Condensed Financial Statements
Teton Advisors, Inc.
Quarterly Report for the Period Ended June 30, 2014

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Condensed Financial Statements

Quarterly Report for Period Ended June 30, 2014

Contents

Teton Advisors, Inc.

Condensed Statements of Income

(Unaudited)

	Three months ended June 30, 2014	2013
Revenues		
Investment advisory fees-mutual funds	$ 3,812,654	$ 2,338,265
Investment advisory fees-separate accounts	822,592	772,591
Distribution fees and other income	246,237	70,802
Total revenues	4,881,483	3,181,658
Expenses		
Compensation	1,688,900	1,202,114
Marketing and administrative fees	513,272	369,829
Distribution costs and expense reimbursements	424,853	345,502
Advanced commissions	240,529	65,181
Sub-advisory fees	91,331	93,569
Other operating expenses	235,931	199,913
Total expenses	3,194,816	2,276,108
Income before income taxes	1,686,667	905,550
Income taxes	635,873	341,044
Net income	$ 1,050,794	$ 564,506
Net income per share:		
Basic	$ 0.95	$ 0.51
Diluted	$ 0.95	$ 0.51
Weighted average shares outstanding:		
Basic	1,103,218	1,104,242
Diluted	1,103,218	1,104,242

See accompanying notes.

Teton Advisors, Inc.

Condensed Statements of Income

(Unaudited)

	Six months ended June 30, 2014	Six months ended June 30, 2013
Revenues		
Investment advisory fees-mutual funds	$ 7,447,657	$ 4,392,707
Investment advisory fees-separate accounts	1,659,473	1,511,921
Distribution fees and other income	474,673	123,283
Total revenues	9,581,803	6,027,911
Expenses		
Compensation	3,377,922	2,307,934
Marketing and administrative fees	1,007,834	699,816
Distribution costs and expense reimbursements	855,681	608,286
Advanced commissions	457,615	111,482
Sub-advisory fees	182,472	187,944
Other operating expenses	405,284	346,656
Total expenses	6,286,808	4,262,118
Income before income taxes	3,294,995	1,765,793
Income taxes	1,242,213	663,540
Net income	$ 2,052,782	$ 1,102,253
Net income per share:		
Basic	$ 1.86	$ 1.00
Diluted	$ 1.86	$ 1.00
Weighted average shares outstanding:		
Basic	1,103,235	1,104,242
Diluted	1,103,235	1,104,242

See accompanying notes.

Teton Advisors, Inc.

Condensed Statements of Financial Condition

	(Unaudited) June 30, 2014	December 31, 2013
ASSETS		
Cash and cash equivalents	$ 3,395,997	$ 2,502,851
Investment advisory fees receivable	2,784,854	1,951,158
Investment in securities	105,305	-
Deferred taxes receivable	86,413	57,034
Receivable from affiliates	84,551	70,339
Contingent deferred sales commission	406,319	449,503
Other assets (net of accumulated depreciation of $22,866 and $19,969, respectively)	57,969	81,341
Total assets	$ 6,921,408	$ 5,112,226
LIABILITIES AND STOCKHOLDERS' EQUITY		
Payable to affiliates	$ 972,046	$ 918,832
Deferred taxes payable	111,273	171,456
Income tax payable	179,896	211,479
Compensation payable	197,327	332,316
Distribution costs payable	289,585	88,741
Accrued expenses and other liabilities	130,193	293,526
Total liabilities	1,880,320	2,016,350
Commitments and contingencies (Notes F and I)		
Stockholders' equity:		
Class A Common stock, $0.001 par value; 1,200,000 shares authorized;		
973,205 and 974,083 shares issued, respectively;		
773,456 and 773,098 outstanding, respectively	971	971
Class B Common stock, $0.001 par value; 800,000 shares authorized;		
792,000 shares issued; 332,128 and 332,659 shares outstanding, respectively	342	342
Additional paid-in capital	599,595	590,427
Treasury stock, at cost (201,158 class A shares and 8,000 class B shares		
and 200,985 class A shares and 8,000 class B shares, respectively)	(1,943,133)	(1,936,716)
Retained earnings	6,383,313	4,440,852
Total stockholders' equity	5,041,088	3,095,876
Total liabilities and stockholders' equity	$ 6,921,408	$ 5,112,226

See accompanying notes.

Teton Advisors, Inc.

Condensed Statements of Stockholders' Equity

(Unaudited)

For the Six Months Ended June 30, 2014

	Common Stock Class A	Common Stock Class B	Additional Paid-in Capital	Treasury Stock	Retained Earnings	Total
Balance at December 31, 2013	971	342	590,427	(1,936,716)	4,440,852	3,095,876
Net income	-	-	-	-	2,052,782	2,052,782
Stock based compensation	-	-	9,168	-	-	9,168
Stock buyback	-	-	-	(6,417)	-	(6,417)
Dividends declared	-	-	-	-	(110,321)	(110,321)
Balance at June 30, 2014	$ 971	$ 342	$ 599,595	$ (1,943,133)	$ 6,383,313	$ 5,041,088

See accompanying notes.

Teton Advisors, Inc.

Condensed Statements of Cash Flows

(Unaudited)

		Six months ended June 30,	
		2014	**2013**
Operating activities			
Net income	$	2,052,782	$ 1,102,253
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation		2,896	2,942
Deferred income tax		(29,379)	6,343
Amortization of deferred sales commission		457,615	111,482
Stock based compensation expense		9,168	-
(Increase) decrease in operating assets:			
Investment advisory fees receivable		(833,696)	(355,761)
Investment in securities		(103,078)	(1,946)
Receivable from affiliates		(14,212)	(11,134)
Contingent deferred sales commission		(414,431)	(235,163)
Other assets		18,249	21,871
Increase (decrease) in operating liabilities:			
Payable to affiliates		53,214	(169,502)
Income tax payable		(31,583)	(24,435)
Deferred tax liability		(60,183)	22,944
Compensation payable		(134,989)	129,857
Distribution costs payable		200,844	21,222
Accrued expenses and other liabilities		(163,333)	84,343
Total adjustments		(1,042,898)	(396,937)
Net cash provided by operating activities		1,009,884	705,316
Financing activities			
Dividends paid		(110,321)	-
Stock repurchase		(6,417)	-
Net cash used in financing activities		(116,738)	-
Net increase in cash and cash equivalents		893,146	705,316
Cash and cash equivalents at beginning of period		2,502,851	267,670
Cash and cash equivalents at end of the period	$	3,395,997	$ 972,986
Supplemental disclosure of cash flow information:			
Cash paid for income taxes	$	1,337,882	$ 619,386

See accompanying notes.

Teton Advisors, Inc.

Notes to Condensed Financial Statements

June 30, 2014

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. The Company serves as the investment adviser for the TETON Westwood Funds ("Funds", individually "Fund") and separate institutional accounts. 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.

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, 2013. 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 and six month periods ended June 30, 2014 are not necessarily indicative of the results that may be expected for the year ending December 31, 2014.

B. Related Party Transactions

Teton has invested all of its cash equivalents in a U.S. Treasury money market mutual fund managed by Gabelli Funds, LLC, an affiliate. At June 30, 2014 and December 31, 2013, Teton had $3,275,905 and $2,401,883, respectively, in this money market fund and earned $0 and $36 for the three month periods ended June 30, 2014 and June 30, 2013, respectively, and $0 and $73 for the six month periods ended June 30, 2014 and 2013, respectively, which are included in distribution fees and other income.

Distribution fees include distribution fees paid to the Company by G.distributors, LLC ("G.distributors") on the class C Fund shares sold. Class C shares have a 12b-1 distribution plan with a service and distribution fee totaling 1%. The distributor will advance the first year's commission at the time of the sale and collect the distribution fee monthly based on the daily average AUM over the first year. The Company has agreed to reimburse the distributor for the commissions advanced and receives the monthly service and distribution fee in return. Fees collected may be higher or lower than the amounts advanced as AUM increases or decreases during the period based on the Fund's performance.

Teton paid GAMCO administration fees based on the average net assets of the Funds, amounting to $513,272 and $369,829 for the three month periods ended June 30, 2014 and June 30, 2013, respectively, and $1,007,834 and $699,816 for the six month periods ended June 30, 2014, and June 30, 2013, respectively. Teton also paid GAMCO reimbursement for compensation, which amounted to $510,408 and $280,241 for the three month periods ended June 30, 2014 and June 30, 2013, respectively, and $1,003,524 and $523,161 for the six month periods ended June 30, 2014 and June 30, 2013, respectively.

The Company serves as the investment adviser for the Funds and earns advisory fees based on predetermined percentages of the net average daily assets of the Funds. Advisory fees earned from the Funds were $3,812,654 and $2,338,265 for the three month periods ended June 30, 2014 and June 30, 2013, respectively, and $7,447,657 and $4,392,707 for the six month periods ended June 30, 2014 and June 30, 2013, respectively. Advisory fees receivable from the Funds were $1,256,984 and $1,169,253 at June 30, 2014 and December 31, 2013, respectively.

B. Related Party Transactions (continued)

Teton's receivables and payables to affiliates at June 30, 2014 and December 31, 2013 are non-interest bearing and are receivable and payable on demand. At June 30, 2014 and December 31, 2013, the amount payable to GAMCO was $587,349 and $514,135, respectively, and the amount payable relating to wholesaler payouts was $369,475 and $381,254, respectively. At December 31, 2013 the amount payable to G.research was $19,205. There was no receivable or payable from G.research at June 30, 2014. The amount receivable from G.distributors at June 30, 2014 and December 31, 2013 was $84,551 and $70,339, respectively. The amount payable to Gabelli Funds, LLC at June 30, 2014 and December 31, 2013 was $4,346 and $4,238 respectively. The amount payable to Gabelli Securities Inc. at June 30, 2014 was $10,876. There was no receivable or payable to Gabelli Securities at December 31, 2013.

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 unaudited Condensed Financial Statements and the notes thereto.

Introduction

Our revenues are highly correlated to the level of assets under management ("AUM") and fees associated with our various investment products, rather than our own corporate assets. AUM, which are directly influenced by the level and changes of the overall equity markets, can also fluctuate through acquisitions, the creation of new products, the addition of new accounts or the loss of existing accounts. Since various equity products have different fees, changes in our business mix may also affect revenues. At times, the performance of our equity products may differ markedly from popular market indices, and this can also impact our revenues. It is our belief that general stock market trends will have the greatest impact on our level of AUM and hence, revenues.

Asset Highlights

The following table sets forth total AUM by product type as of the dates shown:

						% Δ	
	6/13	9/13	12/13	3/14	6/14	6/13	3/14
Mutual Funds							
Equities	$ 1,023	$ 1,262	$ 1,465	$ 1,553	$ 1,591	55.5%	2.4%
Fixed Income	24	23	22	22	22	(8.3)	-
Separate accounts	496	539	538	547	546	10.1	(0.2)
Total Assets Under Management	$ 1,543	$ 1,824	$ 2,025	$ 2,122	$ 2,159	39.9%	1.7%

AUM increased to $2.16 billion at June 30, 2014 from $2.12 billion at March 31, 2014. This increase was due to inflows of $108 million and market appreciation of $35 million, partially offset by outflows of $106 million. This compares with inflows of $113 million and market appreciation of $51 million, partially offset by outflows of $49 million in the second quarter of 2013. Average AUM were $2.1 billion for the second quarter 2014, an increase of 40.0% from $1.5 billion in the second quarter 2013.

Operating Results for the Quarter Ended June 30, 2014 as Compared to the Quarter Ended June 30, 2013

Revenues

Total revenues were $4,881,483 in the second quarter of 2014, $1,699,825 or 53.4% higher than the total revenues of $3,181,658 in the second quarter of 2013. The change in total revenues by revenue component was as follows:

	For the Three Months ended June 30,		Increase (decrease)	
(unaudited)	2014	2013	$	%
Investment advisory fees-mutual funds	$ 3,812,654	$ 2,338,265	$ 1,474,389	63.1%
Investment advisory fees-separate accounts	822,592	772,591	$ 50,001	6.5%
Distribution Fees and other income	246,237	70,802	175,435	247.8%
Total revenues	$ 4,881,483	$ 3,181,658	$ 1,699,825	53.4%

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 daily AUM in the Funds and the average month-end AUM during the quarter for the separate accounts. Investment advisory fees for mutual funds were $3,812,654 for the quarter ended June 30, 2014 compared to $2,338,265 for the quarter ended June 30, 2013, an increase of $1,474,389 or 63.1%.

Investment advisory fees for separate accounts were $822,592 for the period ended June 30, 2014 compared to $772,591 for the period ended June 30, 2013, an increase of $50,001 or 6.5%.

Distribution fees: Teton earns a distribution fee on the Class C shares of Funds sold over the first twelve months after the sale. Distribution fees for the second quarter of 2014 and 2013 were $246,224 and $70,766, respectively.

Expenses

Sub-advisory Fees: Teton has currently retained a sub-adviser for three of the seven 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 $91,331 for the second quarter of 2014, down from $93,569 in the comparable prior year period. This decrease was primarily due to a 2.9% decline in investment advisory revenue from the three sub-advised Funds. Average AUM in the three sub-advised Funds was $179.0 million for the second quarter of 2014, 3.3% lower than the prior year period average of $185.3 million.

Marketing and Administrative Fees: Marketing and administrative fees, which are charges from GAMCO and paid by Teton for administration of the Fund activities performed by GAMCO on behalf of Teton, were $513,272 for the three months ended June 30, 2014, a 38.8% increase from $369,829 in the comparable prior year period. Marketing and administrative fees are calculated on a tiered formula. Based on the tiered formula administration fees were approximately 13.2 basis points of the average Funds AUM for the second quarter 2014 versus 15.0 basis points of the average Funds AUM for the second quarter 2013. As Funds AUM grow these fees will decline as a percentage of the average Funds AUM.

Compensation: Compensation costs, which are largely variably based and include salaries and benefits, portfolio manager compensation and stock based compensation were $1,688,900 for the second quarter of 2014, a $486,786 increase from $1,202,114 in the year ago period. Fixed compensation costs, which include salary, bonus and benefits, increased to $213,164 for the second quarter of 2014 from $197,214 in the prior year period. Stock based compensation was $4,584 for the three months ended June 30, 2014, there was no stock based compensation for the three months ended June30, 2013. 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 2014 period, portfolio manager compensation was $1,471,152, ahead of the $1,004,900 reported in the prior year period. Average AUM is the primary driver of investment advisory fees, on 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 $424,853 for the second quarter of 2014, an increase of $79,351 from $345,502 in the prior year period.

Distribution costs include wholesaler payouts and payments made to third party distributors for Funds sold through them, including their no transaction fee programs. Distribution costs were $352,533 during the 2014 period, an increase of $57,823 from the prior year amount of $294,710.

Expense reimbursements to the Funds were $72,320 for the second quarter of 2014, an increase of $21,528 from the prior year period amount of $50,792.

Advanced Commissions: Advanced commission expense increased $175,348 to $240,529 in the second quarter of 2014 from $65,181 in the 2013 period.

Other: General and administrative expenses, including those charged by GAMCO and incurred directly, were $235,931 for the second quarter of 2014, an increase of $36,018 from the year ago amount of $199,913.

Income Taxes

The effective tax rate was 37.7% for both the quarter ended June 30, 2014 and the quarter ended June 30, 2013.

Net Income

Net income for the second quarter of 2014 was $1,050,794 or $0.95 per fully diluted share versus $564,506 or $0.51 per fully diluted share for the 2013 period.

Operating Results for the Six Months Ended June 30, 2014 as Compared to the Six Months Ended June 30, 2013

Asset Highlights

AUM increased to $2.2 billion as of June 30, 2014, 46.7% higher than June 30, 2013 AUM of $1.5 billion and 4.8% higher than March 31, 2014 AUM of $2.1 billion. This increase was due to market appreciation of $53 million and inflows of $262 million, partially offset by outflows of $179 million. This compares with market appreciation of $196 million and inflows of $188 million, partially offset by outflows of $103 million in the first half of 2013. Average AUM was $2.1 billion for the first half of 2014, compared to $1.4 billion in the first half of 2013.

Revenues

Total revenues were $9,581,803 for the six months ended June 30, 2014, $3,553,892 or 59.0% higher than the total revenues of $6,027,911 for the six months ended June 30, 2013. The change in total revenues by revenue component was as follows:

	For the Six Months ended June 30,		Increase (decrease)	
(unaudited)	2014	2013	$	%
Investment advisory fees-mutual funds	$ 7,447,657	$ 4,392,707	$ 3,054,950	69.5%
Investment advisory fees-separate accounts	1,659,473	1,511,921	$ 147,552	9.8%
Distribution Fees and other income	474,673	123,283	351,390	285.0%
Total revenues	$ 9,581,803	$ 6,027,911	$ 3,553,892	59.0%

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 daily AUM in the Funds and the average month-end AUM during the quarter for the separate accounts. Investment advisory fees for mutual funds were $7,447,657 for the period ended June 30, 2014 compared to $4,392,707 for the period ended June 30, 2013, an increase of $3,054,950, or 69.5%.

Investment advisory fees for separate accounts were $1,659,473 for the period ended June 30, 2014 compared to $1,511,921for the period ended June 30, 2013, an increase of $147,552 or 9.8%.

Distribution fees: Teton earns a distribution fee on the Class C shares of Funds sold over the first twelve months after the sale. Distribution fees for the six months ended June 30, of 2014 and 2013 were $474,648 and $122,930, respectively.

Expenses

Sub-advisory Fees: Teton has currently retained a sub-adviser for three of the seven 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 $182,472 for the first half of 2014, down from $187,944 in the comparable prior year period. This decrease was primarily due to a 2.9% decline in investment advisory revenue from the three sub-advised Funds. Average AUM in the three sub-advised Funds was $179.3 million in the first half of 2014, 3.6% lower than the prior year period average of $186.0 million.

Marketing and Administrative Fees: Marketing and administrative fees, which are charges from GAMCO and paid by Teton for administration of the Fund activities performed by GAMCO on behalf of Teton, were $1,007,834 for the six months ended June 30, 2014, a 44.0% increase from $699,816 in the comparable prior year period. Marketing and administrative fees are calculated on a tiered formula. Based on the tiered formula administration fees were approximately 13.2 basis points of the average Funds AUM for the first half of 2014 versus 15.0 basis points of the average Funds AUM for the first half of 2013. As Funds AUM grow these fees will decline as a percentage of the average Funds AUM.

<u>Compensation</u>: Compensation costs, which are largely variably based and include salaries and benefits, portfolio manager compensation and stock based compensation were $3,377,922 for the first half of 2014, a $1,069,988 increase from $2,307,934 in the year ago period. Fixed compensation costs, which include salary, bonus and benefits, increased to $467,757 for the first half of 2014 from $408,316 in the prior year period. Stock based compensation was $9,168 for the six months ended June 30, 2014, there was no stock based compensation for the six months ended June 30, 2013. 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 2014 period, portfolio manager compensation was $2,900,997, ahead of the $1,899,618 reported in the prior year period. Average AUM is the primary driver of investment advisory fees, on which portfolio manager compensation is based.

<u>Distribution costs and expense reimbursements</u>: Distribution costs, which are principally related to the sale of shares of open-end mutual funds, and expense reimbursements, were $855,681 for the six months ended June 30, 2014, an increase of $247,395 from $608,286 in the prior year period.

Distribution costs include wholesaler payouts and payments made to third party distributors for Funds sold through them, including their no transaction fee programs. Distribution costs were $732,434 during the 2014 period, an increase of $220,918 from the prior year amount of $511,516.

Expense reimbursements to the Funds were $123,247 for the first half of 2014, an increase of $26,477 from the prior year period amount of $96,770.

<u>Advanced Commissions</u>: Advanced commission expense increased $346,133 to $457,615 in the first half of 2014 from $111,482 in the 2013 period.

<u>Other</u>: General and administrative expenses, including those charged by GAMCO and incurred directly, were $405,284 for the six months ended June 30, 2014, an increase of $58,628 from the year ago amount of $346,656.

Income Taxes

The effective tax rate was 37.7% for the six months ended June 30, 2014, versus 37.6% for the six months ended June 30, 2013.

Net Income

Net income for the first half of 2014 was $2,052,782 or $1.86 per fully diluted share versus $1,102,253 or $1.00 per fully diluted share for the 2013 period.