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Rand Capital Corporation

Rand Capital Receives "Green Light" Letter from SBA for Second SBIC License

BUFFALO, NY -- (Marketwired) -- 01/12/17 -- [Rand Capital Corporation](#) (NASDAQ: RAND) ("Rand"), a venture capital company whose focus is to make investments in companies with emerging product, service or technology concepts, announced that the U.S. Small Business Administration ("SBA") issued a "green light" or "go forth" letter inviting Rand to continue its application process to obtain a license to form and operate its second Small Business Investment Company ("SBIC") subsidiary.

Allen F. ("Pete") Grum, President and Chief Executive Officer of Rand Capital, commented, "Our current partnership with the SBA and SBIC investment program began in 2002. We had an initial \$10 million commitment from the SBA and a subsequent \$8 million commitment in 2011. We invested that capital in more than 50 companies through over 150 transactions. Exiting 26 of those companies generated an internal rate of return of approximately 25% and a multiple of invested capital of about 3x. We also believe we have done well supporting the SBA's mission of growing businesses and jobs. Our portfolio companies currently employ approximately 2,000 people and generate annual revenue of over \$200 million." The current portfolio is comprised of 26 companies.

He continued, "Our proposed SBIC will continue our investment strategy of focusing on privately-held, early stage and emerging growth businesses with proven management teams."

If approved, the second SBIC license would permit Rand to issue \$15 million of additional SBA-guaranteed debentures, supplementing the \$7.5 million in cash that would be funded by Rand at the time of licensing. These debentures would have ten-year maturities and fixed interest rates, which would support the Company's favorable cost of capital. Under the regulations applicable to SBICs, an SBIC may have outstanding debentures guaranteed by the SBA in an amount of up to twice its regulatory capital.

Receipt of a green light letter from the SBA does not assure an applicant that the SBA will ultimately issue an SBIC license. The Company has received no assurance or indication from the SBA that it will receive an SBIC license, or of the timeframe in which it would receive a license, should one be granted.

ABOUT RAND CAPITAL

Rand Capital (NASDAQ: RAND) provides investors the ability to participate in venture capital opportunities through an investment in the Company's stock. Rand is a Business Development Company (BDC), and its wholly-owned subsidiary is licensed by the U.S. Small Business Administration (SBA) as a Small Business Investment Company (SBIC). Rand focuses its investments in early or expansion stage companies with strong leadership that are bringing to market new or unique products, technologies or services that have a high potential for growth. Additional information can be found at the Company's website where it

regularly posts information: www.randcapital.com.

Safe Harbor Statement

This news release contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements include, but are not limited to, statements concerning receiving a new SBIC license and funding, future net asset value growth, investment returns and opportunities as well as Rand's plans for utilizing proceeds from sales of portfolio companies when and if received. These statements involve known and unknown risks, uncertainties and other factors that could cause the actual results to differ materially from the results expressed or implied by such statements, including general economic and business conditions, conditions affecting the portfolio companies' markets, competitor responses, and market acceptance of their products and services and other factors disclosed in the Corporation's periodic reports filed with the Securities and Exchange Commission. Consequently, such forward looking statements should be regarded as the Corporation's current plans, estimates and beliefs. The Corporation assumes no obligation to update the forward-looking information contained in this release.

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Source: Rand Capital Corporation