

Dear Shareholders:

We ended the quarter with our net asset value unchanged from the previous quarter at \$1.51.

During the quarter, we completed new investments in BanKor.com and TSS-Transnet and increased our investments in two portfolio companies, UStec and Ultra-Scan.

We purchased \$200,000 of preferred stock in BanKor.com as part of a syndicate that provided \$3.75 million of financing to BanKor.com. BanKor.com provides an affordable, cost-efficient online banking solution to community banks and other financial institutions. BanKor.com is dedicated to removing the barriers to online banking and is especially interested in helping to level the playing field between community banks and their much larger competitors. Our investment represents approximately 3% of BanKor.com. We also provided \$250,000 of capital to a management team, which allowed them to purchase all of the assets of TSS-Transnet. TSS-Transnet is a trucking and logistics management company offering a single source logistics solution that encompasses road, rail, air, ocean, and a variety of distribution services tailored to the customers' individual business needs. We purchased preferred stock and a warrant for 25% of the common stock. Management intends to use TSS-Transnet as a platform to consolidate other trucking companies.

We increased our investment in UStec by exercising options for 50,000 shares. Also, we provided \$25,000 in a bridge loan for Ultra-Scan. Both of these companies are actively pursuing fundraising.

As our portfolio ages, many of our companies are displaying the promise that we anticipated when we made our original investment. We look forward to sharing these results with you in the coming quarters. Rand's website has been launched (www.randcapital.com). The site includes information and links to our portfolio companies as well as other related sites. We feel our website will provide a more efficient manner in which to communicate with our shareholders and provide portfolio company updates. We encourage you to visit our website.

Allen F. Grum

Portfolio Valuation / June 30, 2000

<TABLE>

<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	
							June 30, 2000	March 31, 2000
Company and Business	Type of Investment	Date Acquired	Cost of Rand	Value of Rand	Per Share	Value	Per Share	
American Tactile Corporation Medina, NY. Develops equipment and systems to produce signage. www.americantactile.com	Convertible Debentures at 8% due June 2000 and April 2001 with detachable warrants	6/23/95	150,000	50,000	0.01	50,000	0.01	
ARIA Wireless Systems, Inc. (OTC:AWSI)* Buffalo, NY. Markets wireless radio transmission communication equipment. www.aria-glb.com	Common Stock - 488,000 shares \$105,840 Demand Notes at 15%	5/23/97	543,840	349,840	0.06	349,840	0.06	
BanKor.com Bloomfield, MN. Provides turn-key solutions for on-line	Series A Convertible Preferred Stock -	5/30/00	200,000	200,000	0.03			

community banking.	200,000 shares							
	Cumulative Dividend							
	\$0.08 per share per							
	annum							
BioWorks, Inc. Geneva, NY. Develops and manufactures biological alternative to chemical pesticides.	Series A Convertible Preferred Stock - 32,000 shares	11/6/95	56,000	56,000	0.01	56,000	0.01	
www.bioworksbiocontrol.com								
Clearview Cable TV, Inc. New Providence, NJ. Cable television operator.	Common Stock - 400 shares	2/23/96	55,541	55,541	0.01	55,541	0.01	
Contract Staffing Buffalo, NY. PEO providing human resource administration for small businesses.	Series A 8% Cumulative Preferred Stock-10,000 shares	11/8/99	100,000	100,000	0.02	100,000	0.02	
www.contract-staffing.com								
DataView, LLC Mt. Kisco, NY. Designs, develops and markets browser based software for investment professionals. www.marketgauge.com	5.5% Membership Interest	10/1/98	310,357	343,357	0.06	343,357	0.06	
Fertility Acoustics, Inc. Buffalo, NY. Developer of proprietary methods to diagnose onset of ovulation.	Common Stock - 848,736 Shares	10/1/97	87,440	1,167,012	0.20	1,167,012	0.20	
G-TEC Natural Gas Systems Buffalo, NY. Manufactures and distributes systems that allow natural gas to be used as an alternative fuel to gases. www.gas-tec.com.	41.67% Class A Membership Interest 8% Cumulative Dividend	8/31/99	300,000	300,000	0.05	300,000	0.05	
Hammertime Kitchen & Bath Works, Inc. Clarence, NY. Sears licensed installer of kitchens and baths.	Convertible Preferred Stock - 1,000 Shares Senior Subordinated Note at 12% due October 2000 Promissory Note at 15%, due August 1999	10/1/98	300,000	300,000	0.05	300,000	0.05	
HCI Systems Kennebunk, ME. Facilities management software solution. www.hcisystems.com	Series B Preferred Stock - 67,000 Shares 5% Cumulative Dividend	12/15/99	100,500	100,500	0.02	100,500	0.02	
MemberWare Technologies, Inc. Pittsford, NY. Internet company engaged in web related consulting services. www.memberware.com	Promissory Note at Prime Rate + 4.5% due September 2004. Common Stock - 40,000 Shares 34,000 warrants for shares of stock	9/16/99	100,000	150,000	0.03	150,000	0.03	
MINRAD, Inc. Buffalo, NY. Developer of laser	595,506 Common Shares. 53,628	8/4/97	874,030	1,111,000	0.19	1,111,000	0.19	

guided surgical devices. Preferred Shares
Merged with BioVector,
Inc. December
1999.

Pathlight Technology, Inc. Ithaca, NY. Develops SAN technology for computer industry. www.pathlight.com	Class A Series Convertible Preferred Stock - 200,000 shares with 6% cumulative dividend. Preferred Class B - 117,187 shares Class C Preferred Stock - 214,285 Shares 67,578 warrants for shares of stock	10/7/97	1,174,996	2,012,922	0.35	2,012,922	0.35
Platform Technology Holdings, LLC Charlottesville, VA. Provides sales support and management for unique medical businesses.	Two units with option for two additional units	9/24/97	8,045	60,000	0.01	60,000	0.01
TSS-TransnetMilton, Ontario. Canadian and U.S. trucking and logistics company.	Series A Preference Stock - 250 shares 12% Quarterly Dividend 250 warrants for common stock	6/1/00	250,000	250,000	0.04		
USTec, Inc. Victor, NY. Manufacturers and markets digital wiring systems for residential new home construction. www.ustecnet.com	Promissory Note at 12% due December 2003 50,000 common shares 2,500 warrants for common shares	12/17/98	100,500	150,000	0.03	100,000	0.02
Vanguard Modular Building Systems Philadelphia, PA. Leases and sells high-end modular space solutions. www.vanguardmodular.com	Preferred Units - 2,673 Units with Warrants	12/16/99	270,000	270,000	0.05	270,000	0.05
Preferred Stock Portfolio* ^ Merrill Lynch (MER-F), Motorola (MOT-A), Citicorp (CIH-A), Texaco (TXC-A)	Merrill Lynch - 12,000 shares; Motorola - 10,000 shares; Citicorp - 10,000 shares; Texaco - 12,000 shares	7/15/99	1,047,888	951,460	0.17	925,838	0.16
			896,397	25,163	0.01	164	
Other investments	Other						
Total Portfolio investments			6,925,534	8,002,795	1.40	7,452,174	1.30
Cash and Cash equivalents			51,154		0.01	646,881	0.11
Net receivables (payables)			114,871		0.02	97,663	0.02
Net Assets before Taxes			8,168,820		1.43	8,196,718	1.43
Tax provision (benefit)			(471,880)		(0.08)	(471,880)	(0.08)

Net Assets	8,640,700	8,668,598	
Net Asset Value per Share (5,708,034 shares outstanding at March 31, 2000 and 5,723,034 shares outstanding at June 30, 2000)		1.51	1.51

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* Publicly owned company ^ Unrestricted securities Note: Restricted securities, including securities of publicly-owned companies which are subject to restrictions on resale, are valued at fair value as determined by the Board of Directors. Fair value is considered to be the amount which the Corporation may reasonably expect to receive for portfolio securities if such securities were sold on the valuation date. Valuations as of any particular date, however, are not necessarily indicative of amounts which may ultimately be realized as a result of future sales or other dispositions of securities. Among the factors considered by the Board of Directors in determining the fair value of restricted securities are the financial condition and operating results, projected operations, and other analytical data relating to the investment. Also considered are the market prices for unrestricted securities of the same class (if applicable) and other matters which may have an impact on the value of the portfolio company.

RAND CAPITAL CORPORATION

Results from Annual Shareholders Meeting held April 13, 2000

(1) Board of Directors Election

	Votes For	Votes Withheld	Against
	-----	-----	-----
Reginald B. Newman II	4,955,438	8,940	-
Allen F. Grum	4,955,438	8,940	-
Luiz F. Kahl	4,955,438	8,940	-
Erland E. Kailbourne	4,954,238	10,140	-
Ross B. Kenzie	4,943,823	20,555	-
Willis S. McLeese	4,954,438	9,920	-
Jayne K. Rand	4,955,438	8,940	-

(2) Appointment of Deloitte & Touche as Auditors

Votes For	Votes Withheld	Against
-----	-----	-----
4,932,215	16,078	16,085

Officers	Title	Email
-----	-----	-----
Allen F. Grum	President/CEO	pgrum@randcap.com
Daniel P. Penberthy	Chief Financial Officer	dpenberthy@randcap.com

CORPORATE DATA Stock Listing NASDAQ SmallCap Market-symbol RAND

Transfer Agent and Registrar Continental Stock Transfer & Trust Company
www.continentalstock.com
General Counsel Hodgson, Russ, Andrews, Woods & Goodyear, LLP
Independent Accountants Deloitte & Touche LLP
Number of Shareholders 823 (as of March 6, 2000)

Rand is actively seeking business opportunities for investment consideration. If you are aware of those businesses that may need Rand's support and assistance, please feel free to contact us.

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Fax: 716-854-8480

RAND CAPITAL CORPORATION
Statements of Financial Position
June 30, 2000 and December 31, 1999

Assets	Unaudited June 30, 2000	December 31, 1999
Investments at Directors' valuation (cost: at 6/30/00 - \$6,925,534; at 12/31/99 - \$6,182,596)	\$ 8,002,795	\$ 5,319,399
Cash and cash equivalents	51,154	1,139,708
Interest receivable (net of allowance of \$13,167 at 6/30/00 and at 12/31/99)	98,576	83,524
Deferred tax asset	471,880	1,071,880
Other assets	55,396	34,436
	-----	-----
Total Assets	\$ 8,679,801	\$ 7,648,947
	=====	=====

Liabilities and Stockholders' Equity (Net Assets)

Liabilities:

Accounts payable and accrued expenses	\$ 39,070	\$ 44,174
Income taxes payable	30	30
	--	--
Total Liabilities	39,100	44,204
	-----	-----

Stockholders' Equity (Net Assets):

Common stock, \$.10 par - shares authorized 10,000,000 issued and outstanding 5,723,034 at June 30, 2000 and 5,708,034 at December 31, 1999.	572,804	570,804
Capital in excess of par value	6,907,329	6,889,379
Undistributed net investment (loss)	(2,180,259)	(1,955,808)
Undistributed realized gain on investments	2,596,531	2,696,531
Net unrealized (depreciation) of investments	(744,296)	(596,163)
	-----	-----
Net Assets (per share 6/30/00 - \$1.51; 12/31/99 - \$1.33)	8,640,701	7,604,743
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Total Liabilities and Stockholder's Equity	\$ 8,679,801	\$ 7,648,947
	=====	=====

RAND CAPITAL CORPORATION

Statements of Operations

Six Months ended June 30, 2000 and December 31, 1999

	Unaudited June 30, 2000	December 31, 1999
Investment income:		
Interest from portfolio companies	\$ 44,063	\$ 78,926
Interest from other investments	79,707	77,264
Other income	-	45,878
	-----	-----
	123,770	202,068
	-----	-----
Expenses:		
Salaries	149,804	155,500
Employee benefits	44,825	38,443
Directors' fees	18,000	13,500
Legal fees	14,380	9,928
Professional fees	15,628	12,342
Stockholder and office	36,206	28,184
Insurance	14,510	16,936
Corporate development	8,851	13,318
Other operating	40,019	57,701

	----- 342,223 -----	----- 345,58 -----
Investment (loss) before income taxes	(218,453)	(143,786)
Income taxes provision	5,998	5,488
Deferred income tax provision (benefit)	-	-
Investment (loss) - net	----- (224,451) -----	----- 149,274 -----
Realized and unrealized gain (loss) on investments:		
Net gain (loss) on sales and dispositions	(100,000)	(14,300)
Net realized gain (loss) on investments	----- (100,000) -----	----- (14,300) -----
Deferred income tax provision	-	-
Net realized gain (loss)	----- (100,000) -----	----- (14,300) -----
Unrealized appreciation (depreciation) on investments:		
Beginning of period	(863,197)	(551,889)
End of period	(1,077,262)	(863,197)
Increase (decrease) in unrealized appreciation	----- 1,940,459 -----	----- (311,308) -----
Deferred income tax provision (benefit)	600,000	-
Net increase (decrease) in unrealized appreciation	----- 1,340,459 -----	----- (311,308) -----
Net realized and unrealized gain (loss) on investments	----- 1,240,459 -----	----- (325,608) -----
Net increase (decrease) in net assets from operations	=====	=====
	\$ 1,016,008	\$ 474,882