



March 9, 2010

Dear Shareholders:

Twelve months ago, we became a separate public company following the distribution of Teton Advisors, Inc.'s Class B Shares by GAMCO Investors, Inc. "GBL" on March 20, 2009. At that time, we were in the depths of the stock market bottom and our assets under management were \$374 million. Driven by the housing bust, global credit markets and the banking system virtually shut down in early 2009, while the equities of many excellent companies dropped to prices well below their intrinsic value. Teton's Class A Shares began trading on the Pink Sheets® on September 16, 2009. Teton's debut as a public company coincided with the early stages of recovery from the worst economic contraction and stock market decline since the Great Depression. Given that our shares, "TETAA," are thinly traded, the price movement has gyrated wildly, partially attributable to short covering.

The following includes unaudited financials. We ended 2009 on a positive note, with Teton Advisors, Inc. assets at \$560 million, up 3.4% from September and up 24.6% for the year. For the year ended December 2009, Teton generated gross operating revenues of \$4.3 million versus \$3.8 million for 2008. For 2009, operating income declined to \$461,000 versus \$834,000, largely attributable to higher legal fees incurred in the adoption of the Bjurman, Barry Micro-Cap Growth Fund and other non-cash items such as restricted stock (RSA) compensation expense. Net income for the year 2009, was \$302,000 versus \$576,000 in 2008. Our net income was crimped by the amortization of the RSA expense. Without this, net income would have been \$85,000 higher in 2009. Earnings per share for 2009 were \$0.28 (\$0.35 per share ex-RSA expense) versus \$0.55 in 2008.

Our long range goal for Teton is to build a multi strategy asset management platform with emphasis on small and micro cap, long only, equity strategies. We have two mutual funds with this emphasis: Morningstar five-star rated GAMCO Westwood Mighty Mites Fund (WEMMX), managed by Mario Gabelli, Laura Linehan and Walter Walsh, and the GAMCO Westwood SmallCap Equity Fund (WESCX), with a two-star Morningstar rating, but with excellent recent performance. I became President and CEO of Teton Advisors, as well as portfolio manager for the GAMCO Westwood SmallCap Equity Fund on July 2008, following a 25-year career at Trust Company of the West (TCW), most recently as Group Managing Director. While at TCW, I managed substantial small and mid cap equity portfolios and led our investment team. Given their attractive valuations and growth characteristics, small cap equities afford investors excellent risk adjusted returns as we enter this next market recovery cycle. In the small cap strategy, we are positioning Teton across multiple distribution sleeves in separately managed equity portfolios: sub-advisory, institutional and retail channels. In addition, we are receptive to mutual fund mergers or adoptions, as evidenced by the successful merger of the Bjurman, Barry Micro-Cap Growth Fund into the Mighty Mites (WEMMX), mentioned above and consummated on March 27, 2009.

At the core of our investment offerings are three funds, sub-advised by Westwood Holdings Group. We wish to express our thanks to Susan Byrne and Mark Freeman for their stewardship of these assets. The GAMCO Westwood Equity Fund is a large cap value strategy and the GAMCO Westwood Balanced

Fund is a blend of value equity and fixed income and the GAMCO Westwood Intermediate Bond Fund is a bond fund. The two equity funds are rated four-star by Morningstar, and the bond fund, three-star. Rounding out our current offerings is the two-star GAMCO Westwood Income Fund which holds higher yielding equities with a portion of fixed income securities. Let me underscore that all six funds have solid ten-year track records.

I would like to thank Teton's other constituents - our shareholders, investors and clients for supporting Teton as we successfully emerge from the depths of the economic crisis. We look forward to the many opportunities of being a public company and building upon Teton's existing franchise.

Thank you for your confidence and trust.

Sincerely,

A handwritten signature in black ink, appearing to read "N. Galluccio". The signature is fluid and cursive, with a large initial "N" and a long, sweeping underline.

Nicholas F. Galluccio
President and Chief Executive Officer

SPECIAL NOTE REGARDING FORWARD-LOOKING INFORMATION

Our disclosure and analysis in this press release contain some forward-looking statements. Forward-looking statements give our current expectations or forecasts of future events. You can identify these statements because they do not relate strictly to historical or current facts. They use words such as “anticipate,” “estimate,” “expect,” “project,” “intend,” “plan,” “believe,” and other words and terms of similar meaning. They also appear in any discussion of future operating or financial performance. In particular, these include statements relating to future actions, future performance of our products, expenses, the outcome of any legal proceedings, and financial results. Although we believe that we are basing our expectations and beliefs on reasonable assumptions within the bounds of what we currently know about our business and operations, there can be no assurance that our actual results will not differ materially from what we expect or believe. Some of the factors that could cause our actual results to differ from our expectations or beliefs include, without limitation: the adverse effect from a decline in the securities markets; a decline in the performance of our products; a general downturn in the economy; changes in government policy or regulation; changes in our ability to attract or retain key employees; and unforeseen costs and other effects related to legal proceedings or investigations of governmental and self-regulatory organizations. We direct your attention to the cautionary statements set forth in documents on Teton’s website. We do not undertake to update publicly any forward-looking statements if we subsequently learn that we are unlikely to achieve our expectations or if we receive any additional information relating to the subject matters of our forward-looking statements.

Teton Advisors, Inc.
Statements of Financial Condition

(Unaudited)

| | December 31, 2009 | December 31, 2008 |
|---|------------------------------|------------------------------|
| Assets | | |
| Cash and cash equivalents | \$ 436,412 | \$ 760,350 |
| Investment advisory fees receivable | 395,968 | 316,985 |
| Deferred tax asset | - | 33,890 |
| Income tax receivable | 47,532 | 17,906 |
| Receivables from affiliates | 7,216 | 4,592 |
| Identifiable intangible asset | - | 146,400 |
| Other assets (net of accumulated depr of \$3,169 and \$1,028, respectively) | 85,167 | 48,837 |
| Total assets | \$ 972,295 | \$ 1,328,960 |
| Liabilities and stockholders' equity | | |
| Payables to affiliates | \$ 235,172 | \$ 227,855 |
| Compensation payable | 10,000 | - |
| Deferred taxes payable | 154,560 | - |
| NTF Payable | 44,812 | 35,186 |
| Professional fees payable | 33,390 | 282,626 |
| Accrued expenses and other liabilities | 12,135 | 3,447 |
| Total liabilities | 490,069 | 549,114 |
| Stockholders' equity | | |
| Common stock - 953,928 class A shares | 626 | 259 |
| Common stock - 350,314 class B shares | 425 | 792 |
| Paid in capital - class A | 145,806 | 296,911 |
| Treasury stock, class B, at cost (8,000 shares) | (8,120) | (8,120) |
| Retained earnings | 343,489 | 490,004 |
| Total stockholders' equity | 482,226 | 779,846 |
| Total liabilities and stockholders' equity | \$ 972,295 | \$ 1,328,960 |

Teton Advisors, Inc.

(Unaudited)

| | 2009 | 2008 | \$ Change |
|---|-------------------|-------------------|---------------------|
| Revenues: | | | |
| Investment advisory fees - open end | \$ 4,244,502 | \$ 3,792,716 | \$ 451,786 |
| Investment advisory fees - sub-advised | 49,131 | - | 49,131 |
| Dividend & interest income | 1,953 | 35,318 | (33,365) |
| Gross operating revenues | 4,295,585 | 3,828,034 | 467,552 |
| Variable expenses: | | | |
| Portfolio manager compensation | 402,008 | 195,252 | 206,756 |
| Sub-advisory fee - Westwood | 627,272 | 767,116 | (139,844) |
| Marketing/administrative fees | 896,670 | 830,802 | 65,868 |
| Distribution expenses-(recovery) | (44,526) | (42,345) | (2,181) |
| Expense reimbursements | 310,102 | 311,694 | (1,593) |
| NTF fees | 142,497 | 156,451 | (13,953) |
| Total variable expenses | 2,334,023 | 2,218,970 | 115,053 |
| % of gross operating revenues | 54.3% | 58.0% | |
| Net variable contribution | 1,961,562 | 1,609,064 | 352,498 |
| % of gross operating revenues | 45.7% | 42.0% | |
| General & administrative expenses: | | | |
| Salaries & other compensation | 520,000 | 343,826 | 176,174 |
| Payroll taxes | 37,032 | 28,290 | 8,742 |
| RSA compensation | 130,152 | - | 130,152 |
| Operational expense agreement - GBL | 180,000 | 60,000 | 120,000 |
| Outside services | 8,605 | 1,136 | 7,469 |
| Director Fees | 12,092 | - | 12,092 |
| Occupancy costs | 66,911 | 33,456 | 33,456 |
| Legal fees | 301,983 | 93,691 | 208,292 |
| Accounting & regulatory costs | 24,484 | 156,677 | (132,193) |
| Client services | 53,045 | 24,874 | 28,171 |
| General office | 117,866 | 8,788 | 109,078 |
| Financial information services | 21,123 | 9,588 | 11,535 |
| Data processing | - | 3,893 | (3,893) |
| IT expenditures | 8,537 | 4,494 | 4,043 |
| Insurance | 9,000 | 4,716 | 4,284 |
| Telephone | 247 | 52 | 195 |
| Depreciation & amortization | 2,141 | 1,028 | 1,113 |
| Total general & admin. expenses | 1,500,771 | 774,723 | 726,048 |
| % of gross operating revenues | 34.9% | 20.2% | |
| Operating income | 460,792 | 834,341 | (373,550) |
| Operating margin | 10.7% | 21.8% | |
| Provision for income taxes | 158,809 | 258,651 | (99,843) |
| % of income before taxes | 34.5% | 31.0% | |
| Net income | \$ 301,983 | \$ 575,690 | \$ (273,707) |
| % of gross operating revenues | 7.0% | 15.0% | |
| Diluted EPS | \$ 0.28 | \$ 0.55 | \$ (0.27) |
| Diluted EPS w/o RSA amortization | \$ 0.35 | \$ 0.55 | \$ (0.20) |