



# **NEWS RELEASE**

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## **FOR IMMEDIATE RELEASE**

### **Rand Capital Announces Sale of Its Innov-X Systems, Inc. Securities Resulting from Olympus Corporation Acquisition**

- ◆ ***Investment provided 4.75X return since initial 2004 investment***
- ◆ ***Total return exceeds 80%***
- ◆ ***Estimated proceeds from sale may exceed \$5.6 million***
- ◆ ***Rand previously recognized gain of \$2.3 million in 2006 from recapitalization***
- ◆ ***Employment grows 8X over period of investment***
- ◆ ***Revenues increase 10X over period of investment***

BUFFALO, NY, July 19, 2010 – Rand Capital Corporation (NASDAQ:RAND) (“Rand”), a business development company (BDC) that provides capital for small to medium-sized private companies, announced that it has sold/redeemed its investment holdings in **Innov-X Systems, Inc.**, (Woburn, MA) ([www.innovx.com](http://www.innovx.com)). **Innov-X** had been acquired on July 1, 2010 by Olympus NDT Corporation, (Waltham, MA) ([www.olympus-ims.com](http://www.olympus-ims.com)) and will be a consolidated subsidiary of Tokyo, Japan based Olympus Corporation.

**Innov-X** built a global business as a developer, manufacturer and supplier of portable X-ray fluorescence (XRF) analyzers that are used to determine the types and amounts of elements that make up objects. This non-destructive technology provides a quick and accurate way to carry out elemental analyses of a variety of substances, including solids, powders and liquids. **Innov-X's** 2009 revenues were previously disclosed by Olympus as \$40 million.

Rand's first investment in **Innov-X** was in 2004, subsequent to which Rand made additional financings to the Company in 2005, 2006, and 2009. Rand's total investment into the company was approximately \$1.9 million in the form of several debentures and equity financings.

Daniel Penberthy, Rand's Executive Vice President and also a member of the Board of Directors of **Innov-X** stated: “We enjoyed working with **Innov-X**, and its talented CEO, Mr. Donald Sackett, who was able to both share his vision for the Company and execute on the original business plan. Since the time of our initial investment, **Innov-X** has increased its employment base and Revenues, which are two important financial metrics and goals of the Small Business Investment Company (SBIC) program through which we receive our funding.” He continued, “As **Innov-X** grew and achieved critical milestones in its business, Rand and its

venture financing partners, Summit Partners (Boston, MA) and CEI Ventures Inc., (Portland, ME), were able to finance its growth.”

Rand had valued its **Innov-X** Securities at \$5.5 million at March 31, 2010, and will recognize an estimated realized gain from the sale of its equity securities of approximately \$4.4 million during the third quarter of 2010.

Rand had previously reported a realized gain of \$2.3 million in 2006, resulting from the partial sale of its **Innov-X** holdings, resulting from a minority equity recapitalization financing involving Summit Partners.

Allen F. Grum, President of Rand Capital, stated “We were pleased with our exit from **Innov-X Systems, Inc.** This was the largest exit from Rand Capital SBIC and had an IRR in excess of 80%.”

### **Safe Harbor Statement**

Information contained in this release, other than historical information, should be considered forward-looking, and may be subject to inherent uncertainties in predicting future results and conditions. These statements reflect the Corporation’s current beliefs and are subject to a number of risk-factors, including: general economic conditions which affect Rand and our portfolio companies’ operations; valuation and illiquid nature of the portfolio investments; high degree of risk from investing in private companies; the regulated environment in which we operate; the amount of debt resulting from borrowing funds from the SBA; dependency upon key management for investment decisions; and the competitive market for investment opportunities and fluctuations in quarterly results. Please see the Corporation’s Form 10-Q, Item 1A, previously filed with the Securities and Exchange Commission for a detailed discussion of the risks and uncertainties associated with the Corporation’s business. Except as otherwise required by Federal securities laws, Rand Capital Corporation and Rand Capital SBIC, Inc. 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 subsidiary provide capital and managerial expertise to small and medium sized private companies primarily located in the Northeast U.S. Rand is traded on the NASDAQ under the symbol “RAND”. Rand is headquartered in Buffalo, NY. [www.randcapital.com](http://www.randcapital.com)*

### **ABOUT OLYMPUS NDT**

*Olympus NDT is a world leading manufacturer of innovative non destructive testing instruments, and is located in Waltham, MA.*

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