

March 31, 1999
 First Quarter

April 27, 1999

To Our Shareholders:

During the first quarter of 1999, we increased our investment in DataView, LLC by purchasing a Convertible Subordinated Note for \$100,000. This increases our ownership to 5% on a converted basis. DataView provides value-added data-visualization information tools for financial market professionals to help spot trends and to enhance decision making. The product is currently used by several major brokerage houses through proprietary systems and over the Internet.

During the quarter, Pathlight Technology, Inc. signed a multi-year agreement with IBM's Storage System Division to deliver the new IBM Storage Area Network, which is driven by Pathlight's proprietary technology. This contract represents a key milestone for the company and is indicative of the markets commercial acceptance of their technology.

We ended the quarter with a net asset value of \$1.43 per share and a cash position of \$3.5 million. Our pipeline of potential transactions is very active and we hope to report on these transactions in the coming quarters.

Thank you for your support.

Allen F. Grum
 President

Portfolio Valuation / March 31, 1999

<TABLE>
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Company and Business	Type of Investment	March 31, 1999		December 31, 1998		share of Rand	share
		Cost	Date Acquired Value of Rand	Value	Per Value		
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.ariawireless.com	Common Stock - 488,000 shares	5/23/97	438,000	122,000	0.02	122,000	0.02
BioVector, Inc. Buffalo, NY. Medical technological sales force company.	Common Stock - 50,000 shares Convertible Promissory Note at 8%, due April 2002 Option to purchase 165,000 Common Shares	4/17/97	50,000 360,000	125,000 360,000	0.08	125,000	0.08
BioWorks, Inc. Geneva, NY. Develops and manufactures biological alternative to	Series A Convertible Preferred Stock - 32,000 shares	11/6/95	56,000	56,000	0.01	56,000	0.01

chemical pesticides.
www.bioworksbiocontrol.com

Clearview Cable TV, Inc. Common Stock - 400 2/23/96 55,541 55,541 0.01 55,541 0.01
New Providence, NJ. Cable shares
television operator.

DataView, LLC Convertible 10/1/98 200,000 200,000 0.04 100,000 0.02
Mt. Kisco, NY. Designs, Subordinated Note -
develops and markets \$200,000
browser based software for 8% Due October 15,
investment professionals. 1999
www.marketgauge.com

Fertility Acoustics, Inc. Common Stock 10/1/97 50,000 125,000 0.02 125,000 0.02
Buffalo, NY. Developer of -150,000 shares
proprietary Option to purchase
methods to diagnose onset of 15,000 shares
ovulation.

J. Giardino First mortgage 2/26/88 121,112 121,112 0.02 121,112 0.02
Buffalo, NY. Commercial real at 13%
estate.

Hammertime, Inc. Convertible 10/1/98 100,000 100,000 0.04 100,000 0.04
Clarence, NY. Exclusive Sears Preferred Stock -
licensed 1,000 Shares 100,000 100,000 100,000
installer of kitchens and Senior Subordinated
baths. Note at 12% due
October 2000

HealthWay Products Company, Common Stock -1,000 3/18/96 100,100 100,100 0.02 100,000 0.02
Inc. shares
Syracuse, NY. Manufactures Promissory Note at
air filters and 24%, due June 1996
climate control devices. 4,667 warrants for
www.healthway.com Series A Preferred
Stock

InfoMiners, Inc. Bridge loan at 10% 12/21/98 420,000 420,000 0.07 420,000 0.07
Amherst, NY. Data warehousing due June 1999
and decision 147,000 warrants
support software for for shares of stock
healthcare industries.
www.infominers.com

Lightbridge, Inc. Common Stock - 3/31/94 218,271 66,648 0.01 72,408 0.01
(NASDAQ:LTBG)* 13,165 shares
Burlington, MA. Provides
software based services
for wireless
telecommunications industry.
www.lightbridge.com

MINRAD, Inc. Common Stock - 8/4/97 429,000 949,512 0.17 949,512 0.17
Buffalo, NY. Developer of 118,689 shares
laser guided surgical devices.

Pathlight Technology, Inc. Class A Series 1(a) 10/7/97 100,000 100,000 0.04 100,000 0.04
Ithaca, NY. Develops high Convertible
technology Serial Preferred
Storage Architecture for Stock - 100,000
computer industry. shares with 6%
www.pathlight.com cumulative
dividend.
Subordinated Note
at 7.5% due
December 2000

Platform Technology Holdings, Two units with 9/24/97 8,045 60,000 0.01 60,000 0.01
LLC option for two
Charlottesville, VA. Provides additional units
sales support and
management for unique medical

businesses.

Reflection Technology, Inc. Series J	10/4/95	500,000	150,000	0.02	150,000	0.03
Waltham, MA. Develops and Convertible licenses proprietary Preferred Stock - virtual display technology. 243,903 shares						
www.reflectiontech.com						

UStec, Inc. Promissory Note at 12/17/98	100,000	100,000	0.02	100,000	0.02
Victor, NY. Manufacturers and 12% due December markets digital wiring 2003 systems for residential new 50,000 warrants for home construction. common shares					
www.ustecnet.com					

Other investments	Other	481,564	10,330	0.00	20,597	0.00
	Total portfolio investments	<u>4,137,633</u>	<u>3,471,243</u>	<u>0.61</u>	<u>3,387,170</u>	<u>0.59</u>
	Cash and Cash equivalents	3,505,402	0.61	3,757,399	0.66	
	Net receivables (payables)	98,868	0.02	20,583	0.00	
	Net Assets before Taxes	7,075,513	1.24	7,165,152	1.25	
	Tax provision (benefit)	(1,071,880)	(0.19)	(1,071,880)	(0.19)	
	Net Assets	<u>8,147,393</u>		<u>8,237,032</u>		
	Net Asset Value per Share (5,708,034 shares outstanding during both periods)		1.43		1.44	

</TABLE>

* Publicly owned company ^ Unrestricted securities as defined in Note (a)

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
Board of Directors (Elected by Shareholders April 27, 1999)

	Reginald B. Newman II	Chairman of the Board
	Allen F. Grum	
a, c	Luiz F. Kahl	
g	Erland E. Kailbourne	
c, g	Ross B. Kenzie	
a	Willis S. McLeese	
a, c, g	Jayne K. Rand	

a - Member of audit committee
c - Member of compensation committee
g - Member of governance committee

Officers	Title	Email
Allen F. Grum	President, Chief Executive Officer	pgrum@randcap.com

Nora B. Sullivan Executive Vice President nsullivan@randcap.com
Daniel P. Penberthy Chief Financial Officer penberthy@randcap.com

Corporate Data

Stock Listing NASDAQ SmallCap Market - symbol RAND
Transfer Agent and Registrar Continental Stock Transfer & Trust Company
General Counsel Hodgson, Russ, Andrews, Woods & Goodyear, LLP
Independent Accountants Deloitte & Touche LLP

Number of Shareholders 786 (as of March 15, 1999)

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

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