



# **NEWS RELEASE**

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## **FOR IMMEDIATE RELEASE**

### **Rand Capital Announces Third Quarter Results**

- ◆ ***Net Asset Value is \$2.98 for the quarter ending September 30, 2007.***
- ◆ ***Over \$6 million in funding remains available for future investment***
- ◆ ***Three new investments announced***
- ◆ ***Two exits from portfolio companies announced***

BUFFALO, NY, October 25, 2007 -- Rand Capital Corporation (NASDAQ: RAND) ("Rand"), a business development company (BDC) that provides capital and managerial expertise for small to medium-sized private companies, announced its financial results for the second quarter ended September 30, 2007. Rand's net asset value at the quarter ended September 30, 2007 at \$2.98 per share. At September 30, 2007, Rand's total investment portfolio was valued at \$22.4 million, which exceeds its cost basis of \$13.6 million, reflecting \$8.8 million in net unrealized appreciation.

Allen F. Grum, President of Rand Capital stated "Our portfolio continues to mature and the likelihood of liquidity events increases. We look forward to sharing these results with you."

#### **Revenue**

Investment income increased by 49% or approximately \$400,000 to \$1.2 million for the nine months ended September 30, 2007 compared with the same period last year. The growth in 2007 was driven by increases in dividends from portfolio companies.

Dividend and other investment income grew primarily because of higher Limited Liability Corporation (LLC) distributions from companies that have improving operational trends, in particular **Gemcor II, LLC**, ([www.gemcor.com](http://www.gemcor.com)), and **Carolina Skiff LLC**, ([www.carolina-skiff.com](http://www.carolina-skiff.com)). **Gemcor** designs and sells automatic riveting machines to manufacturers of airframes, missile bodies, space system accessories, and other aerospace equipment. **Carolina Skiff** is a leading manufacturer of affordable fishing and recreational boats. LLC dividends can fluctuate based on portfolio companies' profitability and the timing of distributions.

The cash balance at September 30, 2007 was \$4.1 million, representing \$0.72 per share. In addition, Rand has \$1.9 million of outstanding leverage available from the Small Business Administration (SBA) for future investment. During the quarter, Rand determined its tax

obligations and reduced the current and deferred estimated tax liabilities which resulted in a \$43,000 increase in net asset value.

### **Portfolio Activities**

**RAMSCO**, an investment we made in 2002, repaid their loan entirely. Rand redeemed a portion of our warrants for a gain of \$555,000. Rand continues to hold warrants for 5.99% of the Company. During the quarter, we invested \$500,000 in **Allworx Corp.** Preferred Stock. Subsequent to the end of the quarter, **Allworx** accepted an offer from PAETEC (NASDAQ: PAET) which values our equity at approximately \$650,000. This transaction will be reflected next quarter. We increased our investment in **Niagara Dispensing Technologies, Inc.** through a loan of \$250,000 and in **Rocket Broadband Networks, Inc.** by purchasing \$280,000 of Preferred stock. We also wrote off our investment in **Topps Meat Company, LLC**, previously valued at \$927,000, to reflect current business conditions. We will continue to monitor this investment.

**Synacor, Inc.** filed an S-1 during the quarter and an amended S-1 following the end of the quarter. This process is in anticipation of a public offering of their stock.

### **Safe Harbor Statement**

This press release may contain statements of a forward-looking nature relating to future events; are intended to be made pursuant to the Safe Harbor Provisions of the Private Securities Litigation Reform Act of 1995; and are subject to inherent uncertainties in predicting future results and conditions. These statements reflect the Corporation's current beliefs, and a number of factors could cause actual results to differ materially from those expressed in this press release. Please see the Corporation's Form 10-Q previously filed with the Securities and Exchange Commission for a detailed discussion of the risks and uncertainties associated with the Corporation's business, including but not limited to, the risks associated with venture capital investing and other significant factors that could affect actual results. Except as otherwise required by Federal securities laws, Rand Capital Corporation and Rand Capital SBIC, L.P. undertakes no obligation to update or revise forward-looking statements for new events and uncertainties.

### **ABOUT RAND CAPITAL**

*Rand Capital is a publicly held Business Development Company (BDC), and its wholly owned subsidiary is licensed by the Small Business Administration (SBA) as a Small Business Investment Company (SBIC). Rand and its subsidiaries provide capital and managerial expertise to small and medium sized private companies that lack sufficient channels to the capital markets. Rand is traded on the NASDAQ under the symbol "RAND". Rand is headquartered in Buffalo, NY. [www.randcapital.com](http://www.randcapital.com)*

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