

GSV CAPITAL CORP.

(NASDAQ: GSV)C

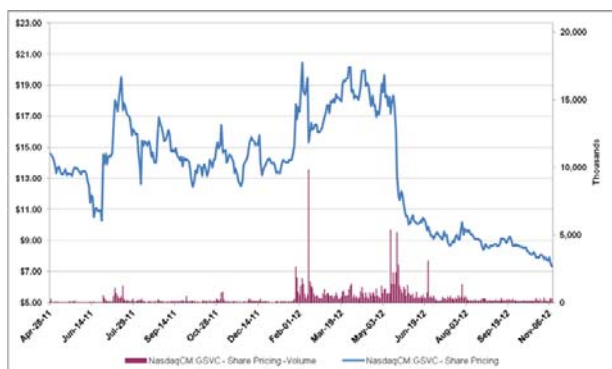
Share Price Significantly Below NAV: Unique Opportunity for Exposure to Private, Emerging Growth Companies. Maintaining Rating and Price Target at \$17.00

Company & Market Data (November 8, 2012)

Price	\$	7.33
Price Target	\$	17.00
NAV (As of September 30, 2012)	\$	13.83
52 - Week Range		\$7.33 - \$20.89
Mkt. Capitalization (M)	\$	141.6
Diluted Shares Outstanding (M)		19.3
Avg. Daily Trading Vol (000s)		761.3
Fiscal Year End		December

Estimates

	CY 2011	CY 2012
Revenues (000's)	\$ 162,328	NA
Q1 Decrease in Assets	\$ (0.06)	\$ (0.02) A
Q2 Decrease in Assets	\$ (0.27)	\$ (0.34) A
Q3 Decrease in Assets	\$ (0.18)	\$ (0.36) A
Q4 Decrease in Assets	\$ (0.31)	NA
Total	\$ (0.27)	NA
P/E	NM	NM



Structured as a non-diversified closed-end management investment company, GSV Capital has elected to be treated as a business development company under the Investment Company Act of 1940. GSV will invest in emerging, high-growth private companies with the goal of providing growth oriented investors a vehicle to participate in value creation happening in the private sector. The company is focused on the high-growth sectors in the economy including Social Media, Mobile Computing, Cloud Computing, Green Technology, and Education Technology. In general, the asset management team will acquire the investment positions directly from employees and early VCs, as well as primary shares directly from the company and from the emerging private marketplaces. The company is headquartered in Woodside, California.

Investment Highlights

- The GSV Capital Model:** According to recent data from Dealogic, the number of IPOs completed in the prior decade (2001 through 2010) dropped 64% from the decade of the 1990s. At the same time, companies that are coming public are waiting longer and generally reaching the Street with much higher market valuations than in past decades. This trend continued in 2011 and early in 2012 with companies such as LinkedIn (LNKD, \$96.35, Not rated), (YELP, \$17.77, Not Rated) and most recently Palo Alto Networks (PAWN, \$51.96, Not Rated). In our opinion the GSV model offers traditional growth investors the opportunity to participate in the wealth creation happening within many of today's fastest growth, emerging companies while they are still private.
- The Facebook Effect:** We believe that the action of the share price of Facebook (FB, \$19.99, Not Rated) since its IPO continues to weigh on investor perceptions of the prospects of other highly visible private companies such as Twitter, Dropbox, and Bloom Energy. This perception seems to persist even with the debut of several well performing IPOs including Palo Alto Networks and Workday (WDAY \$49.05, Not Rated). The aftermath of the Facebook IPO continues to weigh on the share price of both GSV and SVVC (SVVC, \$17.68, Buy Rated) and appears to have dampened the valuation of private growth equities in general. Though the current paradigm is hurting the share price of GSV, it is also allowing for the purchase of high-growth private company shares at more attractive valuations.
- Valuable Portfolio** – Though the company has only been operational since mid-2011, the asset management team has successfully built a portfolio of 44 holdings (9/30/2012) that includes many of today's leading growth, private companies including Twitter, SugarCRM, Dropbox and Violin Memory. Twitter remains GSV's largest holding at about 14% of the portfolio. We point to this holding as a prime example of GSV's ability to offer participation in a private security that is extremely hard to purchase due to Twitter's strict internal policies concerning stock ownership.
- Our Outlook** – Given the anticipated revenue growth in the portfolio companies, we believe that the share price is not reflective of the current and (more importantly) future value of the holdings in the portfolio. We suggest that the expected revenue growth portfolio of private companies and the potential for future liquidity events (IPOs) warrants a value, looking out twelve months, above the current NAV of \$13.45 (9/30/2012). Based on the potential revenue growth of the portfolio holdings as a group, we are reiterating our Buy rating and maintaining our price target of \$17.00.

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Disclosures and Analyst Certifications can be found in Appendix A.

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Thoughts on the Quarter

In reporting its financial results for Q3 of 2012, GSV Capital filed a 10-Q and held a conference call to provide an update for investors. The current portfolio (as of 9/30/2012) now has 44 holdings with a fair market value (determined by the Board of Directors) of \$217.4 million excluding the remaining cash balance. The management team at GSV Capital continues to populate the portfolio with high quality, high growth private companies including Twitter, Violin Memory, SugarCRM, Dropbox, and the Palantir Technologies. Including the available cash in the portfolio, the net asset value of the portfolio totaled \$259.8 million or \$13.45 per share (assuming 19.320 million shares outstanding). The current NAV is roughly \$0.40 per share lower than the NAV of \$13.83 per share reported in Q2 of this year. Again there were no exits from the portfolio this period, income was minimal (consisting of interest income) and the company generated a loss for the period of \$6.6 million. The net loss was larger than prior periods due primarily to the revaluation of the Facebook and the Zynga (ZNGA, \$2.16, Not Rated) positions.

We believe that GSV's management team continues to populate the portfolio with positions in companies that are some of the today's fastest growth private entities. During the 3rd quarter, the management team at GSVC added investments in Spotify, (a popular social music site) 2Tor, Inc., (online tutoring), Dataminer (a novel data mining platform) and the highly regarded customer relationship software company, SugarCRM. In addition, the company added to its holdings in AlwaysOn, Dropbox, Twitter and Control4. Even with these changes the top ten holdings in the portfolio remained consistent with the previous quarter. Twitter, Palantir and Violin Memory are the three top positions. Currently the team at GSV Capital is estimating that the companies in the portfolio collectively generated revenues of roughly \$3.8 billion in 2010. This number is estimated to have reached \$9.7 billion in 2011 and is expected to grow to more than \$24.1 billion in calendar 2012¹. This is an estimated compound annual growth rate of 154% - very impressive expected performance. As an example we note that Palantir Inc. has been doubling revenues each year for the last three year (including expectations of 2012).

VIOLIN MEMORY, INC.

Largely as a result of the trading in Facebook shares post the IPO, the shares of GSVC have declined dramatically, falling from price near \$20 in May 2012 to the current price of \$7.33. This decline appears (in our opinion) to be a significant over reaction and is not reflective of the potential of the portfolio as a whole. Given the performance of Groupon (GRPN, \$3.92, Not Rated), Zynga and Facebook, we believe that investors are looking for a clear catalyst that would revive the belief that there is real upside in the value of the private holdings in the portfolio. We are hopeful that such a catalyst is not far off. News sources are reporting (Bloomberg October 16, 2012) that Violin Memory, Inc. has filed a confidential S1 with the SEC, allowing the company to complete the SEC review process without informing the public until 3 weeks prior to the roadshow. Indications are that the IPO will value the company in a range of \$1.5 billion to \$2 billion. We believe that GSV's \$14.8 million position was purchased at a valuation near the valuation of Violin's last funding round, roughly \$800 million. An IPO valuation at the mid-point of the projected range would roughly double the value of GSV's holding and provide investors with some much needed confidence in the future potential of the other holdings in the portfolio. We note that the potential profit from the Violin position would easily cover the losses from the Groupon, Zynga and Facebook.

Though management remains very confident in the future performance of Facebook, we believe that along with Twitter, the more meaningful positions in the portfolio appear to have significantly more appreciation potential. We note that Dropbox, Violin Memories, and Avenues of the World all have estimated revenue growth rates near 300% for calendar 2012. Additionally, we note recent national events (Sandy and the Election) have brought to light even more vividly the

¹ Per data provided by the company at the Annual Meeting, June 5, 2012

growing importance of the Twitter platform. It is becoming the de-facto "second screen" alongside the television.

The GSV Capital Portfolio²

Through September 30th 2012, the management of the GSV Capital portfolio had invested \$217.4 million dollars in 44 companies (3 holdings are now public companies). New to the portfolio since the end of quarter are two positions, Parchment and Ozy Media. The current portfolio holdings are detailed in Table 1 on page 6 of this note.

We note that when a holding in the portfolio comes public, creating a potential liquidity event for the portfolio, the holding is (in most cases) subject to a lock-up period of six months. This lock-up stipulation requires the management team to wait six months after the IPO before the shares are eligible for sale.

Financial Discussion

Incorporated as closed-end, investment Management Company, GSV Capital Corp's operating history began with the company's IPO in April 2011. The initial public offering of 3,335,000 shares at an offering price of \$15.00 per share resulted in net proceeds \$46.5 million. Shortly after the IPO the GSV asset management team completed its first asset purchase, a \$2,250,000 investment in Kno, Inc., in May 2011.

Early in 2012 the company has completed two additional equity offerings, raising approximately \$200 million in capital. Through the end of the 3rd quarter of 2012, GSV had invested \$217.4 million in 44 separate companies and had a net asset value of \$13.83 per share. The company's current operating expenses are running at about \$220,000 per month. The majority of these expenses are fixed and as the capital base grows the expense structure will remain relatively constant.

Valuation

Currently the share price of GSV Capital is trading near \$7.30 per share, well below the adjusted NAV (\$13.45) as of 9/30/2012 of the portfolio. We believe this current price is due in large part to

Portfolio Investments	Industry	Fair Value	2012 Est. Revenue Growth Rate	% of Net Assets
<u>Twitter, Inc.</u>	Social	\$ 36,111,400	200%	16.61%
<u>Palantir Technologies</u>	Data Security	\$ 20,747,500	100%	9.54%
<u>Violin Memory, Inc.</u>	Flash Memory	\$ 14,799,996	300%	6.81%
<u>Dropbox Inc.</u>	Online Storage	\$ 14,437,346	300%	9.81%
<u>Chegg, Inc.</u>	Textbook Rental	\$ 14,193,554	25%	6.53%
<u>Avenues World Holdings</u>	Private Education	\$ 10,000,000	300%	4.60%
<u>Solixel, Inc.</u>	Solar Energy	\$ 10,000,000	125%	4.60%
<u>2Tor</u>	Online Education	\$ 10,000,000	125%	4.60%
<u>Kno, Inc.</u>	Digital Textbooks	\$ 9,955,000	125%	4.58%
<u>Facebook, Inc.¹</u>	Social Networking	\$ 6,898,710	35%	3.17%
Top Ten Holdings		\$ 147,143,506		67.67%
Total Portfolio Investments		\$ 217,441,538		

the resulting price of Facebook after its much maligned IPO and the GSV's ownership of 350,000 shares of Facebook. The fact that Facebook shares did not trade well and now are about 40% below the IPO pricing has lessened the immediate appeal of GSV's Facebook holding and has diminished investor confidence in the future value of the other positions in the GSV portfolio. However, we believe that from a longer term perspective, the growth prospects of Facebook and the other holdings in the GSV Capital portfolio are impressive.

² See Schedule of Investments Chart on Page 6 for further information. Portfolio holding information is accurate as of November 7, 2012. The current holdings of the portfolio could vary from the information provided in this report.

Revenues for the portfolio companies collectively are anticipated to increase by more than 125% in 2012 to a level now in excess of \$24.1 billion. To this point, we note that the top 10 holdings in the portfolio now make up nearly 70% of the invested capital and collectively are growing revenues at a rate that is at or above 125% annually (see the chart at above)³.

Though the aftermath of the Facebook IPO has diminished investors' appetite for similar IPOs, recent positive debuts of both Palo Alto Networks, Kayak (KYAK, \$31.04, Not Rated) and recently Workday, Inc. would seem to suggest that the appetite for high growth internet-related names appears to be recovering. In the current environment and given the rapid revenue growth

Company	Symbol	Price	Market Cap (MM)	2012E Sales (MM)	2012 Est. Revenue Growth	2012E Market Cap/Sales
Facebook	FB	\$ 20.61	\$ 44,390.0	\$ 5,000.0	35.0%	8.9
Fusion io, Inc.	FIO	\$ 22.81	\$ 2,168.0	\$ 525.0	50.1%	4.1
Palo Alto Networks	PANW	\$ 53.90	\$ 3,710.0	\$ 385.1	50.0%	9.6
Kayak	KYAK	\$ 31.54	\$ 1,200.0	\$ 293.6	31.0%	4.1
LinkedIn	LNKD	\$ 101.21	\$ 10,820.0	\$ 947.6	81.5%	11.4
Jive Software	JIVE	\$ 12.43	\$ 773.9	\$ 112.3	45.5%	6.9
Service Now	NOW	\$ 31.45	\$ 3,830.0	\$ 239.2	87.0%	16.0
Splunk	SPLK	\$ 27.36	\$ 2,620.0	\$ 186.4	85.0%	14.1
Workday	WDAY	\$ 48.68	\$ 7,850.0	\$ 295.0	10.0%	26.6
Yelp, Inc.	YELP	\$ 18.06	\$ 1,160.0	\$ 136.1	66.6%	8.5
Zillow Inc.	Z	\$ 27.28	\$ 811.1	\$ 113.6	73.4%	7.1
AVERAGE					55.9%	10.7

potential of GSV's portfolio holdings, we believe a more accurate value of the portfolio would be to use a modest premium above the stated NAV to account for the expected growth of the value of the portfolio.

As outlined in the chart at the left, management believes that the collective revenue growth of the portfolio holdings is in the range of 125% to 150% for calendar 2012. We believe that a portfolio generating this type of rapid revenue

growth could justifiably trade a premium to its stated NAV. In today's equity market environment, high growth companies often trade at revenue multiples near 10X⁴.

With its portfolio of high revenue growth private companies, we believe that it is not unreasonable to assume that the portfolio can appreciate in value in a twelve month time frame by a modest 20% to 30% from the current NAV of \$13.45. Looking out twelve months we suggest that \$17.00 price target is quite reasonable. This valuation provides a 26% premium to the current NAV and accounts for the ongoing growth inside the GSVC portfolio.

Investment Risks

In light of the fact that GSV Capital's operating history is just more than six months and the portfolio holdings are all less than six months old, there are numerous risks associated with this young investment management company. Though the asset management team is experienced and has been successful in past endeavors, their track record with this current vehicle with a focus on private companies remains unproven and as such we believe the company faces a number of risks, both operating and non-operating in nature. These potential risks to our investment thesis include, but are not limited to, the following:

- A disruption in the capital markets and the credit markets could negatively affect GSV's ability to affect the types of private equity transactions it is seeking. A significant downturn in the

³ The revenue growth estimates for the holdings in the GSV portfolio are provided by GSV Capital management.

⁴ These companies (in our opinion) represent a cross section of generally well-known, internet related enterprises. Pricing and 2012 estimated revenue information is from Yahoo Finance as of November 8, 2012. None of the companies listed in the table are followed or rated by Ladenburg Thalmann & Co. Mention of specific companies not covered by Ladenburg Thalmann & Co. Inc. is not a recommendation to buy, sell or hold these securities mentioned.

general economy would likely negatively impact market valuations for the portfolio holding and negatively impact potential shareholder returns.

- The company is currently generating operating expenses of roughly \$230,000 per month. A portion of these expenses are related to the company's structure as publicly traded company.
- GSV's business model depends heavily upon the development and maintenance of strong referral relationships with private equity and venture capital funds and investment banking firms. If these relationships were to be interrupted the company's deal sourcing activities could be negatively impacted.
- There are significant potential investment risks relating to investing in securities traded on private secondary markets. The liquidity in these types of issues is generally very low and this could affect valuations.
- Because the investments in the GSV portfolio will generally not be in publicly traded securities, there will be a large degree of uncertainty regarding the value of the investments, which could adversely the perceived value of the portfolio.
- Additionally, there is no assurance that in the future the private companies in the GSV portfolio will be able to create a liquidation opportunity for the GSV shares such as an IPOs or outright sale for cash or shares of a public entity.
- The company's inability to raise additional investment capital and grow the portfolio will negatively impact the relative size of the investment management and operating fees.
- As a newly listed company on the NASDAQ, it is possible that in the future the company may fail to meet listing requirements of the NASDAQ Stock Market.

Table 1: GSV – Schedule of Investments⁵

GSV Capital Corp.						
Schedule of Investments / Data is as of September 30, 2012						
Portfolio Investments	Industry	Shares / Par Amount	Cost	Fair Value	Security	% of Net Assets
<u>2tor, Inc.</u>	Online Education	1,151,802	\$ 8,757,599	\$ 8,730,846	Common Shares	
		167,431	\$ 1,273,125	\$ 1,269,154	Preferred Shares	
			\$ 1,003,030	\$ 10,000,000		4.60%
<u>AltEgo, LLC</u>	Online Games	1,400,000	\$ 1,420,406	\$ 1,400,000	Preferred Shares	0.64%
<u>AlwaysON Network, LLC</u>	Internet Media	1,066,626	\$ 1,027,391	\$ 1,087,955	Preferred Shares	0.50%
<u>Avenues World Holdings</u>	Private Education	5,000,000	\$ 10,026,573	\$ 10,000,000	Preferred Shares	4.60%
<u>Bloom Energy Corporation</u>	Fuel Cell Energy	201,589	\$ 3,854,817	\$ 3,678,999	Common Shares	1.69%
<u>Chegg, Inc.</u>	Textbook Rental	1,274,193	\$ 10,012,543	\$ 10,193,544	Common Shares	
		500,000	\$ 4,008,654	\$ 4,000,000	Preferred Shares	
			\$ 14,021,197	\$ 14,193,544		6.53%
<u>Control 4, Inc.</u>	Smart Home Services	3,650,667	\$ 6,274,551	\$ 5,950,587	Common Shares	2.74%
<u>CUX, Inc.</u>	Corporate Education	246,350	\$ 2,005,942	\$ 2,000,000	Preferred Shares	0.92%
<u>Dailybreak, Inc.</u>	Social Advertising	1,545,181	\$ 2,000,000	\$ 2,000,000	Preferred Shares	0.92%
<u>Datminr, Inc.</u>	Social Media Analytics	904,977	\$ 2,060,602	\$ 1,999,999	Preferred Shares	0.92%
<u>DreamBox Learning</u>	Education Technology	3,579,610	\$ 758,017	\$ 750,000	Common Shares	0.34%
<u>Dropbox Inc.</u>	Online Storage	760,000	\$ 8,640,940	\$ 8,360,000	Common Shares	
		552,486	\$ 5,015,333	\$ 6,077,346	Preferred Shares	
			\$ 13,656,273	\$ 14,437,346		6.64%
<u>Facebook, Inc.¹</u>	Social Networking	350,000	\$ 10,472,294	\$ 6,898,710	Common Shares, B	3.17%
<u>Fullbridge, Inc.</u>	Business Education	1,196,809	\$ 2,250,001	\$ 2,250,000	Preferred Shares C	1.03%
<u>GILT Groupe, Inc.</u>	e-Commerce Flash Sales	248,600	\$ 6,594,346	\$ 5,469,200	Common Shares	2.52%
<u>Global Education Learning.</u>	Education Technology	1,472,175	\$ 2,999,998	\$ 2,999,998	Preferred Shares A	1.38%
<u>Grockit, Inc.</u>	Education Technology	2,728,252	\$ 2,005,945	\$ 2,000,000	Common Shares	0.92%
<u>Groupon</u>	Online Deals	80,000	\$ 2,128,774	\$ 381,600	Common Shares	0.18%
<u>Kno, Inc.</u>	Digital Textbooks	440,313	\$ 2,262,006	\$ 2,250,000	Preferred Shares, C	
		1	\$ 7,509,663	\$ 7,500,000	Preferred Shares, C	
		50,000	\$ 214,303	\$ 205,000	Common Shares	
			\$ 9,985,972	\$ 9,955,000		4.58%
<u>Mavien Research, Inc</u>	Global Knowledge Marketplace	49,505	\$ 217,206	\$ 200,000	Preferred Shares, B	0.09%
		318,979	\$ 1,999,998	\$ 1,999,998	Preferred Shares, B	
			\$ 2,217,204	\$ 2,199,998		
<u>NestGSV, Inc.</u>	Incubator	1,000,000	\$ 1,020,145	\$ 1,000,000	Preferred Shares A	0.46%
<u>NestGSV Silicon Valley, LLC</u>	Incubator	500,000	\$ 500,000	\$ 500,000	Membership	0.23%
<u>Neuron Fuel, Inc.</u>	Computer Software	250,000	\$ 262,530	\$ 250,000	Preferred Shares	0.11%
<u>Palantir Technologies</u>	Data Security	7,045,690	\$ 19,780,613	\$ 19,747,501	Common Shares	
		326,797	\$ 1,008,968	\$ 999,999	Preferred Shares	
			\$ 20,789,581	\$ 20,747,500		9.54%
<u>Serious Energy, Inc.</u>	Green Materials	178,095	\$ 739,130	\$ -	Common Shares	0.00%
<u>SharesPost, Inc.</u>	Online Marketplace	1,771,653	\$ 2,257,984	\$ 2,256,752	Preferred Shares, B	
		770,934	\$ 23,128	\$ 8,480	Common Warrants	
			\$ 2,281,112	\$ 2,265,232		1.04%
<u>Silver Spring Networks, Inc.</u>	Smart Grid	510,143	\$ 5,145,271	\$ 3,275,118	Common Shares	1.51%
<u>SinoLending Ltd</u>	Chinese P2P Lending	6,414,368	\$ 501,998	\$ 500,000	Preferred Shares	0.23%
<u>Solixel, Inc.</u>	Solar Technology	4,576,659	\$ 10,016,559	\$ 10,000,000	Preferred Shares C	4.60%
<u>Spotify Technology S.A.</u>	Music Streaming	3,658	\$ 3,598,472	\$ 3,589,659	Common Shares	1.65%
<u>StormWind, LLC</u>	Electric Business Services	3,279,629	\$ 2,019,687	\$ 2,000,000	Preferred Shares, B	0.92%
<u>Strategic Sports Solutions, LLC</u>	Sports Analytics	500,000	\$ 529,522	\$ 500,000	Preferred Shares	0.23%
<u>SugarCRM, Inc.</u>	CRM Software	432,500	\$ 1,521,100	\$ 1,513,750	Common Shares	0.70%
<u>The Echo Systems Corp.</u>	Online Social Analytics	512,365	\$ 1,436,404	\$ 1,639,568	Preferred Shares, A	
		68,359	\$ 75,988	\$ 70,394	Preferred Warrants	
			\$ 1,512,392	\$ 1,709,962		0.79%
<u>The rSmart Group, Inc.</u>	Education Technology	1,201,923	\$ 1,266,940	\$ 1,250,000	Preferred Shares, B	0.57%
<u>Top Hat 430, Inc.</u>	Online Jewelry Retailing	1,777,778	\$ 4,014,802	\$ 4,000,001	Preferred Shares A	1.84%
<u>Totus Solutions, Inc.</u>	LED Lighting	20,000,000	\$ 5,023,748	\$ 5,000,000	Common Shares	2.30%
<u>TrueCar, Inc.</u>	Online Auto Services	377,358	\$ 2,014,863	\$ 2,011,318	Common Shares	0.92%
<u>Twitter, Inc.</u>	Social Communication	1,835,600	\$ 31,755,821	\$ 34,876,400	Common Shares	16.04%
		65,000	\$ 1,235,290	\$ 1,235,000	Preferred Shares	
			\$ 32,991,111	\$ 36,111,400		16.61%
<u>Violin Memory, Inc.</u>	Flash Memory	800,000	\$ 4,800,000	\$ 4,800,000	Preferred Shares	
		1,666,666	\$ 10,018,045	\$ 9,999,996	Preferred Shares	
			\$ 14,818,045	\$ 14,799,996		6.81%
<u>Whittle Schools, LLC</u>	Education Technology	1,500,000	\$ 1,500,000	\$ 1,500,000	Preferred Shares	0.69%
<u>ZocDoc Inc.</u>	Online Medical Services	200,000	\$ 3,563,178	\$ 3,500,000	Preferred Shares, A	1.61%
<u>ZoomSystems</u>	Smart e-tail (Retail)	1,250,000	\$ 260,317	\$ 250,000	Preferred Shares, A	0.11%
<u>Zynga, Inc.</u>	Social Gaming	533,333	\$ 3,003,462	\$ 1,514,666	Common Shares	0.70%
Total Investments				\$ 217,441,538	\$ 11.25	
Cash Position				\$ 42,331,482	\$ 2.19	
Total NAV				\$ 259,773,020	\$ 13.45	

⁵ This information is taken from the company's quarterly report date November 7, 2012. Current investments in the portfolio may differ from the information herein. Mention of specific companies not covered by Ladenburg Thalmann & Co. Inc. is not a recommendation to buy, hold or sell any of the securities mentioned.

Table 2: GSV – Quarterly Income Statement

QUARTERLY INCOME STATEMENT (All amounts are actual numbers)							
	CY 2011				CY 2012		
	3/31/2011	6/30/2011	9/31/2011	12/30/2011	3/31/2012	6/30/2012	9/30/2012
<i>Interest income</i>	\$ -	\$ -	\$ 52,222	\$ 106,167	\$ 112,101	\$ 102,883	\$ 7,063
<i>Dividend income</i>	\$ -	\$ -	\$ 1,186	\$ 2,753	\$ 5,704	\$ 7,471	\$ 6,865
Total Revenues	\$ -	\$ -	\$ 53,408	\$ 108,920	\$ 117,805	\$ 110,354	\$ 13,928
Operating expenses:							
<i>Investment management fees</i>	-	150,943	233,961	233,961	621,926	1,126,091	1,351,169
<i>Costs associated with Administrative Agreement</i>	-	113,035	192,031	249,166	345,594	602,201	543,171
<i>Insurance, Directors and other Professional expenses</i>	16,050	193,191	242,608	228,128	221,014	343,046	363,816
<i>Investor Relations expenses</i>	-	750	52,000	36,250	14,250	95,038	34,698
<i>Organizational expenses</i>	94,640	97,855	6,336	-	-	-	-
<i>Other expenses</i>	118	9,531	6,310	39,078	9,023	24,097	55,642
Total Operating Expenses	\$ 110,808	\$ 565,305	\$ 733,246	\$ 786,583	\$ 1,211,807	\$ 2,190,473	\$ 2,348,496
Net Investment loss	\$ (110,808)	\$ (565,305)	\$ (679,838)	\$ (677,663)	\$ (1,094,002)	\$ (2,080,119)	\$ (2,334,568)
Net Realized Loss on Investments					\$ (256)	\$ 1,380,263	\$ -
Net Change in Appreciation on Investments		\$ (59,634)	\$ (49,170)	\$ (1,025,996)	\$ 1,011,195	\$ (2,014,512)	\$ (4,665,272)
Net Decrease in Assets from Operations	\$ (110,808)	\$ (624,939)	\$ (630,668)	\$ (1,703,659)	\$ (82,807)	\$ (5,474,894)	\$ (6,999,840)
Weighted Average Shares	1,735,385	2,345,595	3,430,100	5,520,100	5,520,100	16,287,133	19,320,100
Net Decrease in Assets -- Per Share	\$ (0.06)	\$ (0.27)	\$ (0.18)	\$ (0.31)	\$ (0.02)	\$ (0.34)	\$ (0.36)
% of TOTAL REVENUE							
Operating expenses:	N/A	N/A	1372.9%	722.2%	1028.7%	1985.0%	16861.7%
<i>Investment management fees</i>	N/A	N/A	438.1%	214.8%	527.9%	1020.4%	9701.1%
<i>Costs associated with Administrative Agreement</i>	N/A	N/A	359.6%	228.8%	293.4%	545.7%	3899.8%
<i>Insurance, Directors and other Professional expenses</i>	N/A	N/A	454.3%	209.4%	187.6%	310.9%	2612.1%
Net Investment loss	N/A	N/A	1372.9%	722.2%	1028.7%	1985.0%	16861.7%
Net Decrease in Assets from Operations	N/A	N/A	-1180.8%	-1564.1%	-70.3%	-4961.2%	-50257.3%
% YEAR OVER YEAR INCREASE							
Total Revenues	N/A	N/A	N/A	N/A	N/A	N/A	-74%
Total Operating Expenses	N/A	N/A	N/A	N/A	N/A	287.5%	220.3%
Net Investment loss	N/A	N/A	N/A	N/A	N/A	N/A	N/A
% SEQUENTIAL INCREASE							
Total Revenues	N/A	N/A	N/A	104%	8%	-6%	-87%
Total Operating Expenses	N/A	N/A	29.7%	103.9%	8.2%	-6.3%	-87.4%
Net Investment loss	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Source: Company Filings, and Ladenburg Estimates

Table 3: GSV – Annual Income Statement

ANNUAL INCOME STATEMENT (All amounts are actual numbers)	
	2011
<i>Interest income</i>	158,389
<i>Dividend income</i>	3,939
Total Revenues	\$ 162,328
Operating expenses:	
<i>Investment management fees</i>	618,865
<i>Costs associated with Administrative Agreement</i>	554,232
<i>Insurance, Directors and other Professional expenses</i>	679,977
<i>Investor Relations expenses</i>	89,000
<i>Organizational expenses</i>	198,831
<i>Other expenses</i>	55,037
Total Operating Expenses	\$ 2,195,942
Net Investment loss	\$ (2,033,614)
Net Change in Depreciation on Non-Control/ Affiliated Securities	1,579,800
	-
Net Decrease in Assets from Operations	\$ (3,613,414)
Weighted Average Shares	3,350,000
Net Decrease in Assets -- Per Share	\$ (1.08)
% of TOTAL REVENUE	
Operating expenses:	1352.8%
<i>Investment management fees</i>	341.4%
<i>Costs associated with Administrative Agreement</i>	418.9%
<i>Insurance, Directors and other Professional expenses</i>	1352.8%
Net Investment loss	-1252.8%
Net Decrease in Assets from Operations	-2226.0%
% YEAR OVER YEAR INCREASE	
Total Revenues	N/A
Total Operating Expenses	N/A
Net Investment loss	N/A

Source: Company Filings, Ladenburg Estimates

Table 4: GSV – Balance Sheet

BALANCE SHEET (All Amounts are actual numbers)						
	FY 2011			FY 2012		
	6/30/2011	9/30/2011	12/31/2011	3/31/2012	6/30/2012	9/30/2012
ASSETS						
Taotal Investments (At Cost)	\$ 20,744,703	\$ 41,389,584	\$ 64,078,150	\$ 75,756,910	\$ 187,598,410	\$ 233,441,538
Cash and cash equivalents	24,214,777	32,098,207	27,386,039	91,391,344	79,617,068	26,331,482
Due from GSV Asset Management	46,236	809	13,470	14,220	5,901	3,315
Portfolio Company	26,217	30,000	9,249	70,145	246,065	291,554
Escrow Deposits	172,995	-	-	-	-	-
Prepaid expenses	228,384	138,692	92,750	18,212	9,399	136,096
Accrued Interest	-	52,222	158,389	258,739	191,639	-
Defferred Offering Costs	-	-	56,436	118,972	-	-
Dividend Receivable	-	-	-	2,786	2,314	2,190
Other Assets	26,148	6,456	3,759	59,417	83,606	102,850
Total current assets	\$ 45,459,460	\$ 73,715,970	\$ 91,798,242	\$ 167,690,745	\$ 267,754,402	\$ 260,309,025
LIABILITIES AND STOCKHOLDERS' EQUITY						
Due to GSV Asset Management	78,461	74	78,427	16,524	17,159	41,197
Due to other Affiliates	7,012	34,635	10,782	5,669	12,717	917
Payable for unsettled securities	-	-	19,999,128	-	-	-
Accounts Payable	7,055	388,812	206,357	316,880	705,028	292,925
Accrued Offering Costs	-	98,627	-	-	-	-
Accrued Expenses	101,510	5,793	300	2,564	159,444	114,732
Total Liabilities	\$ 194,038	\$ 527,941	\$ 20,294,994	\$ 341,637	\$ 894,348	\$ 449,771
Stockholders' Equity:						
Common stock	33,351	55,201	55,201	124,201	193,201	193,201
Additional paid-in capital	45,967,818	75,042,833	73,027,847	168,887,770	273,804,610	275,837,514
Accumulated Investment Loss	(676,113)	(1,356,201)	-	(1,094,002)	(3,174,121)	(7,542,553)
Accumulated net realized loss on investments	-	-	-	(256)	(1,380,519)	(1,380,519)
Accumulated depreciation on investments	(59,634)	(553,804)	(1,579,800)	(568,605)	(2,583,117)	(7,248,389)
Total stockholders' equity	\$ 45,265,422	\$ 73,188,029	\$ 71,503,248	\$ 167,349,108	\$ 266,860,054	\$ 259,859,254
Total Liabilities and Stockholders' Equity	\$ 45,459,460	\$ 73,715,970	\$ 91,798,242	\$ 167,690,745	\$ 267,754,402	\$ 260,309,025

Source: Company Filings, Ladenburg Estimates

APPENDIX A: IMPORTANT RESEARCH DISCLOSURES**ANALYST CERTIFICATION**

I, Jon R. Hickman, attest that the views expressed in this research report accurately reflect my personal views about the subject security and issuer. Furthermore, no part of my compensation was, is, or will be directly or indirectly related to the specific recommendation or views expressed in this research report.

The research analyst(s) primarily responsible for the preparation of this research report have received compensation based upon various factors, including the firm's total revenues, a portion of which is generated by investment banking activities.

COMPANY BACKGROUND

Structured as a non-diversified closed-end management investment company, GSV Capital has elected to be treated as a business development company under the Investment Company Act of 1940. GSV will investment in emerging, high-growth private companies with the goal of providing growth oriented investors a vehicle to participate in value creation happening in the private sector. The company is focused on the high-growth sectors in the economy including Social Media, Mobile Computing, Cloud Computing, Green Technology, and Education Technology. In general, the asset management team will acquire the investment positions directly from employees and early VCs, as well as primary shares directly from the company and from the emerging private marketplaces. The company is headquarter is Woodside, California

VALUATION METHODOLOGY

Our price target is based on the belief that the company's investments are already demonstrating notable appreciation from cost and the expectation of future liquidity events (IPOs and corporate transactions) that will provide GSV with the opportunity to exit its investments at higher valuations. We estimate that the portfolio today is worth about 23% more than the 6/302012 NAV of \$13.83.

RISKS

In light of the fact that GSV Capital's operating history is just more than six months and the portfolio holdings are all less than six months old, there are numerous risks associated with this young investment management company. Though the asset management team is experienced and has been successful in past endeavors, their track record with this current vehicle with a focus on private companies remains unproven. We believe that GSV investment strategies are sound and to date the investment selections appear to meet the stated criteria, but we also believe the company faces a number of risks, both operating and non-operating in nature. These potential risks to our investment thesis include, but are not limited to, the following:

- A disruption in the capital markets and the credit markets could negatively GSV's ability to affect the types of private equity transactions it is seeking. A significant downturn in the general economy would likely negatively impact market valuations for the portfolio holding and negatively impact potential shareholder returns.
- The company is currently generating operating expenses of roughly \$230,000 per month. A portion of these expenses are related to the company's structure as publicly traded company.
- GSV's business model depends heavily upon the development and maintenance of strong referral relationships with private equity and venture capital funds and investment banking firms. If these relationships were to be interrupted the company's deal sourcing activities could be negatively impacted.
- There are significant potential investment risks relating to investing in securities traded on private secondary markets. The liquidity in these types of issues is generally very low and this could affect valuations.
- Because the investments in the GSV portfolio will generally not be in publicly traded securities, there will be a large degree of uncertainty regarding the value of the investments, which could adversely the perceived value of the portfolio.
- Additionally, there is no assurance that in the future the private companies in the GSV portfolio will be able to create a liquidation opportunity for the GSV shares such as an IPOs or outright sale for cash or shares of a public entity.
- The company's inability to raise additional investment capital and grow the portfolio will negatively impact the relative size of the investment management and operating fees.
- As a newly listed company on the NASDAQ, it is possible that in the future the company may fail to meet listing requirements of the NASDAQ Stock Market.

STOCK RATING DEFINITIONS

Buy: The stock's return is expected to exceed 12.5% over the next twelve months.

Neutral: The stock's return is expected to be plus or minus 12.5% over the next twelve months.

Sell: The stock's return is expected to be negative 12.5% or more over the next twelve months.

Investment Ratings are determined by the ranges described above at the time of initiation of coverage, a change in risk, or a change in target price. At other times, the expected returns may fall outside of these ranges because of price movement and/or volatility. Such interim deviations from specified ranges will be permitted but will become subject to review.

RATINGS DISPERSION AND BANKING RELATIONSHIPS (AS OF 10/31/2012)

Buy:	75%	(32% are banking clients)
Neutral:	24%	(5% are banking clients)
Sell:	1%	(0% are banking clients)

COMPANY SPECIFIC DISCLOSURES

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Additional Information Available Upon Request

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