Condensed Financial Statements
Teton Advisors, Inc.
Quarterly Report for the Period Ended September 30, 2013

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Teton Advisors, Inc.

Condensed Statements of Income

(Unaudited)

	Three months ended September 30,	
	2013	2012
Revenues		
Investment advisory fees-mutual funds	$ 2,835,626	$ 1,922,975
Investment advisory fees-separate accounts	771,923	45,528
Distribution fees and other income	124,079	45,369
Total revenues	3,731,628	2,013,872
Expenses		
Compensation	1,376,215	605,564
Marketing and administrative fees	420,095	318,604
Distribution costs and expense reimbursements	556,280	204,324
Advanced commissions	116,143	43,696
Sub-advisory fees	90,878	101,210
Other operating expenses	141,421	108,747
Total expenses	2,701,032	1,382,145
Income before income taxes	1,030,596	631,727
Income taxes	388,535	238,161
Net income	$ 642,061	$ 393,566
Net income per share:		
Basic	$ 0.58	$ 0.39
Diluted	$ 0.58	$ 0.34
Weighted average shares outstanding:		
Basic	1,104,242	1,021,649
Diluted	1,104,242	1,147,798

See accompanying notes.

Teton Advisors, Inc.

Condensed Statements of Income

(Unaudited)

	Nine months ended September 30,	
	2013	**2012**
Revenues		
Investment advisory fees-mutual funds	$ 7,228,333	$ 5,862,969
Investment advisory fees-separate accounts	2,283,844	141,479
Distribution fees and other income	247,362	230,240
Total revenues	9,759,539	6,234,688
Expenses		
Compensation	3,684,149	1,838,906
Marketing and administrative fees	1,119,911	972,192
Distribution costs and expense reimbursements	1,164,566	581,429
Advanced commissions	227,625	180,349
Sub-advisory fees	278,822	316,267
Other operating expenses	488,076	380,047
Total expenses	6,963,149	4,269,190
Income before income taxes	2,796,390	1,965,498
Income taxes	1,052,075	740,998
Net income	$ 1,744,315	$ 1,224,500
Net income per share:		
Basic	$ 1.58	$ 1.15
Diluted	$ 1.58	$ 1.03
Weighted average shares outstanding:		
Basic	1,104,242	1,061,795
Diluted	1,104,242	1,186,174

See accompanying notes.

Teton Advisors, Inc.

Condensed Statements of Financial Condition

	September 30, 2013	December 31, 2012
ASSETS	(Unaudited)	(Audited)
Cash and cash equivalents	$ 1,729,263	$ 267,670
Investment advisory fees receivable	1,670,775	1,154,933
Investment in securities	2,092	-
Deferred taxes, net	41,977	6,343
Receivable from affiliates	48,822	17,231
Contingent deferred sales commission	356,199	77,409
Other assets (net of accumulated depreciation of $18,450 and $14,037, respectively)	85,519	83,045
Total assets	3,934,647	1,606,631
LIABILITIES AND STOCKHOLDERS' EQUITY		
Payable to affiliates	784,371	712,765
Deferred taxes, net	137,593	34,648
Income tax payable	76,336	37,444
Compensation payable	300,267	100,251
Distribution costs payable	198,647	120,091
Accrued expenses and other liabilities	249,205	157,519
Total liabilities	1,746,419	1,162,718
Stockholders' equity:		
Class A Common stock, $0.001 par value; 1,200,000 shares authorized; 970,429 and 970,036 shares issued, respectively; 770,429 and 770,036 shares outstanding, respectively	971	971
Class B Common stock, $0.001 par value; 800,000 shares authorized; 792,000 shares issued; 333,813 and 334,206 shares outstanding, respectively	342	342
Additional paid-in capital	588,899	588,899
Treasury stock, at cost (200,000 shares class A shares and 8,000 class B shares)	(1,908,120)	(1,908,120)
Retained earnings	3,506,136	1,761,821
Total stockholders' equity	2,188,228	443,913
Total liabilities and stockholders' equity	$ 3,934,647	$ 1,606,631

See accompanying notes.

Teton Advisors, Inc.

Condensed Statements of Stockholders' Equity

(Unaudited)

For the Nine Months Ended September 30, 2013

	Common Stock Class A	Common Stock Class B	Additional Paid-in Capital	Treasury Stock	Retained Earnings	Total
Balance at December 31, 2012	$ 971	$ 342	$ 588,899	$ (1,908,120)	$ 1,761,821	$ 443,913
Net income	-	-	-	-	1,744,315	1,744,315
Balance at September 30, 2013	$ 971	$ 342	$ 588,899	$ (1,908,120)	$ 3,506,136	$ 2,188,228

See accompanying notes.

Teton Advisors, Inc.

Condensed Statements of Cash Flows

(Unaudited)

	Nine months ended September 30,	
	2013	2012
Operating activities		
Net income	$ 1,744,315	$ 1,224,500
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	4,412	3,548
Deferred income tax	(35,634)	2,657
Amortization of deferred sales commission	227,625	180,349
Stock based compensation expense	-	69,483
(Increase) decrease in operating assets:		
Investment advisory fees receivable	(515,842)	30,341
Investment in securities	(2,092)	-
Income tax receivable	-	-
Receivable from affiliates	(31,591)	25,941
Contingent deferred sales commission	(506,415)	(127,012)
Other assets	(6,886)	39,578
Increase (decrease) in operating liabilities:		
Payable to affiliates	71,606	38,398
Deferred tax liability	102,945	(43,352)
Income tax payable	38,892	(637,787)
Compensation payable	200,016	32,283
Distribution costs payable	78,556	(75,374)
Accrued expenses and other liabilities	91,686	(33,088)
Total adjustments	(282,722)	(494,035)
Net cash provided by operating activities	1,461,593	730,465
Financing activities		
Stock repurchased	-	(950,000)
Dividends paid	-	(785,154)
Net cash used in financing activities	-	(1,735,154)
Net increase (decrease) in cash and cash equivalents	1,461,593	(1,004,689)
Cash and cash equivalents at beginning of year	267,670	2,715,895
Cash and cash equivalents at end of the period	$ 1,729,263	$ 1,711,206
Supplemental disclosure of cash flow information:		
Cash paid for income taxes	$ 909,386	$ 1,395,701

See accompanying notes.

Teton Advisors, Inc.

Notes to Condensed Financial Statements

September 30, 2013

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 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.

A. Significant Accounting Policies (continued)

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, 2012. 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 nine month periods ended September 30, 2013 are not necessarily indicative of the results that may be expected for the year ending December 31, 2013.

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, 2013 and December 31, 2012, Teton had $1,728,339 and $266,747, respectively, in this money market fund and earned $20 and $112 for the three month periods ended September 30, 2013 and September 30, 2012, respectively, and $100 and $168 for the nine month periods ended September 30, 2013 and 2012, 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 marketing and administrative fees based on the average net assets of the Funds, amounting to $420,095 and $318,604 for the three month periods ended September

B. Related Party Transactions (continued)

30, 2013 and September 30, 2012, respectively, and $1,119,911 and $972,192 for the nine month periods ended September 30, 2013, and September 30, 2012, respectively. Teton also paid GAMCO reimbursement for compensation, which amounted to $348,809 and $223,971 for the three month periods ended September 30, 2013 and September 30, 2012, respectively, and $871,970 and $873,918 for the nine month periods ended September 30, 2013 and September 30, 2012, respectively.

Teton pays Westwood Management Corporation 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 $90,878 and $101,210 for the three month periods ended September 30, 2013 and September 30, 2012, respectively, and $278,822 and $316,267 for the nine month periods ended September 30, 2013 and September 30, 2012, respectively. Westwood Management Corporation is a wholly owned subsidiary of Westwood Holdings Group (NYSE: WHG).

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 $2,835,626 and $1,922,975 for the three month periods ended September 30, 2013 and September 30, 2012, respectively, and $7,228,333 and $5,862,969 for the nine month periods ended September 30, 2013 and September 30, 2012, respectively. Advisory fees receivable from the Funds were $952,362 and $630,765 at September 30, 2013 and December 31, 2012, respectively.

Teton's receivables and payables to affiliates at September 30, 2013 and December 31, 2012 are non-interest bearing and are receivable and payable on demand. At September 30, 2013 and December 31, 2012, the amount payable to GAMCO was $784,371 and $380,455, respectively. In addition, the amount payable at December 31, 2012 also consisted of a loan payable to GGCP of $300,000, repaid February 2013, and $32,310 payable to Westwood Management Corporation.

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.

D. Subsequent Events

The Company entered into a $1.5 million line of credit with a bank on October 7, 2013.

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, 2013 as Compared to the Quarter Ended September 30, 2012

Revenues

Total revenues were $3,731,628 in the third quarter of 2013, $1,717,756 or 85.3% higher than the total revenues of $2,013,872 reported in the third quarter of 2012. The change in total revenues by revenue component was as follows:

	For the Three Months ended September 30, 2013			
			Increase (decrease)	
(unaudited)	2013	2012	$	%
Investment advisory fees-mutual funds	$ 2,835,626	$ 1,922,975	$ 912,651	47.5%
Investment advisory fees-separate accounts	771,923	45,528	726,395	1595.5%
Distribution Fees and other income	124,079	45,369	78,710	173.5%
Total revenues	$ 3,731,628	$ 2,013,872	$ 1,717,756	85.3%

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 average month-end AUM during the quarter for the separate account. Investment advisory fees for mutual funds were $2,835,626 for the period ended September 30, 2013 compared to $1,922,975 for the period ended September 30, 2012, an increase of $912,975 or 47.5%.

Investment advisory fees for separate accounts were $771,923 for the period ended September 30, 2013 compared to $45,528 for the period ended September 30, 2012. This increase was primarily due to the addition of a new separate account that started on October 15, 2012 with an initial portfolio of $400 million.

AUM increased to $1.8 billion at September 30, 2013 up $0.3 billion, or 20%, from $1.5 billion at June 30, 2013 and up $981.5 million, or 116.5%, from $842.8 million at September 30, 2012. This increase was due to inflows of $201 million and market appreciation of $130 million, partially offset by outflows of $49 million. During the third quarter of 2012 AUM increased $6.4 million, consisting of inflows of $30.4 million and market appreciation of $38.9 million, partially offset by outflows of $62.9 million. Average AUM was $1.7 billion for the third quarter 2013, up $0.2 billion, or 13.3%, from $1.5 billion at June 30, 2013 and an increase of $852.8 million, or 102.0%, from $835.9 million in the third quarter 2012.

Distribution fees and other income: 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 third quarter of 2013 and 2012 were $124,059 and $45,257, respectively. Other income principally represents interest earned on available cash balances.

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 $90,878 for the third quarter of 2013, decreasing from $101,210 in the comparable prior year period. This decrease was primarily due to a 7.5% decline in investment advisory revenue from the three sub-advised Funds. Average AUM in the three sub-advised Funds, the key driver to investment advisory revenue, was $181.3 million for the third quarter of 2013, 7.1% lower than the prior year period average of $195.2 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 $420,095 for the three months ended September 30, 2013, a 32% increase from $318,604 in the comparable prior year period. Marketing and administrative fees are calculated on a tiered formula. Based on the tiered formula marketing and administrative fees were approximately 14.2 basis points of the average Funds AUM for the third quarter 2013 versus 15.7 basis points of the average Funds AUM for the third quarter 2012. As Funds AUM grow these fees will decline as a percentage of the average Funds AUM.

Compensation: Compensation costs, which include stock based compensation and salaries and portfolio manager compensation, was $1,376,215 for the third quarter of 2013, an increase from $605,564 in the year ago period. There was no stock based compensation for the third quarter of 2013, a decrease of $23,161 from the third quarter of 2012. Fixed compensation costs increased to $198,169 for the third quarter of 2013 from $159,460 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 2013 period, portfolio manager compensation was $1,178,046 an increase of $755,103 from the $422,943 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 $556,280 for the third quarter of 2013, an increase of $351,956 from $204,324 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 in 2012 expenses either paid to or reimbursed from a former distributor for distribution of the Funds. Expenses paid to third party distributors, including wholesale payouts, were $472,495 during the 2013 period, an increase of $322,889 from the prior year amount of $149,606. Prior to August 1, 2011, the distribution arrangement required Teton to reimburse the former distributor for any distribution costs incurred in excess of distribution revenues earned on a Fund-by-Fund basis. Conversely, if the distribution revenues exceeded the costs, such excess was reimbursed to Teton on a Fund-by-Fund basis. For the three months ended September 30, 2012, the former distributor reimbursed Teton $42.

Expense reimbursements to the Funds were $83,785 for the third quarter of 2013, an increase of $29,025 from the prior year period amount of $54,760.

Other: General and administrative expenses, including those charged by GAMCO and incurred directly, were $141,421 for the third quarter of 2013, an increase of $32,674 from the year ago amount of $108,747.

Income Taxes

The effective tax rate was 37.7% for both the quarter ended September 30, 2013 and the quarter ended September 30, 2012.

Net Income

Net income for the third quarter of 2013 was $642,061 or $0.58 per fully diluted share versus $393,566 or $0.34 per fully diluted share for the 2012 period.

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, 2013 as Compared to the Nine Months Ended September 30, 2012

Revenues

Total revenues were $9,759,539 for the nine months ended September 30, 2013, $3,524,851 or 56.5% higher than the total revenues of $6,234,688 for the nine months ended September 30, 2012. The change in total revenues by revenue component was as follows:

	For the Nine Months ended September 30, 2013			
			Increase (decrease)	
(unaudited)	2013	2012	$	%
Investment advisory fees-mutual funds	$ 7,228,333	$ 5,862,969	$ 1,365,364	23.3%
Investment advisory fees-separate accounts	2,283,844	141,479	2,142,365	1514.3%
Distribution Fees and other income	247,362	230,240	17,122	7.4%
Total revenues	$ 9,759,539	$ 6,234,688	$ 3,524,851	56.5%

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 average month- end AUM during the quarter for the separate accounts. Investment advisory fees for mutual funds were $7,228,333 for the Period Ended September 30, 2013 compared to $5,862,969 for the period ended September 30, 2012, an increase of $1,365,364, or 23.3%.

Investment advisory fees for separate accounts were $2,283,844 for the period ended September 30, 2013 compared to $141,479 for the period ended September 30, 2012. This increase was primarily due to the addition of a new separate account that started on October 15, 2012 with an initial portfolio of $400 million.

AUM increased to $1.8 billion as of September 30, 2013, 114% higher than September 30, 2012 AUM of $842.8 million and 20% higher than June 30, 2013 AUM of $1.5 billion. Average AUM was $1.5 billion for the nine months ended September 30, 2013, compared to $854.7 million for the same period of 2012.

AUM was $1.8 billion at September 30, 2013, $562 million above the AUM level of $1.3 billion at December 31, 2012. This increase was due to market appreciation of $325 million and inflows of $389 million, partially offset by outflows of $152 million.

AUM was $842.8 million at September 30, 2012 $2.7 million below the AUM level of $845.5 million at December 31, 2011. This decrease was due to outflows of $238.1 million, partially offset by inflows of $149.5 million and market appreciation of $85.9 million.

Distribution fees and other income: 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 nine months ended September 30, 2013 and 2012 were $246,989 and $230,072, respectively. Other income principally consists of interest earned on available cash balances.

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 $278,822 for the nine months ended 2013, down from $316,267 in the comparable prior year period. This decrease was primarily due to a 9.6% decline in investment advisory revenue from the three sub-advised Funds. Average AUM in the three sub-advised Funds, the key driver to investment advisory revenue, was $184.4 million for the nine months ended September 30, 2013, 8.3% lower than the prior year period average of $201 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 $1,119,911 for the nine months ended September 30, 2013, a 15.2% increase from $972,192 in the comparable prior year period. Marketing and administrative fees are calculated on a tiered formula. Based on the tiered formula marketing and administrative fees were approximately 14.8 basis points of the average Funds AUM for the first nine months of 2013 versus 15.7 basis points of the average Funds AUM in the year ago period. As Funds AUM grow these fees will decline as a percentage of the average Funds AUM.

Compensation: Compensation costs, which include stock based compensation and salaries and portfolio manager compensation, was $3,684,149 for the nine months ended September 30, 2013, an increase from $1,838,906 in the year ago period. There was no stock based compensation the first nine months of 2013 a decrease of $69,483. Fixed compensation costs increased to $606,485 for the nine months ended September 30, 2013 from $494,176 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 2013 period, portfolio manager compensation was $3,077,664, an increase of $1,802,417 from the $1,275,247 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 $1,164,566 for the nine months ended September 30, 2013, increasing $583,137 from $581,429 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, in 2012 expenses either paid to or reimbursed from a former distributor for distribution of the Funds. Expenses paid to third parties were $984,011 during the 2013 period, an increase of $554,452 from the prior year amount of $429,559. Prior to August 1, 2011, the distribution arrangement required Teton to reimburse the former distributor for any distribution costs incurred in excess of distribution revenues earned on a Fund-by-Fund basis. Conversely, if the distribution revenues exceeded the costs, such excess was reimbursed to Teton on a Fund-by-Fund basis. For the nine months ended September 30, 2012, the prior distributor reimbursed Teton $539.

Expense reimbursements to the Funds were $180,555 for the nine months ended September 30, 2013, an increase of $28,146 from the prior year period amount of $152,409.

Other: General and administrative expenses, including those charged by GAMCO and incurred directly, were $488,076 for the nine months ended September 30, 2013, an increase of $108,029 from the year ago amount of $380,047.

Income Taxes

The effective tax rate was 37.6% for the nine months ended September 30, 2013, versus 37.7% for the nine months ended September 30, 2012.

Net Income

Net income for the first nine months of 2013 was $1,744,315 or $1.58 per fully diluted share versus $1,224,500 or $1.03 per fully diluted share for the 2012 period.