

RAND CAPITAL CORPORATION
COMPENSATION COMMITTEE CHARTER
March 5, 2015

Purpose

The Compensation Committee (the “Committee”) is appointed by the Board of Directors (the “Board”) of Rand Capital Corporation (the “Corporation”). The purpose of the Committee is to discharge the Board’s responsibilities related to the compensation of the Corporation’s Chief Executive Officer (the “CEO”) and all other executive officers of the Corporation (collectively, including the CEO, the “Executive Officers”). The Committee has overall responsibility for approving and evaluating all compensation plans, policies and programs of the Corporation as they affect the Executive Officers.

Independent oversight of Executive Officer compensation helps ensure that appropriate incentives are in place, consistent with the Board’s responsibility to act in the best interests of the Corporation and its shareholders.

Committee Membership

The Committee will have at least two members, each of whom must meet the independence requirements of the NASDAQ Stock Market and applicable law. However, if needed in future, under exceptional and limited circumstances, NASDAQ regulations permit non-independent directors to be appointed to the Compensation Committee for a term not to exceed two years. In determining the members of the Compensation Committee, the Board will consider whether the members qualify as “non-employee directors” as defined in Rule 16b-3 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and as “outside directors” as defined in Section 162(m) of the Internal Revenue Code of 1986, as amended.

The members of the Committee shall be appointed by the Board on the recommendation of the Nominating & Governance Committee. One member of the Committee shall be appointed as the Committee Chair by the Board annually. Committee members may be removed and/or replaced by the Board in its discretion.

Meetings

The Committee will meet at least once a year, and at such additional times as may be necessary to carry out its responsibilities. The Committee Chair shall preside at each meeting.

The Committee Chair may invite other Directors and guests to attend meetings, as appropriate.

Committee Responsibilities and Authority

The Committee shall have direct responsibility and authority to do the following:

- At least annually, review and recommend to the Board the annual salary, bonus and other incentive opportunities such as Profit Sharing paid by the Corporation to each Executive Officer.
- Annually review and approve corporate goals and objectives relevant to Executive Officer compensation.
- Evaluate each Executive Officer's performance in light of such goals and objectives, and each Executive Officer's compensation level based on such evaluation and other factors the Committee deems appropriate and in the best interests of the Corporation.
- Excuse the President/CEO and any named Executive Officer from Committee meetings during voting or deliberation on their compensation.
- Administer and annually review the operation of the Corporation's incentive compensation plans (including any profit sharing plan), and ensure that such plans are consistent with the Corporation's goals and objectives.
- Periodically and as and when appropriate, review and approve the following as they affect the Executive Officers: (a) all other incentive awards and opportunities; (b) any employment agreements and severance arrangements; (c) any change-in-control agreements and change-in-control provisions affecting any elements of compensation and benefits; (d) any special or supplemental compensation and benefits for the Executive Officers during and after employment; and (e) other benefits and perquisites provided to Executive Officers.
- Review and make recommendations to the full Board regarding the amount and types of compensation that should be paid to the Corporation's non-employee directors, taking into account compensation of directors at comparable companies and such other factors as the Committee deems relevant.
- Prepare the annual Compensation Committee Report on executive compensation for inclusion in the Corporation's proxy statement in compliance with the rules and regulations promulgated by the Securities and Exchange Commission (the "SEC") and in connection with the preparation of that report, review and discuss the Compensation Discussion and Analysis (the "CD&A") required to be included in the Corporation's proxy statement with management.
- Oversee the Corporation's compliance with SEC rules and regulations regarding shareholder approval of executive compensation matters, including advisory votes on executive

compensation and the frequency of such votes, and the requirement under the NASDAQ rules that, with limited exceptions, shareholders approve equity compensation plans.

- Have the authority, in its sole discretion, to retain and terminate (or obtain the advice of) any adviser to assist it in the performance of its duties, but only after taking into consideration factors relevant to the adviser's independence from management specified in NASDAQ Listing Rule 5605(d)(3). The Committee shall be directly responsible for the appointment, compensation and oversight of the work of any adviser retained by the Committee, and shall have sole authority to approve the adviser's fees and the other terms and conditions of the adviser's retention. The Corporation must provide for appropriate funding, as determined by the Committee, for payment of reasonable compensation to any adviser retained by the Committee.

- Make regular reports to the Board.

- Maintain, review and reassess the adequacy of this Committee Charter on an annual basis; and

- Have any other additional power and authority provided by applicable law or regulation.

Each member of the Committee shall be entitled to rely on the integrity of those persons within the Corporation and of the professionals and experts from which the Committee receives information, and absent actual knowledge to the contrary, the accuracy of the information provided to the Committee by such persons, professionals or experts.

This Charter will be made available on the Corporation's website, www.randcapital.com