RAND CAPITAL CORPORATION

27TH ANNUAL REPORT
1995

Rand Capital Corporation is a registered closed-end management investment company, investing in the securities of small businesses, which offer unique opportunities for growth.

NET ASSET VALUE PER SHARE*

[A bar chart is presented]

Measurement Period (Year Covered)	Net Asset Value
Measurement Pt-12/31/86	$2.13
YE 12/31/87	$2.07
YE 12/31/88	$2.44
YE 12/31/89	$2.53
YE 12/31/90	$2.07
YE 12/31/91	$2.12
YE 12/31/92	$3.07
YE 12/31/93	$3.07
YE 12/31/94	$3.19
YE 12/31/95	$2.21

* Adjusted for stock distributions.

March 31, 1996

TO OUR SHAREHOLDERS:

Our net asset value at December 31, 1995 was $9,333,305, or $2.21 per share, compared to $13,351,926, or $3.19 per share at December 31, 1994. Results of operations in 1995 showed a net loss of $641,941 as compared to a net loss of $424,417 in 1994 primarily due to increased personnel related expenses in 1995.

We reduced our valuations of Aria Wireless Systems and Bydatel in the fourth quarter of 1995 from $5,575,000 and $1,168,000, respectively, to $198,000 and $33,000, respectively. The valuation adjustment was based on an analysis of the capital requirements of Aria and the potential dilutive effects of any new capital. Although the company displays enormous potential, it lacks sufficient capital to execute its business plan and a suitable strategic partner. We continue to monitor the situation closely.

During 1995 we made the following new investments:

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NAME OF COMPANY	TYPE OF BUSINESS	AMOUNT
<S>	<C>	<C>
American Tactile Corporation	ADA signs for visually impaired	$100,000
CAI Wireless Systems	Wireless cable television system operator	237,547
CableMaxx, Inc.	Wireless cable television system operator	97,500
Commercial Maintenance Org.	Maintenance service network	80,000
Jamestown Community Bank	Community bank	500,000
Reflection Technology, Inc.	Virtual display technology	500,000
TGT, Inc.	Biological alternatives to chemical pesticides	56,000
TransWorld Telecom, Inc.	Wireless cable television system operator	131,498

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Also in 1995, we increased our investment in Comptek Research, Inc. via the purchase of 28,249 shares of common stock. Additionally, we purchased 2,856 shares of Ultra-Scan Corporation (formerly Niagara Technology, Inc.) at a cost of $99,984. We sold our investment in International Imaging Materials, Inc. for a pretax gain of $411,846. When ACSE was acquired by CAI Wireless Systems, Inc. in 1995 for a combination of stock and cash, we realized a pretax gain of $103,026.

The increase in value of Mobile Media Corporation is noteworthy. Mobile Media's 1995 stock split of 1.4 common shares for 1 resulted in 20,369 additional shares for our company, increasing our investment value from $750,000 at December 31, 1994 to $1,586,200 at December 31, 1995.

During the year we wrote off our investments in Rand Pharmaceutical (HK), Ltd. in the amount of $165,000 and in Trade Winds Fan Co., Inc. of $520,000 due to their insolvency.

While 1995 ended on a disappointing financial note, we did prepare for the future by attracting new management to replace Mr. Donald Ross, who retired on December 31, 1995. Mr. Ross, a founder and President of our company for the past 26 years, has agreed to continue to assist the company as a consultant. He was replaced by a team consisting of Allen F. Grum, who was elected President, and Nora B. Sullivan who will serve as Executive Vice President. Robin K. Penberthy was elected Secretary and Treasurer of our company.

We are optimistic about the long-term growth and capital appreciation of Rand's assets. In conjunction with the Board of Directors, management is conducting a strategic review of our company during the first quarter of 1996. While comprehensive in nature, it will focus on our company's cost structure, investment strategy and investment management policy in order to continue to ensure maximization of shareholder value.

Sincerely,

s/Thomas R. Beecher, Jr.
Chairman

s/Allen F. Grum
President

s/Nora B. Sullivan
Executive Vice President

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Stockholders
Rand Capital Corporation
Buffalo, New York

We have audited the accompanying statements of financial position, including the portfolio of investments, of Rand Capital Corporation as of December 31, 1995 and 1994, and the related statements of operations and changes in net assets for the years then ended, and the schedule of selected per share data and ratios for each of the five years in the period ended December 31, 1995. These financial statements and the schedule of selected per share data and ratios are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements and the schedule of selected per share data and ratios based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the schedule of selected per share data and ratios are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and the schedule of selected per share data and ratios. Our procedures included examination of securities owned as of December 31, 1995 and 1994. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement and schedule presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and the schedule of selected per share data and ratios referred to above present fairly, in all material respects, the financial position of Rand Capital Corporation as of December 31, 1995 and 1994, and the results of its operations and changes in its net assets for the years then ended and selected per share data and ratios for each of five years in the period ended December 31, 1995 in conformity with generally accepted accounting principles.

As explained in Note 1, the financial statements include securities valued at $8,997,613 (96% of net assets), and $13,698,913 (103% of net assets) at December 31, 1995 and 1994, whose values have been estimated by the Board of Directors in the absence of readily ascertainable market values. We have reviewed the procedures used by the Board of Directors in arriving at its estimate of value of such securities and have inspected underlying documentation, and, in the circumstances, we believe the procedures are reasonable and the documentation appropriate. However, because of the inherent uncertainty of valuation, those estimated values may differ significantly from the values that would have been used had a ready market for the securities existed, and the differences could be material.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of changes in investments at cost for the year ended December 31, 1995, listed in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. This supplemental schedule is the responsibility of the Corporation's management. Such information in the schedule has been subjected to the auditing procedures applied in our audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

s/ Deloitte & Touche LLP
Certified Public Accountants
Buffalo, New York

February 9, 1996

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ASSETS	December 31, 1995	December 31, 1994
<S>	<C>	<C>
Investments at Directors' valuation (identified cost: 1995 - $5,761,573; 1994 - $4,550,713) (Note 1)	$ 8,997,613	$13,698,913
Temporary investments, at market value which approximates cost	545,050	1,676,008
Cash	162,509	430,395
Interest receivable (net of allowance in 1995 - $20,400; 1994 - $2,000)	147,556	395,855
Accounts receivable - other	0	1,707
Income taxes receivable (Note 2)	4,187	0
Other assets	46,957	55,141

TOTAL ASSETS	$ 9,903,872	$16,258,019
	===========	===========
LIABILITIES AND STOCKHOLDERS' EQUITY (NET ASSETS)		
LIABILITIES:		
Accounts payable and accrued expenses (Notes 4 and 6)	$ 226,808	$ 66,793
Loans payable other	0	50,000
Deferred taxes (Note 2)	343,759	2,789,300
TOTAL LIABILITIES	570,567	2,906,093
STOCKHOLDERS' EQUITY (NET ASSETS) (Note 3)		
Common stock, $.10 par - shares authorized 7,000,000; issued and outstanding, 1995 - 4,225,477 and 1994 - 4,185,477	422,548	334,833
Capital in excess of par value	4,810,369	4,729,364
Undistributed net investment loss	(812,838)	(319,192)
Undistributed net realized gain on investments	2,867,302	2,962,721
Net unrealized appreciation of investments	2,045,924	5,644,200
Net assets (per share in 1995 - $2.21; 1994 - $3.19)	9,333,305	13,351,926
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 9,903,872	$16,258,019
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See notes to financial statements

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STATEMENTS OF OPERATIONS

	December 31, 1995	1994
<S>	<C>	<C>
Investment Income (Note 5):		
Interest from portfolio companies	$ 225,042	$ 169,779
Interest from other investments	85,896	125,640
Other income	37,266	5,985
	348,204	301,404
Expenses:		
Salaries	469,985	322,661
Employee benefits	166,412	117,298
Directors' fees	17,750	17,250
Legal fees	82,612	70,827
Auditing and accounting	14,715	19,473
Consulting fees	3,447	3,897

Stockholders and office expense	31,808	30,881
Occupancy expenses	20,560	18,900
Insurance	35,942	28,356
Travel	27,140	20,228
Other operating expenses	119,324	35,725
Interest expense	0	40,325
	989,695	725,821
Investment (loss) before income taxes	(641,491)	(424,417)
Income taxes (Note 2)	14,100	18,000
Deferred income tax (benefit) (Note 2)	(245,660)	(167,500)
Investment (loss) - net	(409,931)	(274,917)
Realized and unrealized gain (loss) on investments:		
Realized loss from investments:		
Cost of sales and dispositions	(65,416)	(742,399)
Realized loss before income taxes	(65,416)	(742,399)
Deferred income tax provision (benefit)	30,003	(313,800)
Net realized loss	(95,419)	(428,599)
Unrealized appreciation:		
Beginning of year	9,064,200	7,170,880
End of year	3,236,040	9,064,200
(Decrease) increase in unrealized appreciation before income taxes	(5,828,160)	1,893,320
(Benefit) provision for deferred income taxes (Note 2)	(2,229,884)	732,600
Net (decrease) increase in unrealized appreciation	(3,598,276)	1,160,720
Net realized and unrealized (loss) gain on investments	(3,693,695)	732,121
Net (decrease) increase in net assets from operations	$(4,103,626)	$ 457,204

See notes to financial statements

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STATEMENTS OF CHANGES IN NET ASSETS

	December 31, 1995	1994
<S>	<C>	<C>
Net assets at beginning of period (includes undistributed net investment (loss) income of $(319,192) in 1994 and $22,699 in 1993)	$13,351,926	$10,320,448
Operations:		
Net investment loss	(409,931)	(274,917)
Net realized loss on investments	(95,419)	(428,599)
Net (decrease) increase in unrealized appreciation of investments	(3,598,276)	1,160,720
Net (decrease) increase in net assets from operations	(4,103,626)	457,204
Net proceeds of private offering, 40,000 shares in 1995 and 530,000 shares in 1994	85,005	2,574,274
Net assets at end of period (includes undistributed net investment loss of $812,838 in 1995 and $319,192 in 1994)	$ 9,333,305	$13,351,926
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See notes to financial statements

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SCHEDULE OF SELECTED PER SHARE DATA AND RATIOS
Five Years Ended December 31, 1995

Selected data for each share of capital stock outstanding throughout the five most current years is as follows:

	Year Ended December 31, 1995	1994**	1993**	1992**	1991**
<S>	<C>	<C>	<C>	<C>	<C>
Investment income	$ 0.09	$ 0.07	$ 0.13	$ 0.17	$ 0.22
Expenses	0.23	0.17	0.18	0.18	0.20
Investment (loss) income before income taxes	(0.14)	(0.10)	(0.05)	(0.01)	0.02
Provision for income taxes (benefit)	(0.05)	(0.03)	(0.01)	0.00	0.00
Net investment (loss) income	(0.09)	(0.07)	(0.04)	(0.01)	0.02
Net realized and unrealized gain (loss) on investments (net of taxes)	(0.89)	0.18	(0.02)	0.96	0.04
Increase (decrease) in net asset value					

before cumulative effect of change in method of accounting	(0.98)	0.11	(0.06)	0.95	0.06
Cumulative effect of change in method of accounting for income taxes (Note 2)	0.00	0.00	0.06	0.00	0.00
Increase (decrease) in net asset value	(0.98)	0.11	0.00	0.95	0.06
Net asset value - beginning	3.19	3.07	3.07	2.12	2.06
Net proceeds of private placement	0.00	0.01	0.00	0.00	0.00
Net asset value - ending	$ 2.21	$ 3.19	$ 3.07	$ 3.07	$ 2.12
Ratio of expenses to average net assets	8.73%	6.13%	5.86%	6.66%	9.34%
Ratio of net investment (loss) income to average net assets	(3.48)%	(2.32)%	(1.11)%	(0.38)%	0.92%
Number of shares outstanding at end of period	4,225,477	4,185,477	3,357,352	3,357,352	3,357,352

** Per share data presented has been restated from prior years to reflect the 25% stock distributions of the Corporation occurring in 1995, 1994 and 1993.

See notes to financial statements.

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RAND CAPITAL CORPORATION
Portfolio of Investments - December 31, 1995 and 1994

				December 31, 1995		December 31, 1994	
Company	Type of Investment	Year First Acquired (a)	Percent Equity (b)	Cost	Directors' Valuation	Cost	Directors' Valuation
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
ARIA Wireless Systems, Inc., NY. (Formerly Bison Data Corp.) Manufactures and markets radio transmission communication equipment.	Common stock - 23,000 shares	1991	18.0	$400,000	$198,000	$400,000	$5,750,000
American Tactile Corp., NY. Develops equipment and systems to	Debenture at 8% due June 23, 2000 convertible to	1995	-	100,000	100,000	0	0

produce ADA signs for the visually impaired.	preferred shares to 12.5% equity						
Auto Radiator Sales, Inc., NY. Manufactures and distributes replacement automobile products.	Common stock - 25 shares	1991	10.0	125,000	250,000	125,000	250,000
	Debenture at 14 2/3% due August 31, 2000, convertible at $5,000 per share			375,000	750,000	375,000	750,000
Bydatel Corp., NY Licensor of telecommunication technology.	Common stock - 219,262 shares	1989	20.3	350,000	33,000	350,000	350,000
	Demand loans at 6%			170,000	0	170,000	170,000
	Warrants to purchase Shares equal to 15.25% equity, expiring 1998			0	0	0	648,000
CAI Wireless Sys., Inc., NY Wireless cable television systems operator.	Common stock - 48,570 shares	1995	0.31	237,547	467,447	0	0
CableMaxx, Inc., TX Wireless cable television systems operator.	Common stock - 15,000 shares	1995	0.16	97,500	114,400	0	0
Chem Pub LP, NY Limited partnership invested in "Chemical Week" magazine.	Limited partnership interest	1988	6.5	5,535	183,775	38,267	204,267
Commercial Maintenance Organization, FL Maintenance service network for retailers, restaurants and vendors.	Common stock - 160 shares	1995	20.0	80,000	80,000	0	0
Comptek Research, Inc., NY Develops electronic systems for military and nonmilitary applications.	Term loan at prime less 1%, due June 13, 1998	1994	-	154,017	154,017	164,285	164,285
	Common stock - 28,249 shares	1995	0.63	500,007	238,307	0	0
Corel Systems, Inc., CO. Develops fraud prevention software for the wireless industry.	Convertible preferred stock - 200,000 shares	1994	1.3	200,000	200,000	200,000	200,000
J. Giardino, NY Owns and leases commercial property.	First mortgage at 10%	1988	-	228,516	228,516	238,501	238,501
International Imaging Materials,	Common stock - 30,500 shares	1991	-	0	0	305,000	991,300

Inc., NY Manufactures and sells thermal transfer ribbons.							
Jamestown Savings Bank, NY Community Savings Bank	Common stock - 50,000 shares	1995	15.0	500,000	500,000	0	0
Mobile Media Corp, NY (Merger of Local Area Telecom, Inc.)	Common stock - 50,923 shares	1990	0.4	61,428	1,586,200	86,000	750,000
Provider of paging and other wireless data services.	Split - 1.4 to 1 - 20,369 shares	1995	2.23	24,572			
Phoenix Data Communications Corp., Rt. Develops computer networking and multi-protocol software.	Convertible preferred stock - 4,000 shares	1994	1.1	100,000	100,000	100,000	100,000
Rand Pharmaceuticals (HK) Ltd., Hong Kong	Common stock - 500 shares	1993	-	0	0	15,000	15,000
Distributes over-the-counter drug products to developing countries.	Term loan at 10%, due November 19, 1998			0	0	150,000	150,000
Reflection Technology, Inc. MA Develops and licenses propriety virtual display technology.	Convertible preferred stock - 161,290 shares	1995	2.38	500,000	500,000	0	0
TGT, Inc. NY Develops and manufactures biological alternatives to chemical pesticides.	Convertible preferred stock - 32,000 shares	1995	0.56	56,000	56,000	0	0
TelSoft Mobile Data, Inc. Canada Develops mobile data software.	Convertible debenture at 7.5%, due December 15, 1996 Warrants to purchase: 184,000 shares at $2.25 (Canadian) each, expiring 1995	1994	3.4	100,000	197,800	100,000	100,000
Three Sixty Corp. NJ	Common stock - 300 shares	1987	7.0	399,900	600,000	399,900	600,000
Acquires and manages cable television properties.	Debenture at 8%, convertible at $1,333 per share			136,700	200,000	136,700	200,000
	Debenture at			451,306	451,306	500,000	500,000

	15%, convertible at $4,700 per share						
Trade Winds Fan Co., Inc., NY Manufactures and sells ceiling fan products and systems.	Common stock - 179,969 shares	1992	-	0	0	133,333	0
	Term loan at 8.5%, due July 31, 2000			0	0	266,667	0
	Demand loan at 10%			0	0	120,000	70,000
TransWorld Telecom, Inc., UT Wireless cable television system operator.	Common stock - 132,826 shares	1995	0.46	131,498	136,998	0	0
Ultra-Scan Corp., NY (formerly Niagara Technology, Inc.) Ultrasonic fingerprint scanning technology.	Common stock - 47,583 shares	1992	15.7	276,986	1,665,386	152,000	1,472,500
	Term Loan at 9% due June 30, 1995			0	0	25,000	25,000
Other investments				61	6,461	60	60
Total Investments				$5,761,573	$8,997,613	$4,550,713	$13,698,913

Notes to Consolidated Portfolio of Investments

(a) The Year First Acquired column indicates the year in which Rand Capital Corporation acquired their first investment in the company or a predecessor company. Cost represents the Federal income tax basis of the security.

(b) The equity percentages express the percent of outstanding voting securities held by the Company or the potential percentage of voting securities that could be held by the Company upon exercise of its warrants or conversion of debentures. Warrants issuable to others were included in determining the percentages.

See notes to financial statements.

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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 1995 AND 1994

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Corporation operates as a closed-end management investment company registered under the Investment Company Act of 1940. The Corporation's former wholly owned subsidiary, Rand SBIC, Inc., which was licensed in accordance with the provisions of the Small Business Investment Act of 1958 was merged with Rand Capital Corporation effective September 30, 1994.

The Corporation reports investments to portfolio companies on the value method of accounting and, accordingly, does not consolidate or recognize income or loss by use of the equity method of accounting for any investments. Under the value method, investments are carried in the statement of financial position at their fair value determined in good faith by the Board of Directors. Such valuations recognize changes in value as unrealized appreciation or depreciation from original cost.

Substantially all of the Corporation's investments are restricted securities and may be subject to various restrictions on their disposition consistent with the Securities Act of 1933. This factor is taken into account by the Directors in valuing the Corporation's portfolio. The Directors also give consideration to the operating results, financial position, 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 impact on the value of a portfolio company.

Securities of a class which are publicly traded, but which the Corporation believes are not readily marketable, are valued at a price discounted from that of the public market.

Substantially all of the debt securities in the Corporation's portfolio are subordinated, in varying degrees, to other indebtedness of the investee. Prevailing interest rates were considered in valuing these securities.

Amounts reported as realized gains and losses are measured by the difference between the proceeds of sale or exchange and the cost basis of the investment without regard to unrealized gains or losses reported in prior periods. The costs of securities that have, in the Directors' judgment, become worthless are written off and reported as realized losses.

Interest income generally is recorded on the accrual basis except where the investment is valued at less than cost to reflect risk of loss. In such cases, interest is recorded at the time of receipt. A reserve for possible losses on interest receivable is maintained when appropriate.

Nonmonetary transactions are recorded on the basis of the fair value of the assets transferred.

Certain reclassifications have been made to prior years for comparative purposes.

Net assets per share are based on the number of shares of common stock outstanding during the respective year. The prior years have been restated to show the effects of a twenty-five percent stock distribution that occurred during 1995, 1994 and 1993 and a private offering which occurred during 1995 and 1994.

2. INCOME TAXES

The Corporation does not presently qualify as a regulated investment company for income tax purposes.

Deferred income taxes of $1,196,000 and $3,416,000 at December 31, 1995 and 1994, respectively, relate to net unrealized appreciation of investments. Such appreciation is not included in taxable income until realized.

Included in deferred taxes on the accompanying statements of financial position is approximately $85,000 and $88,300 at December 31, 1995 and 1994, respectively, applicable to a gain being reported under the installment method for income tax purposes. This amount will be reduced in future periods as payments are received.

The Corporation accounts for income taxes in accordance with FASB Statement No. 109, Accounting for Income Taxes. A requirement of FASB Statement No. 109 is that deferred tax assets and liabilities are recorded for temporary differences between the financial statement and tax bases of assets and liabilities using the currently enacted tax rate expected to be in effect when the taxes are actually paid or recovered.

Income Taxes:

The net deferred tax liability presented in the balance sheet includes the following:

	1995	1994

Deferred tax liability	$ 1,280,976	$ 3,514,600
Deferred tax asset	937,217	725,300
Net deferred tax liability	$ 343,759	$ 2,789,300

The tax effect of the major temporary difference and carryforwards that give rise to the Corporation's net deferred tax liability are as follows:

	1995	1994
Operations	$ (3,700)	$ 9,581
Investments	1,280,976	3,505,059
Net Operating loss carryforwards	(478,490)	(240,310)
Capital loss carryforwards	(455,027)	(485,030)
Net deferred tax liability	$ 343,759	$ 2,789,300

Income tax expense (benefit) is reported in the statements of operations:

	1995	1994
Tax currently payable on income:		
State	14,100	18,000
	14,100	18,000
Deferred:		
Tax (benefit) provision on change in unrealized appreciation:		
Federal	(2,084,137)	234,900
State	(361,404)	16,400
	(2,445,541)	251,300
Total	$ (2,431,441)	$ 269,300

A reconciliation of the benefit for income taxes at the federal statutory rate to the benefit reported is as follows:

	1995	1994
Net investment gain and realized gain before income taxes	$ 6,535,067	$ 726,504
Expected tax (benefit) expense at statutory rate of 34%	$ (2,239,193)	$ 247,000
State, net of federal effect	(592,727	50,000
Other	400,479	(27,700)
Total	$ (2,431,441)	$ 269,300

At December 31, 1995, the Corporation had a Federal and a State net operating loss carryforward of approximately $1,185,000 and $590,000, respectively, which expires commencing in 2007.

3. STOCKHOLDERS' EQUITY

On June 16, 1995 and June 16, 1994, the Corporation issued

837,150 and 669,738 shares of common stock, respectively, to shareholders of record as of May 26, 1995 and May 27, 1994, respectively, in conjunction with a 25% stock distribution declared by the Board of Directors. On October 19, 1995, the Corporation completed the sale of 40,000 shares of authorized and unissued common stock of the Corporation at $3.32 per share. Per share amounts reported in the financial statements and in the schedule of selected per share data and ratios have been restated to reflect the stock distributions. An amount equal to par value was charged to undistributed net investment income and credited to common stock.

At December 31, 1995 and 1994 there were 500,000 shares of $10 par value preferred stock authorized and unissued.

Summary of changes in capital accounts:

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	Undistributed Net Investment Income	Undistributed Realized Gain on Investments	Net Unrealized Appreciation on Investments
<S>	<C>	<C>	<C>
Balance December 31, 1993	$ 22,699	$ 3,391,320	$ 4,483,480
Net (decrease) increase in net assets from operations	(274,917)	(428,599)	1,160,720
Stock Distribution	(66,974)	0	0
Balance December 31, 1994	(319,192)	2,962,721	5,644,200
Net decrease in net assets from operations	(409,931)	(95,419)	(3,598,276)
Stock distribution	(83,715)	0	0
Balance December 31, 1995	$ (812,838)	$ 2,867,302	$ 2,045,924

	----------Common Stock----------		
	Shares	Amount	Capital in Excess of Par
Balance, December 31, 1993 (1)	2,148,589 (1)	$ 214,859 (1)	$ 2,208,090 (1)
Private Offering (1)	530,000 (1)	53,000 (1)	2,521,274 (1)
Stock distribution (1)	669,738 (1)	66,974 (1)	0
Balance, December 31, 1994 (1)	3,348,327 (1)	334,833 (1)	4,729,364 (1)
Stock distribution	837,150	83,715	0
Private Offering	40,000	4,000	81,005
Balance, December 31, 1995	4,225,477	$ 422,548	$ 4,810,369

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(1) As previously reported, pre-1995 stock distribution.

4. COMMITMENTS AND CONTINGENCIES

The Corporation has entered into an agreement with a former officer of the Corporation which, among other things, stipulates the following:

a) From the date of retirement until the earlier of December 31, 1999 or death, the Corporation will employ this former officer as a consultant at an annual fee of $10,000. This contract is subject to renewal.

b) This former officer will continue to be compensated under terms of a deferred compensation agreement. Payments under this agreement are expected to be paid out over the period of January 1, 1996 through September 31, 1999. The amounts under this agreement have been accrued as of December 31, 1995 due to all terms of the contract being satisfied by this fiscal year end.

c) The Company offers health and dental benefits to this former officer and his family under terms of the deferred compensation agreement. These benefits are accounted for under Statement of Financial Accounting Standard No. 106, "Employers Accounting for Postretirement Benefits Other Than Pensions (FASB 106)", requiring the accrual method of accounting for these benefits.

5. TRANSACTIONS WITH AFFILIATES

Income from affiliates of the Corporation as of December 31 was as follows:

	1995	1994
Interest Income	$ 85,896	$ 125,640
Other	32,014	3,493
Total	$ 117,910	$ 129,133

6. PENSION EXPENSE

The Corporation maintains contributory and noncontributory retirement plans for all employees meeting specified age and service requirements. Benefits are determined based on compensation history. The Corporation's policy is to accrue and fund the cost for the year. For the years ended December 31, 1995 and 1994, total retirement plan expense amounted to $81,131 and $83,646, respectively.

Net pension expense for the defined benefit retirement plan consisted of the following:

	1995	1994
Service cost	$ 17,625	$ 32,815
Interest cost	34,335	31,331
Actual return on assets	(34,977)	(33,133)
Net amortization and deferral	4,415	7,606
Net pension expense	$ 21,398	$ 38,619

Actual contribution to this plan amounted to $78,718 and $62,214 in 1995 and 1994, respectively. The following table sets forth the Plan's funded status at December 31:

<TABLE>
<CAPTION>

<S>	<C> 1995	<C> 1994
Fair value of plan assets	$ 496,340	$ 493,294
Actuarial present value of benefit obligations:		
Vested benefits	(498,671)	(504,156)
Non-vested benefits	0	0

Accumulated benefit obligations	(498,671)	(504,156)
Effect of projected future salary increases	(11,321)	(7,574)
Projected benefit obligations	(509,992)	(511,730)
Funded status	(13,652)	(18,436)
Unrecognized transition amount	56,765	61,925
Unrecognized gain	84,412	26,716
Adjustment required to recognize minimum liability	(129,856)	(81,067)
Pension liability	$ (2,331)	$ (10,862)

</TABLE>

The projected benefit obligation for both 1995 was determined using an assumed discount rate of 7.0% and an assigned rate of compensation increase of 3%. The assumed long-term rate of return on plan assets was 7% for both years.

Management of the Corporation anticipates a former officer will receive a lump sum payment from the pension fund during 1996. This payout will approximate $478,000.

CHANGES IN INVESTMENTS AT COST AND REALIZED LOSS
Year Ended December 31, 1995

<TABLE>
<CAPTION>

<S>	Cost Increase (Decrease) <C>	Realized Gain (Loss) <C>
Additional investments:		
ASCE	$ 237,546	$ 0
American Tactile Corp.	100,000	0
CAI Wireless Systems, Inc.	237,547	0
CableMaxx, Inc.	97,500	0
Comptek Research, Inc.	500,007	0
Commercial Maintenance Organization	80,000	0
Jamestown Savings Bank	500,000	0
Reflection Technology, Inc.	500,000	0
TGT, Inc.	56,000	0
TransWorld Telecom, Inc.	141,398	0
Ultra-Scan Corporation	99,986	0
Total	2,549,984	0
Investments sold:		
ASCE	(237,546)	103,026
International Imaging Materials, Inc.	(305,000)	411,846
TransWorld Telecom, Inc.	(9,900)	6,214
Total	(552,446)	521,086
Investments written off:		
Rand Pharmaceuticals (HK), Ltd.	(165,000)	(189,041)
Trade Winds Fan Co., Inc.	(520,000)	(524,244)
Total	(685,000)	(713,285)
Other changes:		
Repayment of loans:		
J. Giardino	(9,984)	0
Three Sixty Corporation	(48,694)	0
Other:		
Chem Pub L.P.	(32,732)	126,783

Comptek Research, Inc.	(10,268)	0
Total	(101,678)	126,783
Net change in investments at cost and realized loss	$ 1,210,860	$ (65,416)

</TABLE>

STOCK BID PRICE DATA*

	1995 High	1995 Low	1994 High	1994 Low
1st Quarter	4 1/4	3 1/2	5 5/8	4 3/8
2nd Quarter	5 3/8	4 1/2	6 5/8	4 3/4
3rd Quarter	7	5 1/4	4 3/4	4 1/2
4th Quarter	6 1/2	3	4 1/2	3 3/4

* Stock bid price data has been adjusted for stock distribution

HOW TO APPLY FOR FUNDS

To help applicants for investment funds, we are pleased to reprint in full the eligible subjects we would prefer to be included in investment applications. Please send this information to us so that we may study it before arranging a personal meeting to discuss the investment:

1. Brief history of company, nature of business or service and main products; Standard Industrial Classification (SIC) number of the industry; number of employees.

2. Biographical sketches of all executives, key personnel, directors and major stockholders; signed personal statement of net worth for each principal.

3. Personal, business and technical references.

4. Financial statements for the past five years, preferably audited.

5. Amount requested, and proposed use of funds; growth projections, if available.

6. Names of principal suppliers and customers.

7. Brief analysis of the market and industry, method of distribution, and competition.

8. Samples of promotional or descriptive literature on products or services offered.

BOARD OF DIRECTORS

*	Thomas R. Beecher, Jr.	Chairman of the Board, Attorney-at-law, Buffalo, N.Y.
*c	Robert P. Fine	Attorney-at-law, Hurwitz & Fine, P.C., Buffalo, N.Y.
acp	Emma K. Harrod, M.D.	Physician, Buffalo, N.Y.
a	Willis S. McLeese	Chairman, Colmac Holdings, Ltd., Toronto, Canada
*a	Reginald B. Newman II	President, NOCO Energy Corp., Tonawanda, N.Y.

*cp Jayne K. Rand Vice President, M&T Bank,
Buffalo, N.Y.

*p Donald A. Ross Consultant

OFFICERS

Allen ("Pete") F. Grum President, Chief Executive Officer

Nora B. Sullivan Executive Vice President

Robin K. Penberthy Secretary and Treasurer

* Member of Executive Committee
a Member of Audit Committee
c Member of Compensation Committee
p Member of Pension Committee

CORPORATE DATA

General Counsel	Hodgson, Russ, Andrews, Woods & Goodyear, LLP
Independent Accountants	Deloitte & Touche LLP
Transfer Agent & Registrar	Continental Stock Transfer & Trust Company
Stock Listing	Over the Counter NASDAQ symbol RAND