

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
**FORM 8-K**

CURRENT REPORT  
PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): December 20, 2016 (December 19, 2016)

**HARRIS & HARRIS GROUP, INC.**

(Exact Name of Registrant as Specified in its Charter)

New York  
\_\_\_\_\_  
(State or other jurisdiction  
of incorporation)

0-11576  
\_\_\_\_\_  
(Commission File Number)

13-3119827  
\_\_\_\_\_  
(I.R.S. Employer  
Identification No.)

1450 Broadway  
New York, New York 10018

\_\_\_\_\_  
(Address, including zip code, of Principal Executive Offices)

(212) 582-0900

\_\_\_\_\_  
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.**

On December 19, 2016, the Compensation Committee (the “Committee”) of the Board of Directors of Harris & Harris Group, Inc. (the “Company”) met to review industry compensation data provided by Johnson Associates, the Committee’s independent compensation consultant, and performance against goals in 2016. According to the Committee’s independent compensation consultant, total compensation for the named executive officers was relatively low as compared to the executive compensation at similar peer group companies and investment firms.

According to the Company's executive compensation program, the Committee uses a combination of base salary and bonus to arrive at an appropriate level of total compensation, considering performance and market-competitive total compensation, as determined by the Committee and based on advice from its independent compensation consultant. Based on an assessment of performance that occurred in 2016, along with market considerations and competition for talent, the Committee awarded bonuses in the amount of \$75,000 and \$75,000 to each of Douglas W. Jamison, Chairman, Chief Executive Officer and Daniel B. Wolfe, President, Chief Financial Officer, and Chief Compliance Officer, respectively. The Committee noted that this level of total compensation was lower than the total compensation paid to these executives in 2015. The Committee noted further that the total compensation paid to all named executive officers employed by the Company at the end of 2016 was less than the total compensation paid to all named executive officers employed by the Company at the end of 2015 by approximately \$1.6 million, owing primarily to the company employing fewer executive officers and lower bonuses.

The Committee also discussed compensation for 2017. Historically, the Committee used a combination of base salary and bonus to arrive at an appropriate level of total compensation, considering performance and market-competitive total compensation, as determined by the Committee and based on advice from its independent compensation consultant. The Committee desires to simplify the Company's executive compensation program. In conjunction with input from the independent compensation consultant, the Committee decided to set base salaries at an appropriate level of market-competitive total compensation without the need to issue a bonus to reach such level of compensation. The Committee will evaluate the need and metrics for any potential bonus in 2017 at a future date. Based on this methodology, on December 19, 2016, the Committee increased the base salaries of the named executive officers from \$350,000 in 2016 to \$415,000 in 2017 for Mr. Jamison and from \$335,000 in 2016 to \$415,000 in 2017 for Mr. Wolfe. These named executive officers did not receive an increase in base salary in 2016 from those base salaries in 2015. The Committee may also adjust compensation, if necessary and at its discretion, such that total compensation would be appropriate after considering performance against goals and the compensation at peer group companies and investment firms.

**Item 5.03. Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year.**

The By-laws, as amended, are filed as Exhibit 3.1 to this report and are incorporated by reference herein. The foregoing summary of the amendments to the By-laws is qualified in its entirety by reference to the copy of the By-laws, as amended, attached hereto as Exhibit 3.1 and incorporated by reference herein.

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**Item 8.01. Other Events.**

On December 20, 2016, Harris & Harris Group, Inc. (the “Company”) issued a press release that included a Letter to Shareholders. A copy of this press release issued on December 20, 2016, including the Letter to Shareholders included therein, is attached as Exhibit 99.1 to this Form 8-K.

**Item 9.01. Financial Statements and Exhibits.**

(a) Not applicable.

(b) Not applicable.

(c) Not applicable.

(d) Exhibits.

**Exhibit No.    Description**

3.1    Amended and Restated By-laws of the Company, as amended on December 20, 2016

99.1    Press Release, dated December 20, 2016

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## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

HARRIS & HARRIS GROUP, INC.

Date: December 20, 2016

By: /s/ Daniel B. Wolfe

Daniel B. Wolfe

President

BY-LAWS

OF

HARRIS & HARRIS GROUP, INC.

(as amended and restated as of December 20, 2016)

ARTICLE I

OFFICES

SECTION 1. PRINCIPAL OFFICE. The principal office of the corporation shall be located in the City, County and State of New York.

SECTION 2. OTHER OFFICES. The corporation may have other offices and places of business, within or without the State of New York, as shall be determined by the directors.

ARTICLE II

SHAREHOLDERS

SECTION 1. PLACE OF MEETINGS. Meetings of the shareholders may be held at such place or places, within or without the State of New York, as shall be fixed by the directors and stated in the notice of the meeting.

SECTION 2. ANNUAL MEETING. The annual meeting of shareholders for the election of directors and the transaction of such other business as may properly come before the meeting shall be held on the date selected by the Board of Directors in each calendar year.

SECTION 3. NOTICE OF ANNUAL MEETING. Notice of the annual meeting shall be given to each shareholder entitled to vote, at least ten days prior to the meeting.

SECTION 4. SPECIAL MEETINGS. Special meetings of the shareholders for any purpose or purposes may be called by only the Chairman, the Chief Executive Officer or a majority of the entire Board of Directors then in office.

SECTION 5. NOTICE OF SPECIAL MEETING. Notice of a special meeting, stating the time, place and purpose or purposes thereof, shall be given to each shareholder entitled to vote, at least ten days prior to the meeting. The notice shall also set forth at whose direction it is being issued.

SECTION 6. QUORUM. At any meeting of the shareholders, the holders of a majority of the shares of stock then entitled to vote shall constitute a quorum for all purposes, except as otherwise provided by law or the Certificate of Incorporation.

SECTION 7. VOTING. At each meeting of the shareholders, every holder of stock then entitled to vote may vote in person or by proxy, and, except as may be otherwise provided by the Certificate or Incorporation, shall have one vote for each share of stock registered in his name.

SECTION 8. ADJOURNED MEETINGS. Any meeting of shareholders may be adjourned to a designated time and place by a vote of a majority in interest of the shareholders present in person or by proxy and entitled to vote, even though less than a quorum is so present. No notice of such an adjourned meeting need be given, other than by announcement at the meeting, and any business may be transacted which might have been transacted at the meeting as originally called.

SECTION 9. ACTION BY WRITTEN CONSENT OF SHAREHOLDERS. Whenever by any provision of statute or of the Certificate of Incorporation or of these By-Laws, the vote of shareholders at a meeting thereof is required or permitted to be taken in connection with any corporate action, the meeting and vote of shareholders may be dispensed with, if all the shareholders who would have been entitled to vote upon the action if such meeting were held, shall consent in writing to such corporate action being taken.

SECTION 10. NOTICE OF SHAREHOLDER NOMINEES. Subject to the rights of holders of any class or series of shares having a preference over the common shares as to dividends or upon liquidation, only persons who are nominated in accordance with the following procedures set forth in these By-Laws shall be eligible for election as directors of the corporation. Nominations of persons for election to the Board of Directors may be made (a) by or at the direction of the Board of Directors (or any duly authorized committee thereof) or (b) by any shareholder of the corporation (i) who is a shareholder of record on the date of the giving of notice provided for in this Section 10 and on the record date for the determination of shareholders entitled to vote at such meeting and (ii) who complies with the notice procedures set forth in this Section 10.

In addition to any other applicable requirements, for a nomination to be made by a shareholder, such shareholder must have given timely notice thereof in proper written form to the Secretary of the corporation.

To be timely, a shareholder's notice to the Secretary must be delivered to or mailed and received at the principal executive offices of the corporation (i) with respect to an annual meeting of shareholders, not less than ninety (90) days nor more than one hundred and twenty (120) days prior to the anniversary date of the immediately preceding annual meeting of shareholders; provided, however, that in the event that the annual meeting is called for a date that is not within thirty (30) days before or after such anniversary date, notice by the shareholder in order to be timely must be so received not later than the close of business on the tenth (10th) day following the day on which notice of the date of the annual meeting was mailed or such public disclosure of the date of the annual meeting was made, whichever first occurs; and (ii) with respect to a special meeting of shareholders called for the purpose of electing directors, not later than the close of business on the tenth (10<sup>th</sup>) day following the day on which the corporation's notice of the date of the meeting was mailed or such public disclosure of the date of the special

meeting was made, whichever first occurs. In no event shall the public announcement of a postponement or adjournment of a meeting commence a new time period for the giving of a shareholder's notice as described above.

To be in proper written form, a shareholder's notice to the Secretary must set forth (i) the name and record address (as they appear on the books of the corporation) of the shareholder who intends to make such nomination, and the name and address of any beneficial owner on whose behalf the proposal is made; (ii) the name, age, business and residence addresses and principal occupation of each person to be nominated and the class or series and number of shares of capital stock of the corporation which are owned beneficially or of record by each person to be nominated; (iii) as to the shareholder giving the notice, (A) the class, series and number of all shares of the corporation that are owned of record or beneficially by such shareholder or any such beneficial owner; (B) the name of each nominee holder of shares owned beneficially but not of record by such shareholder and the class, series and number of shares of the corporation held by each such nominee holder; (C) whether and the extent to which any derivative instrument, swap, option, warrant, short interest, hedge or profit interest has been entered into by or on behalf of such shareholder or any such beneficial owner or any of their respective affiliates or associates with respect to the shares of the corporation, (D) whether any other transaction, agreement, arrangement or understanding (including any short position or any borrowing or lending of shares) has been made by or on behalf of such shareholder or any such beneficial owner or any of their respective affiliates or associates, the effect or intent of which is to mitigate loss to, or to manage risk or benefit of share price changes for, such shareholder or any of its affiliates or associates or to increase or decrease the voting power or pecuniary or economic interest of such shareholder or any such beneficial owner or any of their respective affiliates or associates with respect to the shares of the corporation, (E) any proxy, contract, arrangement, understanding or relationship pursuant to which such shareholder or any such beneficial owner has a right to vote any shares of the corporation, and (F) a representation that such shareholder will notify the corporation in writing of the information required in clauses (A) through (E), in each case as in effect as of the record date for the meeting, promptly following the later of the record date or the date notice of the record date is first publicly disclosed; (iv) a description of all arrangements and understandings between such shareholder or any such beneficial owner and each proposed nominee and any other person or persons (including their names) pursuant to which the nomination(s) are to be made by such shareholder (together with information for any such other persons covering the matters set forth in clause (iii)); (v) such other information relating to all persons described in this paragraph that is required to be disclosed in solicitations for proxies for election of directors pursuant to the Securities Exchange Act of 1934, as amended, and the rules and regulations of the Securities and Exchange Commission or other applicable law; (vi) whether such shareholder believes any proposed nominee is, or is not, an "interested person" of the corporation, as defined in the Investment Company Act of 1940, as amended, and the rules promulgated thereunder; (vii) the written consent of each proposed nominee to be named as a nominee and to serve as a director of the corporation if elected, together with an undertaking, signed by each proposed nominee, to furnish to the corporation a completed, signed questionnaire and any other information the corporation may request upon the advice of counsel for the purpose of determining such proposed nominee's eligibility and suitability to serve as a director or required disclosure with respect to his serving as a director; (viii) a description of any business,

monetary or other material relationship between the shareholder or any such beneficial owner, or any of their affiliates or associates, and the proposed nominee, or any of his affiliates or associates, during the past three years and of any voting commitments with respect to the corporation to which the nominee is or will be subject; and (ix) a representation that such shareholder intends to appear in person or by proxy at the annual meeting to nominate the persons named in its notice.

No person shall be eligible for election as a director of the corporation unless nominated in accordance with the procedures set forth in this Section 10. If the Chairman of the annual meeting determines that a nomination was not made in accordance with the foregoing procedures, the Chairman shall declare to the meeting that the nomination was defective and such defective nomination shall be disregarded.

SECTION 11. NOTICE OF SHAREHOLDER BUSINESS. No business (other than nominations for the election of directors, if made in compliance with the preceding Section 10) may be transacted at an annual meeting of shareholders, other than business that is either (a) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors (or any duly authorized committee thereof), (b) otherwise properly brought before the annual meeting by or at the direction of the Board of Directors (or any duly authorized committee thereof) or (c) a proper matter for shareholder action and otherwise properly brought before the annual meeting by any shareholder of the corporation (i) who is a shareholder of record on the date of the giving of the notice provided for in this Section 11 and on the record date for the determination of shareholders entitled to vote at such annual meeting and (ii) who complies with the notice procedures set forth in this Section 11. This Section 11 is expressly intended to apply to any business proposed to be brought before an annual meeting of shareholders other than any proposal made pursuant to Rule 14a-8 under the Securities Exchange Act of 1934, as amended.

In addition to any other applicable requirement, for business to be properly brought before an annual meeting by a shareholder, such shareholder must have given timely notice thereof in proper written form to the Secretary of the corporation.

To be timely, a shareholder's notice to the Secretary must be delivered to or mailed and received at the principal executive offices of the corporation not less than ninety (90) days nor more than one hundred and twenty (120) days prior to the anniversary date of the immediately preceding annual meeting of shareholders; provided, however, that in the event that the annual meeting is called for a date that is not within thirty (30) days before or after such anniversary date, notice by the shareholder in order to be timely must be so received not later than the close of business on the tenth (10th) day following the day on which notice of the date of the annual meeting was mailed or public disclosure of the date of the annual meeting was made, whichever first occurs. In no event shall the public announcement of a postponement or adjournment of a meeting commence a new time period for the giving of a shareholder's notice as described above.

To be in proper written form, a shareholder's notice to the Secretary must set forth as to each matter such shareholder proposes to bring before the annual meeting (i) a brief description of the business desired to be brought before the annual meeting and the reasons for



conducting such business at the annual meeting, and, if such business includes a proposal to amend either the certificate of incorporation or these by-laws, the text of the proposed amendment, (ii) the name and record address (as they appear on the books of the corporation) of the shareholder proposing such business and the name and address of any beneficial owner on whose behalf the proposal is made; (iii) (A) the class, series and number of all shares of the corporation that are owned of record or beneficially by such shareholder or any such beneficial owner, (B) the name of each nominee holder of shares owned beneficially but not of record by such shareholder and the class, series and number of shares of the corporation held by each such nominee holder, (C) whether and the extent to which any derivative instrument, swap, option, warrant, short interest, hedge or profit interest has been entered into by or on behalf of such shareholder or any such beneficial owner or any of their respective affiliates or associates with respect to the shares of the corporation, (D) whether any other transaction, agreement, arrangement or understanding (including any short position or any borrowing or lending of shares) has been made by or on behalf of such shareholder or any such beneficial owner or any of their respective affiliates or associates, the effect or intent of which is to mitigate loss to, or to manage risk or benefit of share price changes for, such shareholder or any such beneficial owner or any of their respective affiliates or associates or to increase or decrease the voting power or pecuniary or economic interest of such shareholder or any of their respective affiliates or associates with respect to the shares of the corporation, (E) any proxy, contract, arrangement, understanding, or relationship pursuant to which such shareholder or any such beneficial owner has a right to vote any shares of the corporation, and (F) a representation that such shareholder will notify the corporation in writing of the information required in clauses (A) through (E), in each case as in effect as of the record date for the meeting, promptly following the later of the record date or the date notice of the record date is first publicly disclosed, (iv) a description of all arrangements or understandings between such shareholder or any such beneficial owner and any other person or persons (including their names) in connection with the proposal of such business by such shareholder and of any material interest of such shareholder or any such beneficial owner or any other persons in such business (together with information for any such other persons covering the matters set forth in clause (iii)); (v) such other information relating to the proposal that is required to be disclosed in solicitations pursuant to the Securities Exchange Act of 1934, as amended, and the rules and regulations of the Securities and Exchange Commission or other applicable law; and (vi) a representation that such shareholder intends to appear in person or by proxy at the annual meeting to bring such business before the meeting.

No business shall be conducted at the annual meeting of shareholders except business brought before the annual meeting in accordance with the procedures set forth in this Section 11, provided, however, that, once business has been properly brought before the annual meeting in accordance with such procedures, nothing in this Section 11 shall be deemed to preclude discussion by any shareholder of any such business. If the Chairman of an annual meeting determines that business was not properly brought before the annual meeting in accordance with the foregoing procedures, the Chairman shall declare to the meeting that the business was not properly brought before the meeting and such business shall not be transacted.

## ARTICLE III

### DIRECTORS

SECTION 1. NUMBER. The number of directors of the corporation shall be determined from time to time by resolutions of the directors, who shall hold office for the term of one year and until their successors are duly elected and qualify. The number of directors may be less than three when all of the shares are owned by less than three shareholders, but in such event the number of directors may not be less than the number of shareholders. Directors need not be shareholders.

SECTION 2. POWERS. The Board of Directors may adopt such rules and regulations for the conduct of its meetings, the exercise of its powers and the management of the affairs of the corporation as it may deem proper, not inconsistent with the laws of the State of New York, the Certificate of Incorporation or these By-Laws.

In addition to the powers and authorities by these By-Laws expressly conferred upon them, the Board of Directors may exercise all such powers of the corporation and do such lawful acts and things except as are by statute, the Certificate of Incorporation or these By-Laws directed or required to be exercised or done by the shareholders.

SECTION 3. MEETING, QUORUM, ACTION WITHOUT MEETING. Meetings of the Board of Directors may be held at any place, either within or outside the State of New York, provided a quorum be in attendance. Except as may be otherwise provided by the Certificate of Incorporation or by the Business Corporation Law, a majority of the directors in office shall constitute a quorum at any meeting of the Board of Directors and the vote of a majority of a quorum of directors shall constitute the act of the Board of Directors.

The Board of Directors may hold an annual meeting, without notice, immediately after the annual meeting of shareholders. Regular meetings of the Board of Directors may be established by a resolution adopted by the Board of Directors. The Chairman of the Board of Directors may call, and at the request of any two directors must call, a special meeting of the Board of Directors, three days notice of which shall be given by overnight United States Mail or by Federal Express or any other private overnight courier service, or two days notice of which shall be given personally or by telephone, telecopier or telefax (or similar communications equipment), telegram, cable or electronic mail, to each director.

Any one or more members of the Board of Directors or any Committee thereof may participate in a meeting of such Board of Directors or Committee by means of a conference telephone call or similar communications equipment allowing all persons participating in the meeting to hear each other at the same time; provided however, this Section 3 does not apply to any action of the Board of Directors pursuant to the Investment Company Act that requires the vote of the Board of Directors to be cast in person at a meeting. Participation by means of a conference telephone call or similar communications equipment allowing all persons participating in the meeting to hear each other at the same time shall constitute presence in person at the meeting.

Any action required or permitted to be taken by the Board of Directors or any Committee thereof may be taken without a meeting if all members of the Board of Directors or the Committee consent in writing to the adoption of a resolution authorizing the action. The resolution and the written consents thereto by the members of the Board of Directors or Committee shall be filed with the minutes of the meetings of the Board of Directors or Committee.

SECTION 4. ELECTION. Subject to any rights of the holders of any class or series of stock to elect directors separately, each director shall be elected by the affirmative vote of the shareholders holding a majority of the outstanding stock of the corporation entitled to vote, represented in person or by proxy, at any meeting of the shareholders called for the purpose of the election of directors, or by written consent of all of the shareholders entitled to vote.

SECTION 5. VACANCIES, REMOVAL. Except where the Certificate of Incorporation contains provisions authorizing cumulative voting or the election of one or more directors by class or their election by holders of bonds, or requires all action by shareholders to be by a greater vote, any one or more of the directors may be removed, (a) for cause, at any time, by vote of the shareholders holding a majority of the outstanding stock of the corporation entitled to vote, represented in person or by proxy, at any special meeting of the shareholders or by written consent of all of the shareholders entitled to vote, or (b) for cause, by action of the Board of Directors at any regular or special meeting of the Board of Directors. Shareholders may not remove directors without cause. A vacancy or vacancies occurring from such removal may be filled at a special meeting of shareholders called for such purpose or at a regular or special meeting of the Board of Directors.

SECTION 6. COMMITTEES. The Board of Directors, by resolution adopted by a majority of the entire Board of Directors, may designate from its members an Executive Committee or other committee or committees, each consisting of three or more members, with such powers and authority (to the extent permitted by law) as may be provided in said resolution.

## ARTICLE IV

### OFFICERS

SECTION 1. EXECUTIVE OFFICERS. The executive officers of the corporation shall be a Chairman of the Board, a President, a Treasurer and a Secretary, all of whom shall be elected annually by the Board of Directors, who shall hold office at the pleasure of the Board of Directors. All terms for officers shall commence for the year on the day of the annual meeting of shareholders for that year. No one person may serve simultaneously as both President and Secretary of the corporation, but any two or more other offices may be held simultaneously by the same person. All vacancies occurring among any of the officers shall be filled by the Board of Directors.

SECTION 2. OTHER OFFICERS. The Board of Directors may appoint such other officers and agents with such powers and duties as it shall deem necessary.

SECTION 3. THE CHAIRMAN OF THE BOARD. The Chairman of the Board of Directors may be, but need not be, a person other than the chief executive officer of the corporation. The Chairman of the Board of Directors may be, but need not be, an officer or employee of the corporation. While the Board of Directors is not in session, the Chairman shall have general management and control of the business and affairs of the corporation. He shall also preside at all meetings of the Board of Directors, and shall have and perform such other duties as from time to time may be assigned to him by the Board of Directors.

SECTION 4. THE PRESIDENT. The President, who may but need not be a director, shall, in the absence of a Chairman of the Board, preside at all meetings of the shareholders and directors. He shall have and perform such other duties as from time to time may be assigned to him by the Board of Directors or the Chairman of the Board. If the Board elects a Chief Executive Officer, such person shall, in the absence of a Chairman of the Board, preside at all meetings of the shareholders and directors.

SECTION 5. THE VICE-PRESIDENT. The Vice-President, the Senior Vice President or Executive Vice President, if one or more be elected, shall exercise such powers and perform such duties as from time to time may be assigned to him by the Board of Directors, the Chairman of the Board, the Chief Executive Officer or the President.

SECTION 6. THE TREASURER. The Treasurer shall have custody of all funds, securities and evidences of indebtedness of the corporation; he shall receive and give receipts and acquittances for moneys paid in on account of the corporation, and shall pay out of the funds on hand all bills, payrolls, and other just debts of the corporation, of whatever nature, upon maturity; he shall enter regularly in books to be kept by him for that purpose, full and accurate accounts of all moneys received and paid out by him on account of the corporation, and he shall perform all other duties incident to the office of Treasurer and as may be prescribed by the Board of Directors.

SECTION 7. THE SECRETARY. The Secretary shall keep the minutes of all meetings of the Board of Directors and of the shareholders; he shall attend to the giving and serving of all notices to shareholders and directors or other notice required by law or by these By-Laws; he shall affix the seal of the corporation to deeds, contracts and other instruments in writing requiring a seal, when duly signed or when so ordered by the Board of Directors; he shall have charge of the certificate books and stock books and such other books and papers as the Board of Directors may direct, and he shall perform all other duties incident to the office of Secretary.

SECTION 8. SALARIES. The salaries and other compensation of all executive officers shall be fixed by the Board of Directors, or by any committee designated from among the directors (in accordance with Article III, Section 5, of these By-Laws) to handle such compensation matters, and the fact that any officer is a director shall not preclude him from receiving a salary and other compensation as an officer, or from voting upon the resolution providing the same.

## ARTICLE V

### CAPITAL STOCK

SECTION 1. FORM AND EXECUTION OF CERTIFICATES. Certificates of stock shall be in such form as required by the Business Corporation Law of New York and as shall be adopted by the Board of Directors or shall be uncertificated shares. Certificates shall be numbered and registered in the order issued; shall be signed by the Chairman or a Vice-Chairman of the Board of Directors (if any) or by the President or Vice-President and by the Secretary or an Assistant Secretary or the Treasurer or an Assistant Treasurer and may be sealed with the corporate seal or a facsimile thereof. When such a certificate is countersigned by a transfer agent or registered by a registrar, the signatures of any such officers may be facsimile.

SECTION 2. TRANSFER. Transfer of shares shall be made only upon the books of the corporation by the registered holder in person or by attorney, duly authorized, and in the case of certificated shares upon surrender of the certificate or certificates for such shares properly assigned for transfer.

SECTION 3. LOST OR DESTROYED CERTIFICATES. The holder of any certificate representing shares of stock of the corporation may notify the corporation of any loss, theft or destruction thereof, and the Board of Directors may thereupon, in its discretion, cause a new certificate for the same number of shares, to be issued to such holder upon satisfactory proof of such loss, theft or destruction, and the deposit of indemnity by way of bond or otherwise, in such form and amount and with such surety or sureties as the Board of Directors may require, to indemnify the corporation against any loss or liability by reason of the issuance of such new certificates.

SECTION 4. RECORD DATE. In lieu of closing the books of the corporation, for the purpose of determining the shareholders entitled to notice of or to vote at any meeting of shareholders or any adjournment thereof, or to express consent to or dissent from any proposal without a meeting, or for the purpose of determining shareholders entitled to receive payment of any dividend or the allotment of any rights, or for the purpose of any other action, the Board of Directors may fix, in advance, a date, not exceeding sixty days, nor less than ten days, as the record date for any such determination of shareholders.

## ARTICLE VI

### MISCELLANEOUS

SECTION 1. DIVIDENDS. The Board of Directors may declare dividends from time to time upon the capital stock of the corporation from the surplus or net profits available therefor.

SECTION 2. SEAL. The Board of Directors shall provide a suitable corporate seal and shall be used as authorized by the By-Laws.

SECTION 3. FISCAL YEAR. The fiscal year of the corporation shall be determined by the Board of Directors.

SECTION 4. CHECKS, NOTES, ETC. Checks, notes, drafts, bills of exchange and orders for the payment of money shall be signed or endorsed in such manner as shall be determined by the Board of Directors.

The funds of the corporation shall be deposited in such bank or trust company, and checks drawn against such funds shall be signed in such manner as may be determined from time to time by the Board of Directors.

SECTION 5. NOTICE AND WAIVER OF NOTICE. Any notice required to be given under these By-Laws may be waived by the person entitled thereto, in writing, by telecopier or telefax (or similar communications equipment), telegram, cable or radiogram, and the presence of any person at a meeting shall constitute waiver of notice thereof as to such person.

SECTION 6. INDEMNIFICATION. The corporation shall, to the fullest extent permitted by applicable law, including the Investment Company Act, as the same exists or may hereafter be in effect, indemnify any person, made or threatened to be made, a party to, or who is otherwise involved in, any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, legislative or investigative, by reason of the fact that such person is or was or has agreed to become a director or officer of the corporation, or serves or served or has agreed to serve any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise in any capacity at the request of the corporation, against judgments, fines, penalties, amounts paid in settlement and reasonable expenses, including attorneys' fees actually and necessarily incurred in connection with such action or proceeding, or any appeal therein; provided, however, that no indemnification shall be provided to any such person if a judgment or other final adjudication adverse to the director or officer from which there is no further appeal establishes that (i) his acts were committed in bad faith or were the result of active and deliberate dishonesty and, in either case, were material to the cause of action so adjudicated, or (ii) he personally gained in fact a financial profit or other advantage to which he was not legally entitled. Any action or proceeding by or in the right of the corporation to procure a judgment in its favor or by or in the right of any other corporation of any type or kind, domestic or foreign, or any partnership, joint venture, trust, employee benefit plan or other enterprise, which any director or officer serves or served or agreed to serve at the request of the corporation shall be included in the actions for which directors and officers will be indemnified under the terms of this Section 6. Such indemnification shall include the right to be paid advances of any expenses incurred by such person in connection with such action, suit or proceeding, upon receipt of an undertaking by or on behalf of such person to repay such amount consistent with the provisions of applicable law. Notwithstanding the foregoing, except with respect to a suit to enforce rights to indemnification or advancement of expenses under this Section 6, the corporation shall be required to indemnify a director or officer under this Section 6 in connection with any suit (or part thereof) initiated by such person only if such suit (or part thereof) was authorized by the Board of Directors.

The corporation may indemnify any person to whom the corporation is permitted by applicable law or these By-Laws to provide indemnification or the advancement of expenses, whether pursuant to rights granted pursuant to, or provided by, the New York Business Corporation Law or any other law or these By-Laws or other rights created by (i) a resolution of shareholders, (ii) a resolution of directors, or (iii) an agreement providing for such indemnification, it being expressly intended that these By-Laws authorize the creation of other rights in any such manner. The right to be indemnified and to the reimbursement or advancement of expenses incurred in defending a proceeding in advance of its final disposition authorized by this Section 6 shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, provision of the certificate of incorporation, by-laws, agreement, resolution of shareholders or directors or otherwise.

The right to indemnification conferred by the first paragraph of this Section 6, and any indemnification extended under the second paragraph of this Section 6, (i) is a contract right pursuant to which the person entitled thereto may bring suit as if the provisions thereof were set forth in a separate written contract between the corporation and such person, (ii) is intended to be retroactive to events occurring prior to the adoption of this Section 6, to the fullest extent permitted by applicable law, and (iii) shall continue to exist after the rescission or restrictive modification thereof with respect to events occurring prior thereto. The benefits of this Section 6 shall extend to the heirs, executors, administrators and legal representatives of any person entitled to indemnification under this Section 6.

SECTION 7. INVESTMENT COMPANY ACT CONTROLS. If and to the extent that any provision of the New York Business Corporation Law or any provision of the Certificate of Incorporation of the corporation or these By-Laws conflicts with any provision of the Investment Company Act of 1940, as amended, the applicable provision of the Investment Company Act shall prevail.

## ARTICLE VII

### AMENDMENTS

SECTION 1. BY SHAREHOLDERS. These By-Laws may be amended at any shareholders' meeting by vote of the shareholders holding a majority (unless the Certificate of Incorporation requires a larger vote) of the outstanding stock having voting power, represented either in person or by proxy, provided notice of the amendment is included in the notice or waiver of notice of such meeting.

SECTION 2. BY DIRECTORS. The Board of Directors may also amend these By-Laws at any regular or special meeting of the Board by a majority (unless the Certificate of Incorporation requires a larger vote) vote of the entire Board, but any By-Laws so made by the Board of Directors may be altered or repealed by the shareholders.

BY-LAWS  
OF  
HARRIS & HARRIS GROUP, INC.

I certify that the following By-Laws, consisting of twelve pages, each of which I have initialed for identification, are the By-Laws:

(1) Adopted, as contemplated by Section 601(a) of the New York Business Corporation Law, as amended, for and on behalf of the shareholders of Harris & Harris Group, Inc. (the "corporation"), by a written action signed by the corporation's sole incorporator and dated as of December 1, 1981;

(2) Approved and adopted by the corporation's Board of Directors by a unanimous written consent in lieu of an organizational meeting dated as of December 1, 1981; and

(3) As amended by the corporation's Board of Directors (a) at its March 23, 1984, special meeting; (b) by a unanimous written consent of directors dated as of April 13, 1984; (c) at its April 30, 1984, special meeting; (d) at its July 9, 1984, meeting; (e) at its October 19, 1984, meeting; (f) at its July 11, 1985, meeting; (g) at its November 17, 1988, meeting; (h) at its April 25, 1989, meeting; (i) by a unanimous written consent of directors dated June 9, 1992; (j) by a unanimous written consent of directors dated October 19, 1992; (k) at its August 2, 2012, meeting; (l) by a unanimous written consent of directors dated December 23, 2015; (m) at its April 4, 2016, special meeting; and (n) by unanimous written consent of directors dated December 20, 2016.

Jacqueline M. Matthews  
Corporate Secretary

Dated: December 20, 2016



**HARRIS & HARRIS GROUP ANNOUNCES  
A PROPOSED STRATEGIC RESTRUCTURING**

**NEW YORK, NY— December 20, 2016** — Harris & Harris Group, Inc. (NASDAQ: TINY) issued the following letter to shareholders today that may also be found on its website at <http://ir.hhvc.com/letters.cfm>.

FOURTH QUARTER UPDATE 2016

Fellow Shareholders:

The purpose of this letter is to share with you a proposed plan for a strategic restructuring that we believe has the opportunity to unlock value for our shareholders. Specifically, we are recommending the separation of Harris & Harris Group, currently a business development company (“BDC”), into two distinct entities. The first entity will be a registered closed-end fund named 180 Degree Capital Corp (“180”) that will focus on (1) optimizing the value in our existing portfolio; and (2) pursuing a new investment strategy focused on constructive activism in substantially undervalued small, publicly traded companies. The second entity, HALE.life Corp (“HALE”), will be an operating company focused exclusively on building a high-growth, precision health and medicine business.

On November 14, 2016, we published our Third Quarter Letter to Shareholders. In this letter, we noted that it is time for Harris & Harris Group to change. We stated that, “we continue to have companies in our portfolio that we believe are performing well.... We believe these companies have the potential to generate investment returns that are meaningful, and potentially larger than our historical returns.” That said, we can no longer accept that our stock price reflects the inability by the market to price the potential of our portfolio of venture capital investments. We also believe the market reflects a pessimistic view of our business model.

For the past several quarters, Management and the Board of Directors, with significant input from outside accounting firms and legal counsel, have been working on a long-term plan that provides the following benefits to shareholders:

A reduction of the expenses borne by our shareholders while maintaining the value in our existing portfolio; and

Repositioning the company to maximize future value for shareholders.

We developed a proposal to split into two entities following careful assessment of a number of potential strategic alternatives during the prior two years. These alternative paths did not provide what we believe would be adequate value for our shareholders. In fact, we believe most compromised the potential future growth in value should holdings from our current portfolio appreciate significantly.

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## 180 Degree Capital Corp

We propose to manage the assets that are not core to the business strategy of HALE under the name 180 Degree Capital Corp (“180”). Our proposal will include steps to enable 180 to be operated as an internally managed, non-diversified registered closed-end fund rather than electing to be regulated as a BDC under the 1940 Act, because of the lower expense and regulatory burden we believe will be imposed on 180 in a closed-end fund structure. Specifically, we believe that the BDC-related direct costs are far higher than the cost of managing the same assets in a registered closed-end fund structure. We chose the name 180 Degree Capital Corp because the name embodies our go-forward investment strategy.

180 will be led by Kevin Rendino, a current member of our Board of Directors, as CEO, and by Daniel Wolfe, our current President, CFO and CCO, who will serve in those same roles for 180. Initially, 180 will be focused on shepherding the existing portfolio of investments to maximize returns, with what we believe will be less regulatory burden and expense to shareholders than in a BDC structure. 180’s future business will be focused on making decisions that are designed to generate income and grow net asset value per share for shareholders over shorter, more predictable timeframes. Toward this goal, 180 will focus on investing in and providing value-add assistance through constructive activism to what 180's management team believes are substantially undervalued small, publicly traded companies that have potential for aggressive growth. Our goal is that the result of our constructive activism leads to a reversal in direction for the share prices of these investee companies; i.e. a 180-degree turn.

Kevin Rendino, a financial service leader with three decades of Wall Street experience, joined Harris & Harris Group’s Board of Directors in 2016. We believe his significant expertise in capital markets, value investing and global equity markets will enable 180 to identify and thoroughly evaluate potential investment opportunities. For over twenty years, Mr. Rendino worked on one fund, Basic Value Fund, with a consistent focus over that time frame. He was ultimately the lead portfolio manager for the Basic Value Fund, and oversaw 11 funds representing approximately \$13 billion in total assets. Mr. Rendino was also a member of Blackrock’s Leadership Committee. Since 2012, Mr. Rendino has served as Chairman and CEO of RGJ Capital, where he leads a value investing approach.

We believe 180 combines new perspectives with the historical knowledge and experience of managing the current portfolio. We believe these complementary sets of experiences and skills in investment management and in working with management teams to build businesses can be a foundation for future growth. We believe 180 will be able to generate income and grow net asset value per share for shareholders over shorter, more predictable timeframes than those we have experienced over the past several years.

While there are multiple fund managers that invest in smaller publicly traded companies, we believe that these managers are often not able or interested to engage with such companies on an active basis. We believe 180’s expertise and focus on constructive activism could be an attractive complement to other investors in the space. Our new simplified structure and focus could lead to partnerships or other opportunities. We believe that the universe of potential partners on this strategy

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is substantially larger than those focused on privately held investments. We believe we will be in a strong position to seek these strategic partnership opportunities with the current and future assets of 180.

## **HALE.life Corp**

Concurrent with the steps to enable 180 to be operated as an internally managed, non-diversified registered closed-end fund, we will also take steps to manage the assets that comprise HALE as an operating company. This will substantially lower our cost of business. This operating company will deliver products that change how physicians provide and patients receive healthcare. HALE will retain certain of our precision health and medicine investments, most of which represent control positions. Doug Jamison, our current Chairman and CEO, will lead HALE.life as CEO.

After building companies over many years primarily as minority shareholders, we believe it is time to return to our roots building transformative companies that we control in an operating company structure.

We believe patients now expect more communication, better outcomes and care that are specific to their needs. Patients and physicians are increasingly demanding access to the latest and best actionable health information based on the individual characteristics of the patient. Examples include genetic sequencing, metabolic profiles and composition of the gut microbiome, which are often referred to as precision medicine information. Currently, it is expensive and difficult for physicians and patients to access, understand and provide the desired, tailored information for individual lifestyles or illnesses. Technologies, both diagnostic and mobile, are ready to solve these problems, but they have yet to be assembled into a complete solution.

HALE will be seeking to transform the \$250 billion primary care clinical market. Many traditional businesses such as the hotel industry, retail sales, and automobile sales have undergone tremendous change driven by consumers' increasing power resulting from expanded access to information. We believe healthcare is about to undergo this similar change.

HALE addresses these issues by seeking to change how physicians provide and patients receive healthcare. HALE accomplishes this by linking next-generation, precision medicine products to the growing popularity of functional and integrative medicine practices. HALE will provide physicians in these practices with what we believe is actionable information derived from analyzing advanced, precision medicine technologies. Physicians and patients will receive user-friendly reports providing personalized, empirically based care options. Physicians and patients can then use their time together to collaborate on care. Patients serviced by this business model include those interested in performance sports, wellness, longevity and the care of chronic diseases.

Functional and integrative medicine clinics have been growing rapidly over the last decade as patients have turned to these alternative practices for more personalized treatment for chronic diseases and for prolonging health. There are currently over 10,000 physicians who are practicing in functional and integrative medicine clinics or under similar new business models in the United States and by some measures these practices are growing over 30 percent per year. Precision medicine

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technologies such as genetic sequencing, metabolomics, microbiomics, new imaging technologies and data analytics have also been developing over this same decade. We believe the uniqueness of our approach is that we link the growing interest by patients in these new personalized, functional and integrative medicine practices with the management systems and advanced information tools these clinics require to perform empirical and predictive medicine. We believe this new model provides a total care solution to physicians and patients.

HALE aims to increase value for its shareholders by focusing on ongoing operations, rather than acting as an investment company. Revenue growth and net income growth over time will be its metrics of success. Through its controlled companies, we believe HALE has assembled the component companies necessary to execute its proposed business plan.

### **Summary and Next Steps**

We believe separating the entities accomplishes four primary tasks that we believe are beneficial to shareholders:

- 1) we believe it presents the best opportunity to increase shareholder value;
- 2) it optimizes expense, structure and management focus;
- 3) it permits the ability to focus each business on strategies for future value creation without conflicts or distractions; and
- 4) it permits the clear messaging of shorter- and longer-term strategies for shareholders.

As separate entities, we believe that HALE and 180 will be ultimately valued based on execution of their focused strategies, with what we believe will be a higher potential to unlock value in the market. Each company will develop separately and communicate its respective business' story, financial performance and investment rationale.

We currently aim to implement this restructuring during the second quarter of 2017. In connection with the restructuring, we will ask shareholders for approval, as required by applicable laws and regulations, to take certain steps necessary to position both entities for potential future success. The restructuring will be discussed in detail in proxy materials that we currently expect to file in early 2017.

In our November 14, 2016, Letter to Shareholders, we stated that “in early January 2017, we will be organizing a shareholder call to discuss the proposed changes we will seek to implement as part of the long-term plan being developed by management and our Board of Directors.” This call is currently scheduled for Tuesday, January 10, 2017, at 2:00 p.m. Eastern Time. The dial-in information for the call is noted below:

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U.S. Domestic Dial-In Number: (641) 715-0632

International Dial-In Numbers: please see <http://www.hhvc.com/wp-content/uploads/2016/12/International-Dial-In-Numbers.pdf>

Passcode: 415049

This Letter will serve as the background for that discussion. Over the coming months, we will provide more details on the proposed restructuring, its expected timing, and how 180 and HALE will work to build shareholder value. We are excited about the potential opportunities for our shareholders and look forward to speaking with you on Tuesday, January 10, 2017.

Sincerely,

Douglas W. Jamison                      Richard P. Shanley  
Chairman & Chief Executive Officer              Lead Independent Director

### **Important Information for Investors and Stockholders**

This communication is for informational purposes only and does not constitute an offer to sell or the solicitation of an offer to buy any securities or a solicitation of any vote or approval, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. No offer of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act of 1933, as amended. In connection with the transactions referred to in this communication, Harris & Harris Group, Inc. (the "Company") expects to file a registration statement on Form N-14 with the Securities and Exchange Commission ("SEC") containing a preliminary proxy statement that also constitutes a preliminary prospectus. After the registration statement is declared effective, the Company will mail a definitive proxy statement/prospectus to its stockholders. This communication is not a substitute for the proxy statement/prospectus or the registration statement to which it pertains or for any other document that the Company may file with the SEC and send to its stockholders in connection with the proposed transactions. INVESTORS AND SECURITY HOLDERS ARE URGED TO READ THE PROXY STATEMENT/PROSPECTUS AND OTHER DOCUMENTS FILED WITH THE SEC CAREFULLY AND IN THEIR ENTIRETY WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION. Investors and security holders will be able to obtain free copies of the proxy statement/prospectus (when available) and other documents filed with the SEC by the Company through the website maintained by the SEC at <http://www.sec.gov>. Copies of the documents filed with the SEC by the Company will be available free of charge on the Company's website at [www.hhvc.com](http://www.hhvc.com) or by contacting the Company by mail at 1450 Broadway, 24th Floor, New York, NY 10018 or by phone at (212) 582-0900.

The Company, 180 and HALE and their respective directors and executive officers may be considered participants in the solicitation of proxies with respect to the proposed transactions under the rules of the SEC. Information about the directors and executive officers of the Company is

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contained in its proxy statement for its 2016 annual meeting of stockholders, which was filed with the SEC on April 20, 2016, and in its Annual Report on Form 10-K for the fiscal year ended December 31, 2015. Information about the respective directors and executive officers of each of 180 and HALE will be contained in the proxy statement for a special meeting of the Company's stockholders. These documents can be obtained free of charge from the sources indicated above. Additional information regarding the participants in the proxy solicitations and a description of their direct and indirect interests, by security holdings or otherwise, will also be included in any proxy statement, prospectus and other relevant materials to be filed with the SEC when they become available.

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

Certain statements in this communication regarding the proposed restructuring of the Company, including the formation of 180 and HALE, including statements regarding the expected timetable for completing the referenced transactions, benefits of the transaction, statements regarding 180 or HALE, their respective investment plans, policies and expected results and any other statements regarding the Company's, 180's or HALE's expectations, beliefs, plans, objectives, financial conditions, assumptions or future events or performance that are not historical facts are "forward-looking" statements within the meaning of the federal securities laws. These statements are often, but not always, made through the use of words or phrases such as "believe," "expect," "anticipate," "should," "planned," "will," "may," "intend," "estimated," "aim," "target," "opportunity," "tentative," "positioning," "designed," "create," "seek," "would," "could", "potential," "continue," "ongoing," "upside," "increases," and "potential," and similar expressions. All such forward-looking statements involve estimates and assumptions that are subject to risks, uncertainties and other factors that could cause actual results to differ materially from the results expressed in the statements. Among the key factors that could cause actual results to differ materially from those projected in the forward-looking statements are the following: the timing to consummate the proposed transactions; the risk that a condition to closing the proposed transactions may not be satisfied; the failure to receive, on a timely basis or otherwise, the required approvals by the Company's stockholders, governmental or regulatory agencies and third parties; each of 180's and HALE's respective ability to achieve the synergies, recurring income and value creation contemplated by the proposed transactions; uncertainty as to the prospects, distributions and performance of each of 180 and HALE as separate entities; the ability of each company to retain its senior executives and maintain relationships with business partners following consummation of the restructuring; the impact of legislative, regulatory and competitive changes; and the diversion of management time on transaction-related issues. There can be no assurance that the restructuring and the transactions contemplated thereby will in fact be consummated. Additional information concerning these and other factors can be found in the Company's registration statement and proxy statement/prospectus (when filed) as well as in the Company's other filings with the SEC. The Company assumes no obligation to, and expressly disclaim any duty to, update any forward-looking statements contained in this document or to conform prior statements to actual results or revised expectations except as required by law. Readers are cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof.