HARRIS & HARRIS GROUP INC /NY/
Form 497
October 06, 2009

PROSPECTUS SUPPLEMENT
(To prospectus dated September 21, 2009)

Filed Pursuant to Rule 497(e)
Registration No. 333-160781

4,250,000 Shares

Common Stock

Pursuant to this prospectus supplement and the accompanying prospectus, we are offering 4,250,000 shares of our Common Stock, par value $0.01 ("Common Stock"). We have retained Needham & Company, LLC to act as our underwriter in connection with this offering. See "Underwriting" beginning on page S-7 of this prospectus supplement for more information regarding this arrangement.

Our Common Stock is listed on the Nasdaq Global Market under the symbol "TINY." On October 5, 2009, the last reported sale price of our Common Stock on the Nasdaq Global Market was $5.55 per share.

This prospectus supplement does not constitute an offer to sell or a solicitation of an offer to buy the shares offered hereby in any jurisdiction where, or to any person to whom, it is unlawful to make such offer or solicitation.

Investing in our Common Stock involves significant risks. See "Risk Factors" on page S-3 of this prospectus supplement and "Risk Factors" on page 32 of the accompanying prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Share	Total
Public offering price	$4.750	$20,187,500
Sales Load (Underwriting discount)	$0.285	$1,211,250
Proceeds, before expenses, to the Company	$4.465	$18,976,250

We have granted the underwriter the right to purchase up to 637,500 additional shares of Common Stock to cover over-allotments. The underwriter can exercise this right at any time within 30 days after the date of this prospectus supplement.

We estimate the total expenses of this offering that will be payable by us, excluding the underwriter's discount, will be approximately $327,500 assuming we sell 4,250,000 shares of Common Stock pursuant to this prospectus supplement and the accompanying prospectus. We expect that delivery of the Common Stock being offered pursuant to this prospectus supplement will be made to purchasers on or about October 9, 2009.

Needham & Company, LLC

The date of this prospectus supplement is October 6, 2009.

ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is the prospectus supplement dated October 6, 2009, and the second part is the accompanying prospectus dated September 21, 2009, both of which are part of a registration statement on Form N-2 (File No. 333-160781) we filed with the Securities and Exchange Commission (the "SEC") using a "shelf" registration process. Under this "shelf" registration process, we may from time to time sell the shares described in the accompanying prospectus in one or more offerings up to a total of 7,000,000 shares.

These documents contain important information you should consider when making your investment decision. The prospectus supplement describes the specific terms of the securities we are offering and also adds to and updates information contained in the accompanying prospectus. The accompanying prospectus provides more general information. This prospectus supplement may add, update or change information in the accompanying prospectus. You should rely only on the information provided in this prospectus supplement and the accompanying prospectus. To the extent there is a conflict between the information contained in this prospectus supplement, on the one hand, and the information contained in the accompanying prospectus, you should rely on the information in this prospectus supplement. We have not, and the underwriter has not, authorized anyone to provide you with different or inconsistent information. If anyone provides you with different or inconsistent information, you should not rely on it. You should assume that the information contained in this prospectus supplement and the accompanying prospectus is accurate only as of the dates of those documents, regardless of the time of delivery of those documents or of any sale of the shares. Our business, financial condition, results of operations and prospects may have changed since the dates of those documents. You should also read and consider the information in the documents we have referred you to in the section of the accompanying prospectus entitled "Further Information."

We are not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. Persons outside the United States who come into possession of this prospectus supplement or the accompanying prospectus must inform themselves about, and observe any restrictions relating to, the offering of the Common Stock and the distribution of this prospectus supplement and the accompanying prospectus outside the United States.

TABLE OF CONTENTS

Prospectus Supplement

THE OFFERING

Common Stock offered by us	4,250,000 shares
Over-Allotment Option	4,887,500 shares of Common Stock to be offered by us if the Underwriter exercises its over-allotment option to purchase 637,500 additional shares of Common Stock in full.
Common Stock to be outstanding after the offering	Up to 30,854,2581 shares (assuming the over-allotment option is exercised in full by the Underwriter).
Risk Factors	See "Risk Factors" beginning on page S-3 of this prospectus supplement and page 32 of the accompanying prospectus for a discussion of factors you should consider carefully when making an investment decision.
Use of proceeds	We estimate that the total net proceeds to us from the sale of the securities offered pursuant to this prospectus supplement will be approximately $18,648,750 (after deducting the underwriting discount and all estimated offering expenses payable by us). We intend to use these net proceeds as set forth in "Use of Proceeds" below.
Nasdaq Global Market Symbol	TINY

(1)The number of shares of our Common Stock to be outstanding immediately after this offering as shown above is based on 25,966,758 shares of Common Stock outstanding as of October 5, 2009. This number excludes:

- options to purchase approximately 1,345,836 shares of Common Stock at an exercise price of $10.11 outstanding as of October 5, 2009;
- options to purchase approximately 1,302,409 shares of Common Stock at an exercise price of $11.11 outstanding as of October 5, 2009;
- options to purchase approximately 346,784 shares of Common stock at an exercise price of $6.18 outstanding as of October 5, 2009;
- options to purchase approximately 1,163,724 shares of Common Stock at an exercise price of $6.92 outstanding as of October 5, 2009;
- options to purchase approximately 222,814 shares of Common Stock at an exercise price of $3.75 outstanding as of October 5, 2009;
- options to purchase approximately 200,000 shares of Common Stock at an exercise price of $4.46 outstanding as of October 5, 2009; and
- approximately 3,703 additional shares of Common Stock reserved for issuance under our equity incentive plans as of October 5, 2009.

TABLE OF FEES AND EXPENSES

The following tables are intended to assist you in understanding the various costs and expenses directly or indirectly associated with investing in our Common Stock. We caution you that some of the percentages indicated in the table below are estimates and may vary. Amounts are for the current fiscal year after giving effect to anticipated net proceeds of the offering of 4,250,000 shares of Common Stock pursuant to this prospectus supplement and the accompanying prospectus, assuming that we incur the estimated offering expenses. The price per share used in this calculation was the offering price of our Common Stock of $4.75.

Shareholder Transaction Expenses			
Sales Load(1) (as a percentage of offering price)		6.00%	
Offering Expenses (as a percentage of offering price)		1.62%	
Annual Expenses (as a percentage of net assets attributable to Common Stock)			
Management Fees(2)			N/A
Other Expenses(3)			
Salaries and Benefits(4)	4.68%		
Administration and Operations(5)	1.72%		
Professional Fees	0.69%		
Total Annual Expenses(6)	7.09%		

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(1) This represents the underwriting discount of six percent (6%) of the gross proceeds of this offering.

(2) The Company has no external management fees, as it is internally managed.

(3) "Other Expenses" are based on projected amounts for the fiscal year ending December 31, 2009.

(4) "Salaries and Benefits" includes projected non-cash, stock-based compensation expense of $3,077,321 for the year ending December 31, 2009. The Company accounts for stock-based compensation expense pursuant to SFAS No. 123(R) "Share-Based Payment," which requires that we determine the fair value of all share-based payments to employees, including the fair value of grants of employee stock options, and record these amounts as an expense in the Statement of Operations over the vesting period with a corresponding increase to our additional paid-in capital. There is no effect on net asset value from stock-based compensation expense at the time of grant. If options are exercised, net asset value per share will be decreased if the net asset value per share at the time of exercise is higher than the exercise price, and net asset value per share will be increased if the net asset value per share at the time of exercise is lower than the exercise price. Excluding the non-cash, stock-based compensation expense, projected "Salaries and Benefits" total $2,968,744 or 2.30 percent of net assets attributable to Common Stock for the year ending December 31, 2009.

(5) "Administration and Operations" includes expenses incurred for administration, operations, rent, directors' fees and expenses, depreciation and custodian fees.

(6) "Total Annual Expenses" includes projected non-cash compensation expense of $3,077,321 for the year ending December 31, 2009. See Footnote (4) above. Cash-based total annual expenses as a percentage of net assets attributable to Common Stock are 4.70 percent for the year ending December 31, 2009.

Example

The following examples illustrate the dollar amount of cumulative expenses that would be incurred over various periods with respect to a hypothetical investment in our Common Stock. In calculating these amounts, we have assumed that we have not incurred any leverage and that our annual operating expenses remain at the levels set forth in the above table, including the non-cash, stock-based compensation expenses.

On the basis of the foregoing, including the non-cash, stock-based compensation expense, you would pay the following expenses on a $10,000 investment, assuming a five percent annual return:*

1 Year	3 Years	5 Years	10 Years
$1,410	$2,666	$3,870	$6,666

* This example includes non-cash, stock-based compensation. Excluding the non-cash, stock-based compensation, you would pay expenses of $1,197 in one year, $2,071 in three years, $2,951 in five years and $5,172 in 10 years, on a $10,000 investment, assuming a five percent return.

The foregoing table is to assist you in understanding the various costs and expenses that an investor in our Common Stock will bear directly or indirectly. The assumed five percent annual return is required by the SEC and is not a prediction of, and does not represent, the projected or actual performance of our Common Stock. The above example should not be considered a representation of actual or future expenses, and actual expenses and annual rates of return may be more or less than those assumed for purposes of the example.

RISK FACTORS

Investing in our Common Stock involves significant risks. You should carefully consider the risks and uncertainties described below and the risk factors beginning on page 32 of the accompanying prospectus before you purchase any of our Common Stock. These risks and uncertainties are not the only ones we face. Unknown additional risks and uncertainties, or ones that we currently consider immaterial, may also impair our business. If any of these risks or uncertainties materializes, our business, financial condition or results of operations could be materially adversely affected. In this event, the trading price of our Common Stock could decline, and you could lose all or part of your investment.

Risks Relating to this Offering

Future sales of our Common Stock in the public market could cause our stock price to fall.

Sales of a substantial number of shares of our Common Stock in the public market, or the perception that these sales might occur, could depress the market price of our Common Stock and could impair our ability to raise capital through the sale of additional equity securities. As of October 5, 2009, we had 25,966,758 shares of Common Stock outstanding, all of which shares, other than shares held by our directors and certain officers which are subject to 90-day lock-up agreements in connection with this offering, were eligible for sale in the public market, subject in some cases to the volume limitations and manner of sale requirements under Rule 144. In addition, all of the shares offered under this prospectus supplement and the accompanying prospectus will be freely tradable without restriction or further registration upon issuance.

The price you pay in the offering will be more than the net asset value per share after giving effect to the offering.

On June 30, 2009, our net asset value per share was $4.27. If we sell 4,250,000 (or 4,887,500 if the over-allotment option is exercised in full) shares of Common Stock, the net asset value per share after giving effect to the gross proceeds of the offering will be approximately $4.34 (or $4.35 if the over-allotment option is exercised in full), which is less than the price you paid in the offering.

For additional risk factors, please see "Risk Factors" on page 32 in the accompanying prospectus.

FORWARD-LOOKING INFORMATION

This prospectus supplement may contain "forward-looking statements" based on our current expectations, assumptions and estimates about us and our industry. These forward-looking statements involve risks and uncertainties. Words such as "believe," "anticipate," "estimate," "expect," "intend," "plan," "will," "may," "might," "could," "continue" and other similar expressions identify forward-looking statements. In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances are forward-looking statements. Our actual results could differ materially from those anticipated in the forward-looking statements as a result of several factors more fully described in "Risk Factors" and elsewhere in this prospectus supplement. The forward-looking statements made in this prospectus supplement relate only to events as of the date on which the statements are made. We undertake no obligation to update publicly any forward-looking statements for any reason, even if new information becomes available or other events occur in the future.

You should understand that under Section 27A(b)(2)(B) of the Securities Act and Section 21E(b)(2)(B) of the Securities Exchange Act of 1934, the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995 do not apply to statements made by business development companies.

USE OF PROCEEDS

We estimate that the total net proceeds to us from the sale of the securities offered pursuant to this prospectus supplement will be approximately $18,648,750 (or $21,495,188 if the over-allotment option is exercised in full), after deducting the underwriting discount and all estimated offering expenses payable by us.

In the first half of 2009, we made no new investments in private portfolio companies because of the disarray in the venture capital markets. We expect to make both new and follow-on investments in portfolio companies in accordance with our investment objective with the net proceeds of this offering. We expect to invest or reserve for potential follow-on investment the net proceeds of any offering within two years from the completion of such offering. The net proceeds of this offering invested after two years will only be used for follow-on investments. Reserves for follow-on investments in any particular initial investment may be no more than the greater of twice the investment to-date or five times the initial investment in the case of seed-stage investments, though we may invest more than the amount reserved for this purpose in any particular portfolio holding. Although we intend to make our initial investments exclusively in companies that we believe are involved significantly in tiny technology, we may also make follow-on investments in existing portfolio companies involved in other technologies. Pending investment in portfolio companies, we intend to invest the net proceeds of any offering of our Common Stock in time deposits and/or income-producing securities that are issued or guaranteed by the federal government or an agency of the federal government or a government-owned corporation, which we expect will yield less than our operating expense ratio. We may also use the proceeds of this offering for operating expenses, including due diligence expenses on potential investments. Our portfolio companies rarely pay us dividends or interest, and we do not generate enough income from fixed income investments to meet all of our operating expenses. If we pay operating expenses from the proceeds, it will reduce the net proceeds of the offering that we will have available for investment.

CAPITALIZATION

We are authorized to issue 45,000,000 shares of Common Stock, par value $0.01 per share, and 2,000,000 shares of preferred stock, par value $0.10 per share. Each share within a particular class or series thereof has equal voting, dividend, distribution and liquidation rights. When issued, in accordance with the terms thereof, shares of Common Stock will be fully paid and non-assessable. Shares of Common Stock are not redeemable and have no preemptive, conversion, or cumulative voting rights.

The following table shows the number of shares of (i) capital stock authorized, (ii) the amount held by us or for our own account, and (iii) capital stock outstanding for each class of our authorized securities as of October 5, 2009.

Title of Class	Number Authorized	Number Held by Company or for its Own Account	Number Outstanding
Common Stock	45,000,000	1,828,740	25,966,758 (1)
Preferred Stock	2,000,000	0	0

(1) The number of shares of our Common Stock outstanding excludes:

- options to purchase approximately 1,345,836 shares of Common Stock at an exercise price of $10.11 outstanding as of October 5, 2009;

- options to purchase approximately 1,302,409 shares of Common Stock at an exercise price of $11.11 outstanding as of October 5, 2009;

- options to purchase approximately 346,784 shares of Common stock at an exercise price of $6.18 outstanding as of October 5, 2009;
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- options to purchase approximately 222,814 shares of Common Stock at an exercise price of $3.75 outstanding as of October 5, 2009;
- options to purchase approximately 200,000 shares of Common Stock at an exercise price of $4.46 outstanding as of October 5, 2009; and
- approximately 3,703 additional shares of Common Stock reserved for issuance under our equity incentive plans as of October 5, 2009.

PRICE RANGE OF COMMON STOCK

Our Common Stock is traded on the Nasdaq Global Market under the symbol "TINY."

The following table sets forth for the quarters indicated, the high and low sale prices on the Nasdaq Global Market per share of our Common Stock and the net asset value and the premium or discount from net asset value per share at which the shares of Common Stock were trading, expressed as a percentage of net asset value, at each of the high and low sale prices provided.

	Market Price		Net Asset Value ("NAV") Per Share at End of	Premium or (Discount) as a % of NAV	
Quarter Ended	High	Low	Period	High	Low
March 31, 2007	13.58	11.00	5.27	157.7	108.7
June 30, 2007	14.32	11.01	5.54	158.5	98.7
September 30, 2007	11.79	9.51	5.69	107.2	67.1
December 31, 2007	11.10	8.00	5.93	87.2	34.9
March 31, 2008	8.98	5.76	5.86	53.2	(1.7)
June 30, 2008	8.73	6.00	5.95	46.7	0.8
September 30, 2008	8.50	4.97	4.68	81.6	6.2
December 31, 2008	6.58	3.10	4.24	55.2	(26.9)
March 31, 2009	4.48	2.65	4.22	6.2	(37.2)
June 30, 2009	5.99	3.57	4.27	40.3	(16.4)
September 30, 2009	6.93	5.01	--	--	--
Through October 5, 2009	6.31	5.50	--	--	--

Historically, the shares of our Common Stock have traded at times at a discount and at other times at a premium to net asset value. The last reported price for our Common Stock on October 5, 2009 was $5.55 per share. As of October 5, 2009, we had approximately 138 shareholders of record.

RECENT DEVELOPMENTS

Portfolio Companies:

On July 2, 2009, we made a $250,000 follow-on investment in a privately held tiny technology portfolio company.

On July 17, 2009, we made a $533,239 follow-on investment in a privately held tiny technology portfolio company.

On July 27, 2009, we made a $125,000 follow-on investment in a privately held tiny technology portfolio company.

On August 7, 2009, we made a $515,756 follow-on investment in a privately held tiny technology portfolio company.

On August 7, 2009, we made a $99,624 investment in Orthovita, Inc., a publicly traded company.

On August 14, 2009, we made a $99,808 investment in Orthovita, Inc., a publicly traded company.

On August 19, 2009, we made a $1,635,775 follow-on investment in a privately held tiny technology portfolio company.

On August 26, 2009, we made a $250,124 follow-on investment in a privately held tiny technology portfolio company.

On August 28, 2009, we made a $374,999 follow-on investment in a privately held tiny technology portfolio company.

On September 17, 2009, we made a $200,000 follow-on investment in a privately held tiny technology portfolio company.

On October 1, 2009, we made a $721,090 follow-on investment in a privately held tiny technology portfolio company.

Other:

During the period from July 1, 2009, through October 5, 2009, a total of 107,185 stock options were exercised for total proceeds to the Company of $401,944.

On September 22, 2009, the Board of Directors appointed an Ad Hoc Pricing Committee in connection with this offering. The Pricing Committee is responsible for determining the price at which shares of our Common Stock shall be sold in any offering, determining the exact number of shares to be sold, determining any other terms with respect to the sale of our Common Stock, and for taking all such further actions as it may deem necessary or appropriate in connection with the transactions contemplated by this prospectus supplement and the accompanying prospectus. The members of the Pricing Committee are Dugald A. Fletcher, G. Morgan Browne, W. Dillaway Ayres, and Dr. Phillip A. Bauman.

On September 24, 2009, the Company entered into a lease agreement with Rosh 1450 Properties LLC (the "Lease") for approximately 6,900 square feet of office space located at 1450 Broadway, New York, New York. The lease will commence on the later of January 1, 2010, or when the leasehold improvements are completed. We plan to use the office space to replace our current offices in New York City, which serve as our corporate headquarters. The base rent is $36 per square foot with a 2.5 percent increase per year over the 10 years of the lease, subject to a full abatement of rent for four months and a rent credit for six months throughout the Lease term. The Lease expires on December 31, 2019. We have one option to extend the Lease term for a five-year period, provided that we are not in default under the Lease. Annual rent during the renewal period will equal 95 percent of the fair market value of the leased premises, as determined in accordance with the Lease. Upon an event of default, the Lease provides that the landlord may terminate the Lease and require us to pay all rent that would have been payable during the remainder of the Lease or until the date the landlord re-enters the premises.

UNDERWRITING

We and the underwriter named below have entered into an underwriting agreement with respect to the shares of Common Stock being offered by us in this offering. Subject to the terms and conditions of the underwriting agreement, the underwriter named below, as the sole underwriter, has agreed to purchase from us the number of shares of our Common Stock set forth opposite its name on the table below at the public offering price, less the underwriting discounts and commissions, as set forth on the cover page of this prospectus supplement as follows:

Name	Number of Shares
Needham & Company, LLC	4,250,000
Total	4,250,000

The underwriting agreement provides that the obligations of the underwriter to pay for and accept delivery of the shares of Common Stock offered by this prospectus supplement are subject to the approval of certain legal matters by its counsel, including in the event of a material adverse change in economic, political or financial conditions. The obligations of the underwriter may also be terminated upon the occurrence of other events specified in the underwriting agreement. The underwriter is committed to purchase all of the shares of Common Stock being offered by us if any shares are purchased. However, the underwriter is not required to take or pay for the shares covered by the underwriter's over-allotment option described below.

The underwriter proposes to offer the shares of Common Stock to the public at the public offering price set forth on the cover page of this prospectus supplement. The underwriter may offer the Common Stock to securities dealers at the price to the public less a concession not in excess of $.15 per share. Securities dealers may not re-allow an additional concession to other dealers. After the shares of Common Stock are released for sale to the public, the underwriter may vary the offering price and other selling terms from time to time.

We have granted to the underwriter an option, exercisable not later than thirty (30) days after the date of this prospectus supplement, to purchase up to an aggregate of 637,500 additional shares of Common Stock at the public offering price set forth on the cover page of the prospectus supplement, less the underwriting discounts and commissions. The underwriter may exercise this option solely for the purpose of covering over-allotments, if any, made in connection with the offering of the shares of Common Stock offered hereby.

The following table summarizes the public offering price, underwriting discount and proceeds before expenses to us. The information assumes either no exercise or full exercise by the underwriter of its over-allotment option.

		Total	
	Per Share	Without Over-Allotment	With Over-Allotment
Public offering price	$ 4.750	$ 20,187,500	$ 23,215,625
Underwriting discount	0.285	1,211,250	1,392,938
Proceeds, before expenses, to us	4.465	18,976,250	21,822,687

We estimate that the total expenses of this offering, excluding underwriting discounts and commissions, will be approximately $327,500 assuming we sell 4,250,000 shares of Common Stock pursuant to this prospectus supplement and the accompanying prospectus.

We have agreed to indemnify the underwriter against certain civil liabilities, including liabilities under the Securities Act of 1933, for any inaccuracy in our representations and warranties contained in the underwriting agreement and for any failure to perform our contractual and legal obligations in connection with the offering. We have also agreed to contribute to payments the underwriter may be required to make in respect of any such liabilities.

We, along with our executive officers and directors, have agreed with the underwriter, subject to certain exceptions, to certain lock-up provisions with regard to future sales of our Common Stock for a period of 90 days following the date of this prospectus supplement, as set forth in the underwriting agreement.

In order to facilitate the offering of the Common Stock, the underwriter may engage in transactions that stabilize, maintain or otherwise affect the price of the Common Stock. Specifically, the underwriter may sell more shares than it is obligated to purchase under the underwriting agreement, creating a short position. A short sale is covered if the short position is no greater than the number of shares available for purchase by the underwriter under the over-allotment option. The underwriter can close out a covered short sale by exercising the over-allotment option or purchasing shares in the open market. In determining the source of shares to close out a covered short sale, the underwriter will consider, among other things, the open market price of shares compared to the price available under the over-allotment option. The underwriter may also sell shares in excess of the over-allotment option, creating a naked short position. The underwriter must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriter is concerned that there may be downward pressure on the price of the Common Stock in the open market after pricing that could adversely affect investors who purchased in this offering. As an additional means of facilitating this offering, the underwriter may bid for, and purchase, shares of our Common Stock in the open market to stabilize the price of the Common Stock. These activities may raise or maintain the market price of our Common Stock above independent market levels or prevent or slow a decline in the market price of our Common Stock. The underwriter is not required to engage in these activities, and may end any of these activities at any time.

Our Common Stock is listed on the NASDAQ Global Market under the symbol “TINY.”

The underwriting agreement and any selling group agreement to be entered into between the underwriter and any other selling agent will be included as an exhibit to a post-effective amendment to the registration statement of which this prospectus supplement and the accompanying prospectus are a part.

The transfer agent for our Common Stock to be issued in this offering is American Stock Transfer & Trust Company.

United Kingdom

This document is only being distributed to and is only directed at (i) persons who are outside the United Kingdom or (ii) to investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”) or (iii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (e) of the Order (all such persons together being referred to as “relevant persons”). The shares of Common Stock are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Common Stock will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

The underwriter has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 or FSMA) received by it in connection with the issue or sale of the shares in circumstances in which Section 21(1) of the FSMA does not apply to us, and

(b) it has complied with, and will comply with all applicable provisions of FSMA with respect to anything done by it in relation to the shares in, from or otherwise involving the United Kingdom.

European Economic Area

To the extent that the offer of the Common Stock is made in any Member State of the European Economic Area that has implemented the Prospectus Directive before the date of publication of a prospectus in relation to the Common Stock which has been approved by the competent authority in the Member State in accordance with the Prospectus Directive (or, where appropriate, published in accordance with the Prospectus Directive and notified to the competent authority in the Member State in accordance with the Prospectus Directive), the offer (including any offer pursuant to this document) is only addressed to qualified investors in that Member State within the meaning of the Prospectus Directive or has been or will be made otherwise in circumstances that do not require us to publish a prospectus pursuant to the Prospectus Directive.

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), the underwriter has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "Relevant Implementation Date") it has not made and will not make an offer of shares to the public in that Relevant Member State prior to the publication of a prospectus in relation to the shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of shares to the public in that Relevant Member State at any time:

(a) to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities,

(b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts, or

(c) in any other circumstances which do not require the publication by us of a prospectus pursuant to Article 3 of the Prospectus Directive. For the purposes of this provision, the expression an "offer of shares to the public" in relation to any shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the shares to be offered so as to enable an investor to decide to purchase or subscribe the shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

The EEA selling restriction is in addition to any other selling restrictions. In relation to each Relevant Member State, each purchaser of shares of Common Stock (other than the underwriter) will be deemed to have represented, acknowledged and agreed that it will not make an offer of shares of Common Stock to the public in any Relevant Member State, except that it may, with effect from and including the date on which the Prospectus Directive is implemented in the Relevant Member State, make an offer of shares of Common Stock to the public in that Relevant Member State at any time in any circumstances which do not require the publication by us of a prospectus pursuant to Article 3 of the Prospectus Directive, provided that such purchaser agrees that it has not and will not make an offer of any shares of Common Stock in reliance or purported reliance on Article 3(2)(b) of the Prospectus Directive. For the purposes of this provision, the expression an "offer of Shares to the public" in relation to any shares of Common Stock in any Relevant Member State has the same meaning as in the preceding paragraph.

LEGAL MATTERS

Certain legal matters will be passed on by Skadden, Arps, Slate, Meagher & Flom LLP, New York, New York, our special counsel in connection with the offering of Common Stock. Certain legal matters in connection with this offering will be passed upon for the underwriter by Proskauer Rose LLP, New York, New York.

7,000,000 Shares

Common Stock

Harris & Harris Group, Inc.®, is a venture capital company that specializes in nanotechnology and microsystems. We operate as a non-diversified business development company ("BDC") under the Investment Company Act of 1940. We may offer, from time to time, shares of our Common Stock, $0.01 par value per share ("Common Stock"), in one or more delayed offerings. The Common Stock may be offered at prices and on terms to be set forth in one or more supplements to this Prospectus (each a "Prospectus Supplement"). The offering price per share of our Common Stock will not be less than the net asset value per share of our Common Stock at the time we make the offering exclusive of any underwriting commissions or discounts, unless we have shareholder approval. You should read this Prospectus and the applicable Prospectus Supplement carefully before you invest in our Common Stock.

Our Common Stock may be offered directly to one or more purchasers through agents designated from time to time by us, or to or through underwriters or dealers. The Prospectus Supplement relating to the offering will identify any agents or underwriters involved in the sale of our Common Stock, and will set forth any applicable purchase price, fee, commission or discount arrangement between us and our agents or underwriters, or among our underwriters, or the basis upon which such amount may be calculated. We may not sell any of our Common Stock through agents, underwriters or dealers without delivery of a Prospectus Supplement describing the method and terms of the particular offering of our Common Stock. Our Common Stock is listed on the Nasdaq Global Market under the symbol "TINY." On September 17, 2009, the last reported sale price of our Common Stock was $6.36.

An Investment in the Securities Offered in this Prospectus Involves a High Degree of Risk. You Should Consider Investing in Us Only if You Are Capable of Sustaining the Loss of Your Entire Investment. See "Risk Factors" beginning on page 32.

This Prospectus sets forth concisely the information about us that a prospective investor should know before investing. You should read this Prospectus, before deciding whether to invest in our Common Stock, and retain it for future reference. You may obtain our annual reports, request other information about us and make shareholder inquiries by calling toll free 1-877-846-9832. Additional information about us has been filed with the Securities and Exchange Commission ("SEC") and is available upon written or oral request and without charge. We also make available our annual reports, free of charge, on our website at www.HHVC.com. Information on our website is not part of this Prospectus and should not be considered as such when making your investment decision. Material incorporated by reference and other information about us can be obtained from the SEC's website (http://www.sec.gov).

Neither the SEC nor any state securities commission has approved or disapproved these securities or determined if this Prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of the Prospectus is September 21, 2009.

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You should rely only on the information contained or incorporated by reference in this Prospectus or any prospectus supplements. We have not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not making an offer to sell these securities in any jurisdiction in which the offer or sale is not permitted. Prospective investors should assume that the information appearing in this Prospectus or any prospectus supplements is accurate only as of the dates on their covers. Our business, financial condition, results of operations and prospects may have changed since that date. The Prospectus and any prospectus supplements will be updated to reflect any material changes.

In this Prospectus, unless otherwise indicated, "Harris & Harris Group," "Company," "us," "our" and "we" refer to Harris & Harris Group, Inc.® "Harris & Harris Group, Inc." is a registered service mark. "Nanotech for Cleantech," "Nanotech for Healthcare" and "Nanotech for Electronics" are service marks. This Prospectus also includes trademarks owned by other persons.

TABLE OF CONTENTS

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PROSPECTUS SUMMARY

This summary highlights information that is described more fully elsewhere in this Prospectus and in the documents to which we have referred. It may not contain all of the information that is important to you. To understand the offering fully, you should read the entire document carefully, including the risk factors beginning on page 32.

Our Business

Harris & Harris Group, Inc., is a venture capital company that specializes in making investments in companies commercializing and integrating products enabled by nanotechnology and microsystems. We sometimes use "tiny technology" to describe both of these disciplines. We operate as a business development company under the Investment Company Act of 1940, which we refer to as the 1940 Act. For tax purposes, we operate as a regulated investment company under Subchapter M of the Internal Revenue Code of 1986, which we refer to as the Code. We are an internally managed, non-diversified investment company; that is, our officers and employees, rather than an investment adviser, manage our operations under the general supervision of our Board of Directors. Our investment objective is to achieve long-term capital appreciation, rather than current income, by making venture capital investments. We define venture capital investments as the money and resources made available to privately held start-up firms and privately held and publicly traded small businesses with exceptional growth potential. Our approach includes patient examination of available venture investment opportunities, thorough due diligence and close involvement with management.

We believe that we are the only publicly traded business development company making venture capital investments exclusively in nanotechnology and microsystems. We believe we provide three core benefits to our shareholders. First, we are an established firm with a track record of investing in venture capital-backed companies. Second, we provide shareholders with access to emerging companies that commercialize and integrate products enabled by nanotechnology and microsystems that are generally privately owned. Third, we provide access to a vehicle that has historically provided returns comparable to the median of those of the private venture capital industry and, unlike private venture capital firms, is both transparent and liquid. We seek to provide our shareholders with a specific focus on nanotechnology and microsystems through a portfolio of venture capital investments that addresses a variety of markets and products. Our tiny technology investment policy is not a "fundamental policy" under the 1940 Act and, accordingly, may be changed without shareholder approval, although we will give shareholders at least 60 days prior written notice of any change.

As a venture capital company, we make it possible for our investors to participate at an early stage in this emerging field, particularly while many companies commercializing and integrating products enabled by nanotechnology and microsystems are still private. By making investments in companies that control intellectual property relevant to nanotechnology and microsystems, we are building a portfolio that we believe will be difficult to replicate in the future. We typically invest as part of a syndicate of venture capital firms. However, we may provide seed capital before forming a syndicate with other investors and we may invest in small public companies with large growth potential. We may maintain our investment in an investee company after it goes public, even after our co-investors sell or distribute their shares.

To the investor, we offer:

- a portfolio consisting of investments that are generally available only to a small, highly specialized group of professional venture capital firms as investors;

- a team of professionals to evaluate and monitor investments, comprising five full-time members of management, including four Managing Directors, Douglas W. Jamison, Alexei A. Andreev, Michael A. Janse and Daniel B. Wolfe, and a Vice President, Misti Ushio. One of our directors, Lori D. Pressman, is also a consultant to us. These six professionals collectively have expertise in venture capital investing, intellectual property and nanotechnology and microsystems;

- the opportunity to benefit from our experience in a new field expected to permeate a variety of industries;

- through the ownership of our publicly traded shares, a measure of liquidity not typically available in underlying venture capital portfolio investments; and

- transparency resulting from requirements to make certain public disclosures about our investments.

We make venture capital investments exclusively in companies commercializing and integrating products enabled by nanotechnology or microsystems. Nanotechnology is measured in nanometers, which are units of measurement in billionths of a meter. Microsystems, including microelectromechanical systems ("MEMS") are measured in micrometers, which are units of measurement in millionths of a meter. We consider a company to fit our investment thesis if the company employs or intends to employ technology that we consider to be at the microscale or smaller and if the employment of that technology is material to its business plan. At June 30, 2009, 57.9 percent of our net assets and 100 percent of our venture capital portfolio were invested in companies commercializing and integrating products enabled by nanotechnology or microsystems. We may also make follow-on investments in any of our portfolio companies. The balance of our funds is currently invested in U.S. treasury securities.

Nanotechnology is multidisciplinary and widely applicable, and it incorporates technology that was not previously in widespread use. Products enabled by nanotechnology are found in many industries, including instrumentation, computing, electronics, photonics, pharmaceuticals, medical devices, textiles, sporting goods, aerospace, automotive and cleantech, which includes alternative-energy and energy-saving products. Our nanotechnology investments have developed around three main industry clusters: cleantech (47 percent of our venture capital portfolio on June 30, 2009); electronics, including semiconductors (33 percent of our venture capital portfolio on June 30, 2009); and healthcare (10 percent of our venture capital portfolio on June 30, 2009). We call these three areas "Nanotech for CleantechSM," "Nanotech for ElectronicsSM," and "Nanotech for HealthcareSM," respectively. We have and may continue to make investments outside these industry areas, and we may not maintain these industry clusters or the weightings within these clusters. The use of nanotechnology-enabled advanced materials for cleantech, in particular, is an area of increasing global interest, and these types of materials are the cornerstones of new generations of photovoltaics, batteries, solid-state lighting, fuel cells, biofuels and other energy-related applications that are the focus of a number of recently funded early-stage companies.

The number of investment opportunities in nanotechnology and microsystems available to us has continued to increase in recent years, through both new opportunities and opportunities for follow-on investments in our existing portfolio companies. We believe that our expertise and record of prior investments in nanotechnology and microsystems are likely to lead us to additional such investment opportunities in the future.

We identify investment opportunities primarily through five channels:

- our involvement in the field of nanotechnology and microsystems;
- research institutions, universities, and corporations that seek to transfer their scientific discoveries to the private sector;
- other venture capital companies seeking co-investors or referring deals to us;
- referrals from our portfolio companies; and
- direct calls and business plan submissions by companies, business incubators and individuals seeking venture capital.

We review approximately 300 business opportunities per year, of which:

- about 30 percent will qualify for an initial presentation;
- about 10 percent will become the subject of formal due diligence; and
- less than 3 percent, generally, will be voted upon by our investment team.

We intend to use the net proceeds of this offering to:

- increase our capital in order to take advantage of new investment opportunities and follow-on investment opportunities in our existing portfolio companies;
- increase our operating efficiency, as our costs are primarily fixed and will represent a smaller percentage of our total assets after giving effect to this offering; and

- pay operating expenses, including due diligence expenses on potential investments.

Nanotechnology and Microsystems

Nanotechnology refers to materials, devices and processes with critical dimensions below 0.1 micron, equal to 100 nanometers. A nanometer is 0.000000001 meter, or one billionth of a meter. It is at the scale below 100 nanometers, the nanoscale, that quantum effects begin to dominate classical macroscale physics. At the nanoscale, size- and shape-dependent properties of materials allow previously unattainable material and device performance. Microsystems refers to materials, devices and processes that are on a micrometer size scale. A micrometer, which is also referred to as a micron, is 0.000001 meter, or one millionth of a meter. In practice, any device, or device enabled by components, in a s