522	-	376,522	n/m
Other income	1,634	555	1,079	194.4%
Total revenues	\$ 7,004,226	\$ 4,108,682	\$ 2,895,544	70.5%

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 accounts.

Investment advisory fees were \$6,626,070 for the period ended September 30, 2011 compared to \$4,108,127 for the period ended September 30, 2010, an increase of \$2,517,943, or 61.3%.

AUM were \$803.7 million as of September 30, 2011, 20.5% greater than September 30, 2010 AUM of \$666.9 million and 20.4% less than June 30, 2011 AUM of \$1,009.3 billion. Average AUM were \$939.3 million as of September 30 2011, 56.3% higher than the \$600.9 million for the same period of 2010.

AUM decreased to \$803.7 million at September 30, 2011 from \$819.8 million at December 31, 2010. This decrease was due to market depreciation of \$132.7 million and outflows of \$236.8 million offset partially by inflows of \$353.4 million.

AUM increased to \$666.9 million at September 30, 2010 from \$580.4 million at June 30, 2010. This increase was due to market appreciation of \$57.5 million and inflows of \$72.3 million, offset partially by outflows of \$43.3 million.

Teton Advisors, Inc.

Distribution fees: Effective October 1, 2010, Teton began paying for the advanced commissions on Class C shares sold through Gabelli & Company. In turn, Teton earns a distribution fee on these Class C shares of Funds sold over the first twelve months after the sale. Distribution fees as of September 30, 2011 were \$376,522.

Other income: 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 nine months ended September 30, 2011, principally interest income, was \$243, slightly lower than the \$555 for 2010 due to lower interest rates in 2011 versus 2010. The remaining interest income for the 2011 period was \$1,391 from a tax refund.

Expenses

Sub-advisory Fees: 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 \$389,892 for the nine months ended September 30, 2011, decreasing from \$431,958 in the comparable prior year period. This decrease was primarily due to the 10.5% decline in investment advisory revenue from the three sub-advised Funds.

Administrative Fees: 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 \$1,039,836 for the nine months ended September 30, 2011, a 20.5% increase from \$862,885 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 12.7 basis points of the average AUM for the first half of 2011 versus 20 basis points of the average AUM for the first half of 2010. As AUM grow these fees will decline as a percentage of the average AUM.

Compensation: Compensation costs, which include stock based compensation, salaries and portfolio manager compensation, were \$1,960,756 for the nine months ended September 30, 2011, a 45.4% increase from \$1,348,631 in the year ago period. Stock based compensation was \$110,366 for the nine months ended September 30, 2011 compared to \$124,785 for the nine months ended September 30, 2010. Fixed compensation costs decreased to \$487,495 for the nine months ended September 30, 2011 from \$564,948 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 \$1,362,895, an increase of \$703,997 from the \$658,898 in the prior year period. The primary driver of this increase was an increase in average AUM, which

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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 \$781,340 for the nine months ended September 30, 2011, increasing \$251,313 from \$530,027 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 \$661,065 during the 2011 period, an increase of \$236,076 from the prior year amount of \$424,989. Teton reimburses Gabelli & Company for any distribution costs in excess of distribution revenues related to its funds. Conversely, if the distribution revenues of Gabelli & Company exceed the costs, such excess is reimbursed to Teton. For the nine months ended September 30, 2011 Teton reimbursed Gabelli & Company \$2,288 and Gabelli & Company conversely for the nine months ended September 30, 2010 reimbursed Teton \$74,942. 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 \$117,986 for the nine months ended September 30, 2011, a decrease of \$61,994 from the prior year period amount of \$179,980.

Other: General and administrative expenses, including those charged by GAMCO and incurred directly, were \$385,507 for the nine months ended September 30, 2011, an increase of \$37,414 from the year ago amount of \$348,093.

Income Taxes

The effective tax rate was 35.5% for the nine months ended September 30, 2011, versus 34.3% for the nine months ended September 30, 2010.

Net Income

Net income for the first nine months of 2011 was \$1,312,396 or \$1.08 per fully diluted share versus \$385,475 or \$0.32 per fully diluted share for the 2010 period.