

Harris & Harris Group is an early-stage, active investor in transformative nanotechnology companies. As one of the world's most active investors in nanotechnology, Harris & Harris Group has built a diversified portfolio of privately held and publicly traded small businesses with exceptional growth potential. These investments leverage the expansion of nanotechnology into a wide array of sectors, including energy, healthcare, electronics, and in a diverse set of industries within each of these sectors. Harris & Harris Group's portfolio encompasses a full range of early, mid and late-stage investments. With a portfolio focused on transformative technologies, several recent and potential pending liquidity events and the accelerating development of nanotechnology-enabled companies, Harris & Harris Group believes it is well positioned to generate value for shareholders through growth in NAV per share.

2011 Highlights:

- **Five liquidity events:**
 - **Crystal IS** acquired by Asahi Kasei (Dec. 28, 2011)
 - **Innovalight** acquired by DuPont (July 25, 2011).
 - **Solazyme** completion of initial public offering on NASDAQ (symbol SZYM) (May 27, 2011).
 - **BioVex** acquisition by Amgen for up to \$1 billion including milestone payments; 1.9 – 4.6x return on investment (March 4, 2011).
 - **NeoPhotonics** completion of initial public offering on NYSE (symbol NTPN) (Feb. 2, 2011).

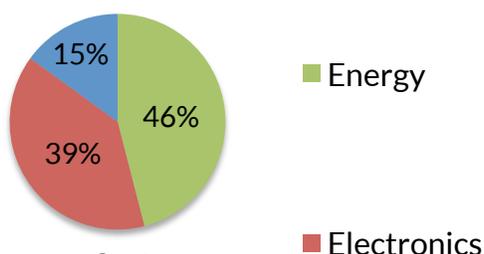
Key Financial Metrics (as of 3/31/12)

Price*	\$3.76
NAV Per Share	\$4.89
Market Capitalization*	\$116.6 million
Shares Outstanding	31.0 million
Investments (Fair Value)	\$124.1 million
(Cost)	\$107.1 million
Cash	\$29.8 million
Debt	\$1.5 million

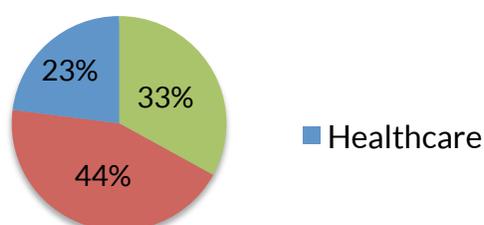
* Price and Market Capitalization as of May 10, 2012.

Equity-Focused Venture Capital Portfolio Industry Sector Distribution as of March 31, 2012

Fair Value



Cost



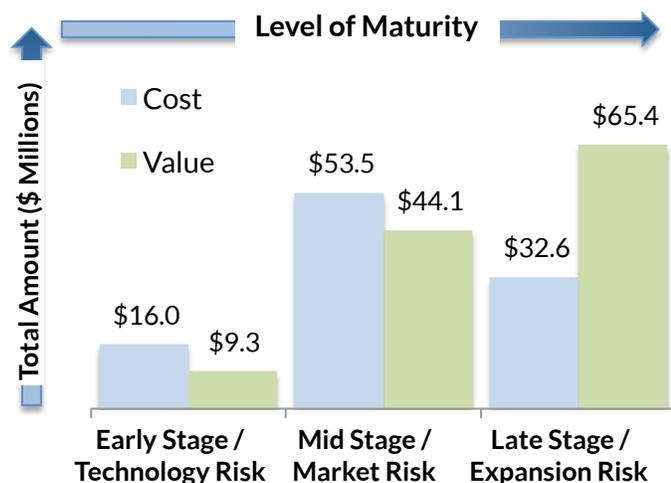
- Personalized Medicine
- Vaccines
- Molecular Diagnostics

- Non-Volatile Memory
- Quantum Computing
- Image Sensors
- Touch Screens
- Imaging and Manufacturing Tools

- LEDs
- Biofuels
- Batteries
- Ultracapacitors
- Digital Cinema
- Water

- **Diverse portfolio that benefits from near-term and long-term trends in high-growth, worldwide markets.**
- **Investments leverage ~\$1.5 billion in venture capital funding and ~\$80 million in government funding.**

Harris & Harris Group has an equity-focused portfolio of mature investments with a pipeline of early and mid-stage companies.



- Early Stage / Tech. Risk – 7 Portfolio Companies – Substantial technology development required before products are ready for introduction to market.
- Mid Stage / Market Risk – 15 Portfolio Companies – Products ready for market/clinical trials; first revenues generated; focus on acceptance of products.
- Late Stage / Exec. Risk – 6 Portfolio Companies – Market need for products confirmed/late-stage clinical trials in process or completed; now focused on execution and scale of business. Companies generated \$424 million in revenue in 2011.

Top Ten Investments by Value as of 3/31/12

Company Name	Value	Cumulative % of Venture Capital Portfolio
Solazyme*	\$33,709,700	28%
Bridgelux*	\$8,414,297	35%
Xradia*	\$8,093,010	42%
SiOnyx*	\$7,858,061	49%
Adesto*	\$7,676,648	55%
Molecular Imprints	\$6,960,944	61%
Metabolon	\$6,081,840	66%
D-Wave Systems	\$5,157,952	71%
Contour Energy*	\$5,116,259	75%
Ancora*	\$4,322,357	79%

79 Percent of Value of Venture Capital Portfolio

* Harris & Harris Group was the first institutional investor or a part of the first group of institutional investors in these portfolio companies.

Key Nanotechnology Indicators

	2000		2008		Average Annual Growth
	World	US	World	US	
R&D Funding	\$1.2B	\$0.37B	\$14B	\$3.7B	35%
Science Citation Index Papers	18,085	5,342	65,000	15,000	23%
Patent Applications	1,197	405	12,776	3,729	35%
People – Primary Workforce	60,000	25,000	400,000	150,000	25%
Final Products Market Size	\$30B	\$13B	\$200B	\$80B	25%
	2007		2011		
H&H Portfolio Aggregate Revenue	\$198M		\$424M		21%

Source: Michael Roco, Nat'l Science Foundation and Nat'l Nanotech. Initiative (2010)

Institutional Shareholders (as of 3/31/12)

- Royce & Associates
- Granahan Investment Mgmt.
- Shufro, Rose & Co.
- Masters Capital Mgmt.
- Penbrook Management LLC
- Essex Investment Mgmt.
- Condor Capital Mgmt.
- Bridgeway Capital Mgmt.
- Straus Asset Mgmt.
- Institutional Ownership: 32%

Nanotechnology fundamentally enables advanced new products that impact high-growth markets worldwide. Harris & Harris Group believes its unique focus and mix of VC, business, financial, IP and start-up expertise position it to capture this growth for its shareholders.