Pete Grum: Good morning. Thank you for attending the Marcum 2017 Microcap conference. I'm Pete Grum, President of Rand Capital, here with our CFO, Dan Penberthy, and Karen Howard who represents Kei Advisors, our Investor Relations firm. We're here to talk to you about Rand and we're here because we're looking for new people to buy the stock of Rand.

Slide 2 has our safe harbor statement, which you get from everyone.

Please turn to slide 3. Rand has been around for a long time. It's been around for over 40 years and was one of the founders of NASDAQ in 1971. As a matter of fact, we were invited to ring the bell at Nasdaq to celebrate their 40 year anniversary. We're a venture capital company that is usually the first institutional investor in our portfolio companies. We fill a niche, most often providing equity capital that bridges from the initial start-up funding to longer term growth financing. On average, we provide about three rounds of funding before the company is at a point where it's ready to finance at the next level or join a larger, strategic organization. While most often we invest equity and seek capital appreciation, we also provide debt financing, which gives us a cash flow stream to fund our operating expenses.

Please turn to slide 4. Our strategy is to grow the size of the company and that's expressed as a percentage of increasing NAV. Over the past five-plus years, we've grown at an average of about 7% per year, after tax. NAV growth is driven by exits. On the bottom of this slide are some of our exits during this timeframe, which are generators of cash, providing us new capital to invest.

We have a limited ability to influence or predict when exits are coming. In our lifetime, we've had only two IPOs. One was yesterday, a company called the Athenex, in which we have a small piece, went onto the NASDAQ. Primarily our exits are driven by M&A transactions since our companies are on the smaller side. They frequently get absorbed into larger, strategic organizations.

Please turn to slide 5. Here is the history of RAND. In 1969, the company was founded. We elected to become a BDC in 2001 because it allowed us to access the SBIC program. There is an exemption that allows, if you're a BDC, you can have a 100% wholly-owned SBIC. That's been a great program for us; it's a wonderful public-private partnership with the SBA.

We started our first SBIC in 2002. We are going to wind that one down, basically limiting future investment through that fund. We're fairly far along with the start of our second SBIC, which will be a $22.5 million fund.

Please turn to slide 6. For those of you familiar with SBIC programs, we received a "green light" letter in December, which allowed us to go forward with the application process, which we've filed here in 2017. I believe that the finalization will be a July or August event, but I can't promise.

Access to the SBA is a way to get low-cost, long-term capital. Today, I would think the interest rate would be in the low threes, 10-year money, interest only. We've used this vehicle in the past very successfully. We've noted the details of the new SBIC on the bottom of this page – we'll use $7.5 million of our own cash, which allows us to borrow twice that amount, or $15 million, forming the $22.5 million fund. Once we got the application filed, we have begun investing again. We've got two investments under the SBA's pre-licensing program and we have a strong pipeline of opportunities to put the capital to work.

Please turn to slide 7. Here is a summary of our exits over the past five years. Exits are what drive our capital, to keep us going forward and growing. During 2012 through 2016, we have had ten exits. We have invested over $10 million and over $51 million has come back to us, so we earned four times our cash and an IRR above 35%.

Please turn to slide 8. These are some of the successes. Gemcor, up on the top left – they make capital equipment for building airplanes. Any time you look at an airplane you see rivets; their equipment installs the rivets during the airplane assembly process. We held that investment for about 12 years and generated an 11x return on our cash invested, or a 64% IRR, when it was sold to a strategic organization last year.

Referring to the top right of the slide, BinOptics makes lasers. We invested in 2011 and sold in 2014, generating about 5.5 times our cash with an IRR of about 75%.

Liazon, on the bottom left, is in the healthcare benefits business and was very successful. We invested initially in 2010 and sold three years later, generating four times our money.

Finally, I mentioned earlier that we've only had two companies IPO, Synacor is the other one, summarized on the lower right on this slide. They're a software company and we first invested in them in 2002 when they had about $1 million in sales and 20 people. Now they have over $100 million in sales and about 200 people.

Please turn to slide 9. Our company is different from most of the other BDCs that you see. As I mentioned earlier, we are primarily equity-oriented in our investments. We do debt but we like to have an equity piece for capital appreciation. We have recently been investing more on the debt side as some of our instruments that generated cash flow have been paid off, so we're looking to fill that void to rebuild our cash flow stream. We would like to balance our operating income and operating expenses.

Please turn to slide 10. These are all of the companies that we have investments in. If you have been coming to our talks you can see that two, three or four have moved to the right, indicating revenue growth. As they progress to the right, that is typically when the M&A transactions become evident, because most of our companies are high growth. At any given time, our portfolio ranges from startups to high traction enterprises; our largest is probably Carolina Skiff, which is a manufacturer of boats, primarily fishing boats. That's about a $70 million revenue business. Some of those on the left are companies that are just starting the lead generation that have high growth potential.

Please turn to slide 11. These are some of our more mature companies that we can guess and hope that they're going to exit in the near future. We do have 31 companies in the portfolio. At any one time some of them are doing great, and some of them are doing not as great as we would like. But Genicon is a fairly new investment that's doing very well. They are into surgical laparoscopic instruments. Rheonix has really high growth potential; it's into molecular testing devices and they're beginning their FDA testing. Outmatch is in the software business for HR. SocialFlow does the social media publishing for online periodicals such as Time and National Geographic. Frankly, they service about 300 of the top publishers. Their software tells them when and how to do their postings to Facebook, for example. And SciAps is a manufacturer of a laser device that that will tell you what kind of elements that it detects. It's used by mining and metal people.

Please turn to slide 12. We continue to grow this company. We operate for the long haul. That involves doing new investments and that's our history over there on the left. And then we harvest the ones when they're ready. On the right are some of our new investments in 2016. It ranges from post processes for 3D printing to eHealth Technologies which handles electronic medical records. ACV Auctions allows dealers to do a dealer-to-dealer auction of used cars in 20 minutes instead of the traditional way of physically taking a car into an auction, which takes weeks to get their money back.

Please turn to slide 13. Here are some featured companies that we talked about earlier, just to give you more information. As you can see, with some of them we have both debt and equity and we try to balance our exposure to them, but we're primarily equity driven.

Please turn to slide 14. When you buy RAND, you're buying a portfolio that's fairly spread over manufacturing, software and healthcare. We do have some other sectors as shown here. We're pretty diverse but it's probably easier to talk about what we don't invest in. We don't do retail, we don't do restaurants, we don't do real-estate; but we tend to look at just about everything else.

Please turn to slide 15. If you look at where we invest geographically, it's primarily throughout New York state. This is important so that we have easy access to them, without significant travel. We're based in Buffalo so this includes Upstate New York. We have had a lot of successes out of Cornell and we'll continue to do that. We do get outside of the area, primarily through a Buffalo-based co-investor. One of our strategies is, we always invest with other institutional investors; typically a company is raising $3 million to $5 million. We may invest $1 million and then there are two other institutional investors along the side of us. So if you look at why we're in Florida, for example, an institutional investor out of New York called Advantage Capital had an investment opportunity. Dan sits on the board of that investment, like we do for many of our investments. We stay very involved. Florida is a two-hour plane ride for us, so it's very accessible. We will continue to of follow this pattern, I expect.

Please turn to slide 16. In our BDC world, our management structure is what's called internally managed. That means that the company picks up all the actual expenses of what we do, contrasted with an externally managed structure which charges a management fee to the BDC. We believe that the internally managed structure has the benefit of giving us operational leverage as we grow. We've had four people in the company for 20 plus years. We don't have plans to add any people. We don't really add any expenses. So our operating expenses as a ratio of the total assets has decreased over time and I believe this will continue as we grow.

Please turn to slide 17. These are co-investment partners. In many respects, these are our customers. The SBIC is our largest, and that allows us to invest their capital. Relationships with the others allow us to see deals for consideration and give us access to people with money. With our first SBIC, we invested in about 50 companies over about 15 years, through about 160 transactions, so investing on average three times in each. The easy decision is the initial investment. Then they either didn't quite get to where they wanted or they're growing quickly enough they need working capital. So these are our partners. We've invested with them in the past. Some of them are big names, some of them are names you'd probably haven't seen.

Please turn to slide 18. The SBIC is our biggest co-investor. We've right now borrowed $8 million from them. Over the past 14 years, we've borrowed $10 million and repaid them. Right now, we have $8 million outstanding at 3.54%. Once we get approved by the SBA for the second fund, which I can't

guarantee you until that happens, we expect that will have $15 million of new leverage, to supplement the $7.5 million that we put into this new fund. These debentures are priced primarily in the agency markets are going to be a spread to the 10-year treasury rate, and 10-year is fairly low these days.

Please turn to slide 19. We have a strong balance sheet. Out of the cash that we had on hand at March 31, $7.5 million goes into this new fund and that gets us leverage of two to one. We've got a fairly healthy almost $30 million of portfolio investments, with $8 million of debt currently outstanding. So we have a book value, or net asset value of $5.10, but our stock is trading near a historical low as far as market price to net asset value. This is the reason why we're here to find people that are interested in our story. That is a gap that we have not seen before. Management has been a big buyer of the stock recently.

Please turn to slide 20. Here's a summary of our growth strategy. We're going to take the cash that we have and put it into new investments. We need to build our portfolio to cover our operating expenses, which we traditionally have done, but with some repayments we're not quite there yet. We are considering returning capital to shareholders through a buyback. But right now, we don't have the excess cash. But if we get to that point, we would certainly look at that again. And over time, we've bought about 458,000 shares. That is minimal and not really active at this point.

Please turn to slide 21. We have been buyers in the open market. These are the directors and management, the top person is the Chairman. I'm second and then Dan is here. So a significant part of my net worth and Dan's net worth is in our stock. In December we went out and bought 150,000 from a seller at about $3 a share.

Please turn to slide 22. As I talked about, our stock has outperformed the BDC Index, but we have not done as well as the S&P 500 Index. You can see how we're tied into exits that we have. And as our most recent exit was Gemcor, over a year ago, our NAV and therefore our stock price has pulled back. But it will expand again, as we exit some of those maturing companies that are in our portfolio.

Please turn to slide 23. Allow me to summarize. We have realized strong performance financially and operationally and we expect that to continue. The management team, which includes the investment managers, has been the same and has worked together for over 20 years. Any way you want to measure – whether it's audits or anything like that, we come out superb. Our shareholder returns have lagged compared with our operational returns and that's why we're here. We do have a strategy and we'll continue to grow the company through reinvesting our proceeds and through utilizing the SBA program. I believe in Upstate New York, we're the only one of our type and I think we probably see the majority of deals and are able to bring money. Among our investment partners, we're well respected. Regarding opportunistic share buybacks, we always look at and when we get to a point where we have excess cash, we will continue to do that.

Portfolio company profiles follow and we're happy to talk about any of them. These are the company logos and types of information that we have about them – when we invest and what they do, their website and what our ownership is, as well as our cost and market value. I'm happy to talk about any of those companies or anything else as we now open the floor for Q&A.

Q&A

<Q>: [Question Inaudible]

Pete Grum: Yes.

<Q>: [Question Inaudible]

Pete Grum: The question is about our largest shareholder. The origin of his investment was years ago, he bought 11% through a private placement in 2009 when we raised some money in the public markets. He was a client of NSB Capital Advisors and he bought 11%. Subsequent to that, he went and bought another 9% in the open market through JAM Capital. So those shares are currently held by JAM Capital, managed by John A. McCallum, with whom we have regular dialog. I'm going down with our Chairman at the end of this month to meet with John again and to explain what we're doing. The true owner of the money I believe is Carl Cummings, through Utility Service Holdings. The other large investor, which was 11%, was Rob McLeese. His dad had been on our Board for many years and we facilitated the sale of his shares at the end of 2016 and he is no longer involved.

<Q>: The $7.5 million SBIC capital for your new fund, does that have to be reserved out of your cash?

Pete Grum: Yes and it's been set aside for this purpose.

<Q>: [Question Inaudible]

Pete Grum: Regarding our new fund, yes, we've made the deposit of our $7.5 million cash. On an approved pre-license basis, the new entity has begun investing as we continue to go through the process with the SBA. And we'll continue investing that and probably go through all of our cash before we draw down any SBA leverage. That's how we did it in the first fund.

Pete Grum: Any other questions? Thank you. It's good to see some familiar faces and we're here for the rest of the day, come to see us. You have our contact information and feel free to call us for any further questions. Thank you. Have a good day.