

**Harris & Harris Group, Inc.**  
**Stock Ownership Guidelines**

The Board of Directors of Harris & Harris Group, Inc. (the "Company") believes that the Company's executive officers should own and hold common stock of the Company to further align their interests and actions with interests of the Company's stockholders. Therefore, the Board of Directors has adopted these Stock Ownership Guidelines effective August 3, 2006, as amended on March 6, 2008.

**I. Executive Officer Stock Ownership Guidelines**

Executive officers are expected to own 25% of the net shares (after sales of stock to cover the purchase price and taxes triggered by the exercise of options) that he or she purchases in a calendar year through the exercise of options covering up to \$75,000 of underlying stock based on current market value on the day of each transaction. Each executive officer must then retain at least 50 percent of the net shares (after sales of stock to cover the purchase price and taxes triggered by the exercise of options) above \$75,000 until his or her purchases reach the following share ownership levels:

	<u>Ownership Level</u>
Managing Directors (including CEO)	\$4,500,000
Other Deal Team Members (including General Counsel)	\$2,500,000
Other Officers	1 X Base Salary

After reaching the above ownership levels, each executive officer is expected to retain 25 percent of the net shares (after sales of stock to cover the purchase price and taxes triggered by the exercise of options) that he or she purchases in any calendar year through the exercise of options.

**II. Director Stock Ownership Guidelines**

Members of the Board of Directors who are not also officers of the Company are expected to buy shares of the Company's common stock with 50 percent of the fees received for their service on the Board or Board committees pursuant to the Harris & Harris Group, Inc. Directors Stock Purchase Plan 2001, and to hold 100 percent of those shares as long as they serve on the Board. Once the Company receives an Order from the Securities and Exchange Commission so that Directors may participate in the Equity Incentive Plan, members of the Board are no longer expected to buy shares with the fees received for services, but instead are expected to own and hold 100 percent of the number

of shares that constitutes their annual grant of stock options (after taxes) following re-election as long as they serve on the Board.

### **III. Compliance with the Guidelines**

Stock that counts towards satisfaction of these Guidelines include: shares of common stock owned outright by the officer or Director and his or her immediate family members who share the same household, whether held individually or jointly; restricted stock where the restriction has lapsed; shares acquired upon stock option exercise; and shares purchased in the open market. All purchases of stock are subject to pre-approval by the Chief Compliance Officer pursuant to the Company's Code of Ethics Pursuant to Rule 17J-1.

Net shares are the number of shares from the sale of stock options or the vesting of restricted stock, less the number of shares the officer or Director sells or has withheld to pay taxes.

There may be instances where these Guidelines would place a severe hardship on an officer or Director, although it is expected that these instances will be rare. The Compensation Committee will make the final decision as to developing an alternative stock ownership guideline for an officer or Director that reflects the intention of these Guidelines and his or her personal circumstances.

The penalty for non-compliance with the Guidelines shall be decided in the sole discretion of the Compensation Committee and may include, but is not limited to, limitation of future awards under the Equity Incentive Plan or termination of employment.

Absent special circumstances and unless approved by the Compensation Committee, an officer is expected to maintain ownership of the Company's common stock in accordance with these Guidelines for so long as he or she remains an officer.