

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549**

**SCHEDULE 14A  
(RULE 14a-101)**

**Proxy Statement Pursuant to Section 14(a) of the  
Securities Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

**RAND CAPITAL CORPORATION**  
(Name of Registrant as Specified In Its Charter)

N/A  
(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

On May 7, 2019, Rand Capital Corporation issued the following press release:



# NEWS RELEASE

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Rand Capital Corporation • 2200 Rand Building • Buffalo, New York 14203

## FOR IMMEDIATE RELEASE

### **Glass Lewis Joins ISS in Recommending Shareholders Vote “FOR” All Proposals Related to the Transactions to Transform Rand Capital**

*Cites the Board of Directors’ thorough review process dating back to the establishment of a strategic committee in 2015*

*Highlights the favorable issue price and positive investor reaction to the transactions*

*Rand urges shareholders to follow the recommendations of America’s leading independent proxy advisory firms Glass Lewis and ISS and vote “FOR” all of the proposals on the WHITE proxy card today*

BUFFALO, New York, May 7, 2019 – Rand Capital Corporation (Nasdaq: RAND) (“Rand” or “Rand Capital”), a business development company, announced today that leading independent proxy advisory firm, **Glass Lewis**, has joined **Institutional Shareholder Services (“ISS”)**, in recommending that Rand’s shareholders vote “**FOR**” the transactions related to the \$25 million investment by East Asset Management and the transformation of Rand at the Special Meeting of shareholders to be held on May 16, 2019.

In determining that shareholders should vote in favor of the proposals supporting the transactions, Glass Lewis cited the Board’s process and thorough review of strategic options. The May 6, 2019 report noted\*:

*“In sum, considering the exhaustive review conducted by the Company’s board, the anticipated benefits of the Transactions, and in the absence of any viable superior alternatives, GL believes that shareholders should support the Transaction by voting in favor of each of the proposals to be brought forth at this meeting.”*

Erland “Erkie” Kailbourne, Chairman of the Board, commented, “We believe that Glass Lewis joining ISS in support of the transactions to transform Rand is a testament to the diligent effort of the board and management to provide the best available alternative for creating future value for our shareholders. We are encouraged that both firms have validated the significant time and effort that we have invested. We are reinforcing our own commitment by intending to receive the expected \$1.50 Special Dividend all in stock.”

With the Special Meeting rapidly approaching, Rand reminds shareholders that their vote is very important regardless of the number of shares they own and urges all shareholders to protect their investment by voting “**FOR**” all proposals on the **WHITE** proxy card.

Rand shareholders who have questions about the definitive proxy statement or voting their shares should contact Alliance Advisors, LLC, which is assisting Rand with the solicitation of proxies, toll-free at 1-844-853-0931.

\*Permission to use quote neither sought nor obtained.

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## **Glass Lewis Joins ISS in Recommending Shareholders Vote “FOR” All Proposals Related to the Transactions to Transform Rand Capital**

**May 7, 2019**

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### **About Rand Capital**

Rand Capital (Nasdaq: RAND) is a Business Development Company (BDC) with a wholly-owned subsidiary licensed by the U.S. Small Business Administration (SBA) as a Small Business Investment Company (SBIC). Rand currently focuses its equity investments in early or expansion stage companies and generally lends to more mature companies. The Company seeks investment opportunities in businesses with strong leaders who are bringing to market new or unique products, technologies or services that have a high potential for growth. Additional information can be found at the Company’s website where it regularly posts information: <http://www.randcapital.com/>.

### **About East Asset Management**

East Asset Management (EAM), formed in 2010, is dedicated to investing in private & public market securities and has formed multiple investment vehicles that provide capital to a variety of industries including energy, media, real estate, hospitality, sports and entertainment. EAM has developed a unique and proprietary network for sourcing investment opportunities, including opportunities in the private credit/current yield space, leveraging both its in-house and affiliated investment talent and capabilities. EAM is an entity owned by Terry and Kim Pegula, owners of Pegula Sports & Entertainment: the management company streamlining key business areas across all Pegula family-owned sports and entertainment properties including the Buffalo Bills, Buffalo Sabres, Buffalo Bandits, Rochester Americans, Harborcenter, Black River Entertainment, ADPRO Sports, PicSix Creative agency and numerous hospitality properties.

### **Cautionary Statement Regarding Forward-Looking Statements**

This press release contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements, other than historical facts, including but not limited to statements regarding the expected timing of the closing of the proposed transactions; the ability of the parties to complete the proposed transactions considering the various closing conditions, including receipt of necessary shareholder approvals and approval from the U.S. Small Business Administration (“SBA”); the intention of Rand Capital and Rand Capital SBIC, Inc. (“Rand SBIC”) to elect to be taxed as a regulated investment companies for U.S. federal tax purposes; the intention to declare and pay a special cash and stock dividend after the closing of the proposed transactions; the intention to pay a regular cash dividend after the completion of the proposed transactions; the expected benefits of the proposed transactions such as a lower expense-to-asset ratio for Rand Capital, increased net investment income, availability of additional resources, expanded access to and sourcing platform for new investments and streamlining of operations under the external management structure; the business strategy of originating additional income producing investments; the competitive ability and position of Rand Capital following completion of the proposed transactions; and any assumptions underlying any of the foregoing, are forward-looking statements. Forward-looking statements concern future circumstances and results and other statements that are not historical facts and are sometimes identified by the words “may,” “will,” “should,” “potential,” “intend,” “expect,” “endeavor,” “seek,” “anticipate,” “estimate,” “overestimate,” “underestimate,” “believe,” “could,” “project,” “predict,” “continue,” “target” or other similar words or expressions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove to be incorrect, actual results may vary materially from those indicated or anticipated by such forward-looking statements. The inclusion of such statements should not be regarded as a representation that such plans, estimates or expectations will be achieved. Important factors that could cause actual results to differ materially from such plans, estimates or expectations include, among others, (1) that one or more closing conditions to the stock purchase may not be satisfied or waived, on a timely basis or otherwise, including that the SBA may not approve the proposed transactions or that the required approvals by the shareholders of Rand Capital may not be obtained; (2) the risk that the proposed transactions may not be completed in the time frame expected by parties, or at all; (3) the risk that Rand Capital and/or Rand SBIC may be unable to fulfill the conditions required in order to elect to be treated as a regulated investment company for U.S. tax purposes; (4) uncertainty of the expected financial performance of Rand Capital following completion of the proposed transactions; (5) failure to realize the anticipated benefits of the proposed transactions, including as a result of delay in completing the proposed transactions; (6) the risk that the board of directors of Rand Capital is unable or unwilling to declare and pay the special cash and stock dividend or pay quarterly dividends on a going forward basis; (7) the occurrence of any event that could give rise to termination of the stock purchase agreement; (8) the risk that shareholder litigation in connection with the proposed transactions may affect the timing or occurrence of the contemplated transactions or result in significant costs of defense, indemnification and liability; (9) evolving legal, regulatory and tax regimes; (10) changes in general economic and/or industry specific conditions; and (11) other risk factors as detailed from time to time in Rand Capital’s reports filed with the Securities and Exchange Commission (“SEC”), including Rand Capital’s annual report on Form 10-K for the year ended December 31, 2018, later filed quarterly reports on Form 10-Q, the definitive proxy statement for the proposed transactions and other documents filed with the SEC. Consequently, such forward-looking statements should be regarded as Rand Capital’s current plans, estimates and beliefs. Except as required by applicable law, Rand Capital assumes no obligation to update the forward-looking information contained in this release.

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**Additional Information and Where to Find It**

This communication may be deemed to be solicitation material in respect of solicitation of proxies from shareholders of Rand Capital in respect of the proposed transactions. Rand Capital has filed the definitive proxy statement in respect of the proposed transactions, which was first sent or made available to shareholders on or about April 18, 2019. INVESTORS OF RAND CAPITAL ARE URGED TO READ THE DEFINITIVE PROXY STATEMENT AND OTHER RELEVANT DOCUMENTS CAREFULLY AND IN THEIR ENTIRETY BECAUSE THEY CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTIONS AND RELATED MATTERS. Investors may obtain the definitive proxy statement and other documents filed by Rand Capital with the SEC from the SEC’s website at [www.sec.gov](http://www.sec.gov) or from Rand Capital’s website at [www.randcapital.com](http://www.randcapital.com). Investors and security holders may also obtain free copies of the definitive proxy statement and other documents filed with the SEC from Rand Capital by calling Investor Relations at 716-843-3908.

**Participants in the Solicitation**

Rand Capital and its directors, executive officers, employees and other persons may be deemed to be participants in the solicitation of proxies from the shareholders of Rand Capital in respect of the proposed transactions. Information regarding the persons who may, under the rules of the SEC, be considered participants in the solicitation of Rand Capital shareholders in connection with the proposed transactions is set forth in the definitive proxy statement filed with the SEC, which can be obtained free of charge from the sources indicated above

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[khoward@keiadvisors.com](mailto:khoward@keiadvisors.com)

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On May 7, 2019, Rand Capital Corporation began sending the following letter to its shareholders:



2200 Rand Building / Buffalo, NY 14203 / Tel: 716-853-0802

May 7, 2019

*Dear Fellow Shareholder,*

**Your vote "FOR" the proposals to be presented at the Special Meeting of Shareholders is very important.**

If you have already voted **"FOR"** the five proposals on the WHITE proxy card,  
*thank you!*

If you have not yet voted, please continue reading and vote your proxy card **today**.

The transactions being proposed by the Board of Directors related to the \$25 million investment by East Asset Management are transformational for Rand and you, its shareholders. These changes are expected to create both near- and long-term value for shareholders, and best position Rand for future growth. In fact, America's leading independent proxy advisory firms, Institutional Shareholder Services ("ISS") and Glass Lewis, for institutional investors, banks and pension funds **both support** the proposals that will **transform Rand**.

In endorsing this transaction, ISS cited the comprehensive review process the Board of Directors conducted, the potential benefits of the transaction and substantial risk of loss (to shareholder value) if the transaction was rejected.

**THE RAND BOARD OF DIRECTORS, ISS AND GLASS LEWIS RECOMMEND A VOTE "FOR" ALL FIVE PROPOSALS AT THE SPECIAL MEETING OF SHAREHOLDERS TO BE HELD ON MAY 16, 2019**

In its May 3, 2019 report, ISS also noted:

*"The strategic committee has been measured in its exploration of strategic alternatives. The company's management has consistently stated during earnings calls and other public communications that it was evaluating potential alternatives and was willing to consider pursuing potential transactions. While the dissident may disagree with the board's conclusion the strategic committee seems to have engaged in a comprehensive review of all alternatives before settling on the sale of shares to East Asset Management."*

*"There is also an argument to be made that the post-transaction increased portfolio size and lower expense-to-asset ratio could lead to improved liquidity for the RAND shares."*

*"The board has evaluated liquidation as an alternative and found it to be inferior to the East transaction because it expects the operating costs during a liquidation would reduce the recovery to a point that is inferior relative to the value that could be returned to shareholders following the sale of shares to East and continuing operations."*

*"...waiting and doing nothing is expensive because the costs of remaining publicly listed and managing the portfolio are substantial enough, at this scale, to materially impact the value that would ultimately be returned. In light of the lack of superior alternatives, the potential benefits from the transaction, and substantial risk of loss if the transaction is rejected, support for the transaction is warranted."*

*"In the event that the transaction is not approved by shareholders, shares could reasonably be expected to return to the \$2.30 per share price at which they were trading prior to the January 25, 2019 announcement. That would be a decline of approximately 20 percent from present levels."*

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**Rand Letter to Shareholders (continued)**

May 7, 2019

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We believe shareholders benefit from the following:

- *Market Value Appreciation:* The \$3.00 per share purchase price by East was a 33% premium to the market price on the day prior to the announcement of the transaction.
- *Initial Cash and Stock Dividend:* The planned Special Dividend of \$1.50 per share and the ability to receive a portion of the dividend in cash.
  - The Rand board of directors, management and East intend to elect to receive the Special Dividend in all stock increasing the cash distribution to other shareholders.
- *Total Return Potential:* The opportunity to receive an ongoing dividend consistent with the election of regulated investment company ("RIC") filing status with the IRS.
- *More Efficient Financial Platform:*
  - Elimination of corporate-level income tax as a RIC.
  - Expected reduction in operating expense ratio by externalizing management.
  - More income producing investments with the contributed assets.
- *Expected Improved Capital Markets Position:* The \$25 million investment provides greater scale.

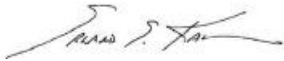
You may hear from *User-Friendly Phone Book LLC, an activist investor*, who is recommending that you vote against the proposals.

**Please discard their materials and vote "FOR" the proposals on the WHITE proxy card**

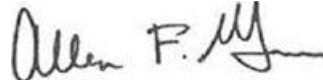
While we very much appreciate the input of shareholders, *we strongly disagree with User-Friendly's conclusions.*

***We are committed to the future potential of Rand.*** As a demonstration of our belief, Rand's board and management, as well as East, intend to take the proposed Special Dividend in all stock. We believe this is a strong indication of our confidence in the future of Rand and has the effect of increasing the amount of cash available to all other shareholders. We welcome ongoing conversation with our shareholders and reiterate our support for the transactions. **Please vote your proxy card "FOR" on all five proposals today!**

Sincerely,



Erland "Erkie" Kailbourne  
Chairman of the Board



Allen F. "Pete" Grum  
President and Chief Executive Officer

**Rand shareholders who have questions about the definitive proxy statement or voting their shares should contact Alliance Advisors, LLC, which is assisting Rand with the solicitation of proxies, toll-free at 1-844-853-0931.**

**Vote your proxy card TODAY.  
Vote "*FOR*" all of the proposals to support the  
transformation of Rand Capital!**

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