

The Depository Trust Company

IMPORTANT

B#: 3013
DATE: February 08, 2002
TO: All Participants
CATEGORY: Dividends
FROM: Dividend Department
ATTENTION: Managing Partner/Officer, Cashier, Dividend Mgr., Tax Mgr.
SUBJECT: Harris & Harris Group, Inc.
Notice To Shareholders Of Undistributed Long Term Capital
Gains (Tax Form # 2439)
CUSIP: 413833104

The following tax information for Undistributed Long Term Capital Gains (Form # 2439) has been received by DTCC.

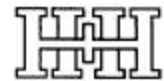
Security	Tax Year Ending	Rate
Harris & Harris Group, Inc.	12/31/01	Line 1A: .0875 Line 2 : .030625

As Undistributed Long Term Capital Gains Tax information is received, DTCC will publish additional notices.

If Participants have any questions concerning this notice please contact Mr. Sean M. Bollers of The Depository Trust and Clearing Company at (212) 855-4706.

Dividend Department

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Press Releases

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PRESS RELEASE
HARRIS & HARRIS GROUP, INC.
ONE ROCKEFELLER PLAZA
NEW YORK, NEW YORK 10020
NASDAQ/NMS SYMBOL: HHGP

FOR IMMEDIATE RELEASE
JANUARY 22, 2002

CONTACT: CHARLES E. HARRIS
TEL. NO. (212) 332-3606

Harris & Harris Group Declares Deemed Dividend

Harris & Harris Group, Inc. announced today that its Board of Directors, in accordance with rules governing a Regulated Investment Company ("RIC") under Sub-Chapter M of the Internal Revenue Code, has declared a designated undistributed capital gain dividend (also known as a deemed dividend) for 2001. The Company intends to qualify as a RIC for 2001, but there can be no assurance that the Company will so qualify as a RIC for 2001.

This deemed dividend will be an amount equal to \$775,620 or \$0.0875 per share. It is payable to shareholders of record as of December 31, 2001. Shareholders of record on the record date will be provided with the exact amount of the deemed dividend attributable to their shares by their stock broker if their shares are held in electronic format or by the Bank of New York if their shares are held directly. This information will be reported on IRS Form 2439.

The following simplified example illustrates the tax treatment under Sub-Chapter M of the Internal Revenue Code for the Company and its individual shareholders with regard to the \$775,620 or \$0.0875 per share net long-term capital gain retained by the Company and designated as an undistributed capital gain or deemed dividend:

1. The Company will pay a corporate-level federal income tax of 35 percent or \$271,467 on the undistributed capital gain, or approximately \$0.030625 per share.
2. Individual shareholders who are taxable at the highest marginal rate will increase their cost basis in their stock by approximately \$0.056875 per share. They will pay a 20 percent federal capital gains tax on 100 percent of the undistributed capital gain of \$0.0875 per share or approximately \$0.0175 per share in tax. Offsetting this tax, shareholders will receive a federal tax credit equal to 35 percent of the undistributed capital gain, or \$0.030625 per share.
3. The above information will be reported on IRS Form 2439.

For more complete information about the Company's tax status and the implications for the Company's shareholders, please see the Company's 2000 Annual Report on Form 10-K.

Harris & Harris Group is a publicly traded venture capital company organized as a Business Development Company. Harris & Harris Group has 8,864,231 common shares issued and outstanding.

Detailed information about Harris & Harris Group and its holdings can also be found on its website at www.hhgp.com.