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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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FORM 10-Q

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(Mark One)

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934
- FOR THE QUARTERLY PERIOD ENDED September 30, 2013  
TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934

COMMISSION FILE NUMBER: 814-00852

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**GSV Capital Corp.**

(Exact name of registrant as specified in its charter)

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**Maryland**  
(State of incorporation)  
**2925 Woodside Road**  
**Woodside, CA**  
(Address of principal executive offices)

**27-4443543**  
(I.R.S. Employer Identification No.)  
**94062**  
(Zip Code)

**(650) 235-4769**

(Registrant's telephone number, including area code)

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="radio"/>	Accelerated filer	<input checked="" type="radio"/>
Non-accelerated filer	<input type="radio"/>	Smaller reporting company	<input type="radio"/>

(do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

The number of shares of the issuer's Common Stock, \$0.01 par value, outstanding as of November 12, 2013 was 19,320,100.

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GSV CAPITAL CORP. AND SUBSIDIARIES

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	<u>September 30, 2013</u>	<u>December 31, 2012</u>
	<u>(Unaudited)</u>	
<b>ASSETS</b>		
Investments at fair value:		
Investments in affiliated securities (cost of \$32,625,999 and \$38,210,753, respectively)	\$ 30,321,787	\$ 34,648,363
Investments in non-control/non-affiliated securities (cost of \$212,562,385 and \$198,936,982, respectively)	222,661,659	190,748,722
Investments in money market funds (cost of \$28,000,000 and \$16,000,000, respectively)	28,000,000	16,000,000
Investments owned and pledged (cost of \$10,845,236 and \$0, respectively)	10,845,236	—
Total Investments (cost of \$284,033,620 and \$253,147,735, respectively)	<u>291,828,682</u>	<u>241,397,085</u>
Cash	28,443,204	11,318,525
Restricted Cash	22,264	—
Due from:		
GSV Asset Management	15,067	5,723
Portfolio companies	209,559	316,377
Interest receivable	2,256	—
Prepaid expenses	358,324	63,953
Dividend receivable	13,384	1,920
Deferred credit facility fees	58,998	—
Deferred debt issuance costs	3,209,462	—
Deferred offering costs	365,873	—
Other assets	3,607	27,145
<b>Total Assets</b>	<u>324,530,680</u>	<u>253,130,728</u>
<b>LIABILITIES</b>		
Due to:		
GSV Asset Management	33,803	51,194
Accounts payable	268,601	204,093
Accrued offering costs	253,100	—
Accrued credit facility fees	3,078	—
Accrued interest payable	191,188	—
Accrued expenses	36,915	292,640
Convertible senior notes embedded derivative liability	1,121,000	—
Convertible senior notes payable 5.25% due September 15, 2018	68,300,000	—
<b>Total Liabilities</b>	<u>70,207,685</u>	<u>547,927</u>
<b>Commitments and contingencies (Note 6)</b>		
<b>Net Assets</b>	<u>\$ 254,322,995</u>	<u>\$ 252,582,801</u>
<b>NET ASSETS</b>		
Common stock, par value \$0.01 per share (100,000,000 authorized; 19,320,100 and 19,320,100 issued and outstanding, respectively)	\$ 193,201	\$ 193,201
Paid-in capital in excess of par	275,837,514	275,837,514
Accumulated net investment loss	(18,285,170)	(10,316,745)
Accumulated net realized loss on investments	(11,217,612)	(1,380,519)
Accumulated net unrealized appreciation (depreciation) on investments	7,795,062	(11,750,650)
<b>Net Assets</b>	<u>\$ 254,322,995</u>	<u>\$ 252,582,801</u>
<b>Net Asset Value Per Share</b>	<u>\$ 13.16</u>	<u>\$ 13.07</u>

See Notes to the Consolidated Financial Statements.

GSV CAPITAL CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS  
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
<b>INVESTMENT INCOME</b>				
Interest income from affiliated securities	\$ —	\$ 2,418	\$ —	\$ 200,195
Interest income from non-control/non-affiliated securities	2,256	4,645	2,256	21,852
Dividend income from non-control/non-affiliated securities	—	—	7,638	—
Dividend income from affiliated securities	388	6,865	13,008	20,040
<b>Total Investment Income</b>	<b>2,644</b>	<b>13,928</b>	<b>22,902</b>	<b>242,087</b>
<b>OPERATING EXPENSES</b>				
Investment management fees	1,298,858	1,351,169	3,828,835	3,099,186
Costs incurred under administration agreement	678,283	543,171	2,276,152	1,490,966
Directors' fees	65,000	65,000	195,250	172,500
Professional fees	198,932	242,683	656,796	597,089
Interest expense	191,188	—	191,188	—
Insurance expense	62,732	56,133	179,807	158,287
Investor relations expense	54,760	34,698	171,265	143,986
Other expenses	45,680	55,642	71,034	88,762
Loss on fair value adjustment for embedded derivative	421,000	—	421,000	—
<b>Total Operating Expenses</b>	<b>3,016,433</b>	<b>2,348,496</b>	<b>7,991,327</b>	<b>5,750,776</b>
<b>Net Investment Loss</b>	<b>(3,013,789)</b>	<b>(2,334,568)</b>	<b>(7,968,425)</b>	<b>(5,508,689)</b>
<b>Net Realized Loss on Investments</b>	<b>(162,569)</b>	<b>—</b>	<b>(9,837,093)</b>	<b>(1,380,519)</b>
<b>Net Change in Unrealized Appreciation (Depreciation) on Investments</b>	<b>8,892,104</b>	<b>(4,665,272)</b>	<b>19,545,712</b>	<b>(5,668,589)</b>
<b>Net Increase (Decrease) in Net Assets Resulting from Operations</b>	<b>\$ 5,715,746</b>	<b>\$ (6,999,840)</b>	<b>\$ 1,740,194</b>	<b>\$ (12,557,797)</b>
<b>Net Increase (Decrease) in Net Assets Resulting from Operations per Common Share – basic and diluted</b>	<b>\$ 0.29</b>	<b>\$ (0.36)</b>	<b>\$ 0.09</b>	<b>\$ (0.84)</b>
<b>Weighted Average Common Shares Outstanding</b>	<b>19,320,100</b>	<b>19,320,100</b>	<b>19,320,100</b>	<b>15,013,896</b>

See Notes to the Consolidated Financial Statements.

## GSV CAPITAL CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS  
(Unaudited)

	Nine months ended September 30, 2013	Nine months ended September 30, 2012
<b>Decrease in Net Assets Resulting From Operations</b>		
Net Investment Loss	\$ (7,968,425)	\$ (5,508,689)
Net Realized Loss on Investments	(9,837,093)	(1,380,519)
Net Change in Unrealized Appreciation (Depreciation) on Investments	19,545,712	(5,668,589)
<b>Net Increase (Decrease) in Net Assets Resulting From Operations</b>	<u>1,740,194</u>	<u>(12,557,797)</u>
<b>Capital Share Transactions</b>		
Net Proceeds from Common Shares Issued	—	201,652,500
Offering Costs	—	(738,697)
<b>Net Capital Share Transactions</b>	<u>—</u>	<u>200,913,803</u>
<b>Total Increase (Decrease) in Net Assets</b>	<u>1,740,194</u>	<u>188,356,006</u>
Net Assets at Beginning of Period	252,582,801	71,503,248
<b>Net Assets at End of Period</b>	<u>\$ 254,322,995</u>	<u>\$ 259,859,254</u>
<b>Capital Share Activity</b>		
Shares Issued	—	13,800,000
Shares Outstanding at Beginning of Period	19,320,100	5,520,100
<b>Shares Outstanding at End of Period</b>	<u>19,320,100</u>	<u>19,320,100</u>

See Notes to the Consolidated Financial Statements.

**GSV CAPITAL CORP. AND SUBSIDIARIES**
**CONSOLIDATED STATEMENTS OF CASH FLOWS  
(Unaudited)**

	Nine months ended September 30, 2013	Nine months ended September 30, 2012
<b>Cash Flows from Operating Activities</b>		
Net increase (decrease) in net assets resulting from operations	\$ 1,740,194	\$ (12,557,797)
Adjustments to reconcile net change in net assets resulting from operations to net cash used in operating activities:		
Net realized loss on investments	9,837,093	1,380,519
Net change in unrealized (appreciation) depreciation on investments	(19,545,712)	5,668,589
Loss on fair value adjustment for embedded derivative	421,000	—
Amortization of deferred debt issuance costs	28,371	—
Purchases of investments in:		
Portfolio investments	(24,736,663)	(160,411,324)
Money market funds	(28,000,000)	(19,999,128)
United States treasury strips	(10,845,236)	(10,000,000)
Proceeds from sales of investments in:		
Portfolio investments	6,858,921	0
Money market funds	16,000,000	19,998,872
United States treasury strips	—	1,000,000
Change in operating assets and liabilities:		
Due from GSV Asset Management	(9,344)	10,155
Due from portfolio companies	106,818	(282,305)
Accrued interest	(2,256)	158,389
Prepaid expenses	(294,371)	(43,346)
Dividend receivable	(11,464)	(1,127)
Other assets	23,538	(100,154)
Due to GSV Asset Management	(17,391)	(37,230)
Due to other affiliates	—	(9,865)
Accounts payable	64,508	143,004
Accrued offering costs	253,100	—
Accrued credit facility fees	3,078	—
Accrued interest payable	191,188	—
Accrued expenses	(255,725)	114,432
<b>Net Cash Used in Operating Activities</b>	<b>(48,190,353)</b>	<b>(174,968,316)</b>
<b>Cash Flows from Financing Activities</b>		
Net proceeds from common shares issued	—	201,652,500
Offering costs	—	(738,697)
Deferred credit facility fees	(58,998)	—
Deferred debt issuance costs	(3,237,833)	—
Deferred offering costs	(365,873)	—
Change in restricted cash	(22,264)	—
Gross proceeds from convertible senior notes issued	69,000,000	—
<b>Net Cash Provided by Financing Activities</b>	<b>65,315,032</b>	<b>200,913,803</b>
<b>Total Increase (Decrease) in Cash Balance</b>	<b>17,124,679</b>	<b>25,945,487</b>
Cash Balance at Beginning of Period	11,318,525	385,995
<b>Cash Balance at End of Period</b>	<b>\$ 28,443,204</b>	<b>\$ 26,331,482</b>
<b>Non-Cash Operating Items</b>		
Investments in structured notes converted to preferred shares	\$ —	\$ 924,651
Investments in structured notes converted to common shares	\$ —	\$ 3,002,665
Investments in preferred shares converted to common shares	\$ 1,999,997	\$ —
Investments in common shares converted to preferred shares	\$ 12,481,883	\$ —
Investments in warrants exercised for preferred shares	\$ —	\$ 53,665
<b>Non-Cash Financing Items</b>		
Fair value of make-whole derivative resulting from issuance of convertible debt	\$ 700,000	\$ —

See Notes to the Consolidated Financial Statements.

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**GSV CAPITAL CORP. AND SUBSIDIARIES**  
**CONSOLIDATED SCHEDULE OF INVESTMENTS**  
**September 30, 2013**  
**(Unaudited)**

Portfolio Investments*	Headquarters/Industry	Shares	Cost	Fair Value	% of Net Assets
<b><u>Twitter, Inc.</u></b> San Francisco, CA					
Common shares	Social Communication	1,835,600	\$31,755,821	\$43,242,147	17.00%
Preferred shares, Series A		65,000	1,235,290	1,531,238	0.60%
Total			32,991,111	44,773,385	17.60%
<b><u>Palantir Technologies, Inc.</u></b> Palo Alto, CA					
Common shares, Class A	Cyber Security	7,145,690	20,051,479	25,081,372	9.86%
Preferred shares, Series G		326,797	1,008,968	1,147,057	0.45%
Total			21,060,447	26,228,429	10.31%
<b><u>Dropbox, Inc.</u></b> San Francisco, CA					
Common share	Online Storage	760,000	8,641,153	8,740,000	3.44%
Preferred shares, Series A-1		552,486	5,015,333	6,353,589	2.50%
Total			13,656,486	15,093,589	5.94%
<b><u>Chegg, Inc.</u></b> <sup>(16)</sup> Santa Clara, CA					
Common shares	Textbook Rental	849,462	10,014,248	9,580,153	3.77%
Preferred shares, Series F		333,333	4,008,654	4,555,431	1.79%
Total			14,022,902	14,135,584	5.56%
<b><u>Control4 Corporation</u></b> <sup>(9)(10)</sup> Salt Lake City, UT					
Common shares	Home Automation	782,821	7,011,025	12,473,776	4.90%
<b><u>Solexel, Inc.</u></b> Milpitas, CA					
Preferred shares, Series C	Solar Power	5,034,324	11,017,224	10,999,997	4.33%
<b><u>2U, Inc. (f/k/a 2tor, Inc.)</u></b> Landover, MD					
Common shares	Online Education	1,151,802	8,757,668	9,472,352	3.72%
Preferred shares, Series A		167,431	1,273,125	1,376,943	0.54%
Total			10,030,793	10,849,295	4.26%
<b><u>Avenues World Holdings LLC</u></b> <sup>(3)</sup> New York, NY					
Preferred shares, Class A-1	Globally-focused Private School	5,000,000	10,028,361	10,423,016	4.10%
<b><u>Coursera, Inc.</u></b> Mountain View, CA					
Preferred shares, Series B	Online Education	2,039,609	9,999,999	9,999,998	3.93%
<b><u>Facebook, Inc.</u></b> <sup>(7)</sup> Menlo Park, CA					
Common shares, Class A	Social Networking	175,000	5,236,147	8,790,250	3.46%
<b><u>Violin Memory, Inc.</u></b> <sup>(11)</sup> Mountain View, CA					
Common Shares	Memory Flash	1,233,333	14,819,618	8,158,498	3.21%
<b><u>SugarCRM, Inc.</u></b> Cupertino, CA					
Common shares	Customer Relationship Manager	1,480,131	5,193,947	5,602,296	2.20%
Preferred shares, Series E		373,134	1,500,522	1,857,408	0.73%
Total			6,694,469	7,459,704	2.93%
<b><u>ZocDoc Inc.</u></b> New York, NY					
Preferred shares, Series A	Online Medical Scheduling	200,000	3,563,178	3,317,091	1.30%
Common Stock		111,866	1,734,878	1,855,348	0.73%
Total			5,298,056	5,172,439	2.03%
<b><u>Whittle Schools, LLC</u></b> <sup>(4)</sup> New York, NY					
Preferred shares, Series B	Globally-focused Private School	3,000,000	3,000,000	3,000,000	1.18%
Common shares		100	1,530,000	1,500,000	0.59%
Total			4,530,000	4,500,000	1.77%

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**GSV CAPITAL CORP. AND SUBSIDIARIES**  
**CONSOLIDATED SCHEDULE OF INVESTMENTS (continued)**  
**September 30, 2013**  
**(Unaudited)**

Portfolio Investments*	Headquarters/Industry	Shares	Cost	Fair Value	% of Net Assets
<b><u>Bloom Energy Corporation</u></b> Sunnyvale, CA					
Common shares	Fuel Cell Energy	201,589	\$ 3,855,601	\$ 4,456,420	1.75%
<b><u>Spotify Technology S.A.</u></b> <sup>(7)</sup> Stockholm, Sweden					
Common shares	Music Streaming Service	3,658	3,598,472	4,247,411	1.67%
<b><u>Dataminr, Inc.</u></b> New York, NY					
Preferred shares, Series B	Social Media Analytics	904,977	2,063,356	2,936,650	1.15%
Preferred shares, Series C		301,369	1,100,567	1,099,997	0.43%
Total			3,163,923	4,036,647	1.58%
<b><u>StormWind, LLC</u></b> <sup>(2)(5)</sup> Scottsdale, AZ					
Preferred shares, Series B	Interactive Learning Platform	3,279,629	2,019,687	3,955,872	1.56%
<b><u>Gilt Groupe, Inc.</u></b> New York, NY					
Common shares	e-Commerce Flash Sales	248,600	6,594,433	3,783,860	1.49%
<b><u>Learnist Inc. (f/k/a Grockit, Inc.)</u></b> <sup>(2)(12)</sup> San Francisco, CA					
Preferred shares, Series D	Online Test Preparation	2,728,252	2,005,945	2,073,472	0.82%
Preferred shares, Series E		1,731,501	1,503,670	1,501,601	0.59%
Total			3,509,615	3,575,073	1.41%
<b><u>Fullbridge, Inc.</u></b> <sup>(2)</sup> Cambridge, MA					
Preferred shares, Series C	Business Education	1,728,724	3,193,444	3,378,542	1.33%
Warrants		186,170	67,021	67,021	0.03%
Total			3,260,465	3,445,563	1.36%
<b><u>CUX, Inc. (d/b/a CorpU)</u></b> <sup>(1)(2)</sup> San Francisco, CA					
Common Stock	Corporate Education	615,763	2,006,077	2,472,902	0.97%
Convertible preferred shares, Series D		169,033	778,607	773,195	0.30%
Warrants		16,903	—	—	—%
Total			2,784,684	3,246,097	1.27%
<b><u>Parchment, Inc.</u></b> Scottsdale, AZ					
Preferred shares, Series D	E-Transcript Exchange	2,400,384	3,000,000	3,237,736	1.27%
<b><u>Totus Solutions, Inc.</u></b> <sup>(2)</sup> Carrollton, TX					
Common shares	LED Lighting	12,000,000	3,014,384	720,000	0.28%
Preferred shares, Series A		8,000,000	2,009,589	2,000,000	0.79%
Preferred shares, Series B		4,444,444	400,000	400,000	0.16%
Total			5,423,973	3,120,000	1.23%
<b><u>Global Education Learning (Holdings) Ltd.</u></b> <sup>(2)(7)</sup> Hong Kong					
Preferred shares, Series A	Education Technology	1,472,175	2,999,998	3,003,237	1.18%
<b><u>SharesPost, Inc.</u></b> <sup>(14)</sup> San Bruno, CA					
Preferred shares, Series B	Online Marketplace Finance	1,771,653	2,259,716	2,232,283	0.88%
Common warrants, \$0.13 strike price, expire 6/15/2018		770,934	23,128	323,792	0.13%
Total			2,282,844	2,556,075	1.01%

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**GSV CAPITAL CORP. AND SUBSIDIARIES**  
**CONSOLIDATED SCHEDULE OF INVESTMENTS (continued)**  
**September 30, 2013**  
**(Unaudited)**

Portfolio Investments*	Headquarters/Industry	Shares	Cost	Fair Value	% of Net Assets
<b>Dailybreak, Inc.</b> <sup>(2)</sup>					
	Boston, MA				
Preferred shares, Series A-1	Social Advertising	1,878,129	\$ 2,430,950	\$ 2,429,540	0.96%
<b>TrueCar, Inc.</b>					
	Santa Monica, CA				
Common shares	Online Marketplace	377,358	2,014,863	2,414,826	0.95%
<b>Kno, Inc.</b>					
	Santa Clara, CA				
Preferred shares, Series C	Digital	440,313	2,262,006	450,000	0.18%
Preferred shares, Series C-1	Textbooks	1	7,510,334	1,500,000	0.59%
Common shares		50,000	214,681	—	—%
Term Loan		225,000	232,744	225,000	0.09%
Total			<u>10,219,765</u>	<u>2,175,000</u>	<u>0.86%</u>
<b>Maven Research, Inc.</b> <sup>(2)</sup>					
	San Francisco, CA				
Preferred shares, Series C	Knowledge	318,979	2,000,447	1,854,523	0.73%
Preferred shares, Series B	Networks	49,505	217,206	231,386	0.09%
Total			<u>2,217,653</u>	<u>2,085,909</u>	<u>0.82%</u>
<b>NestGSV, Inc.</b> <sup>(2)</sup>					
	Redwood City, CA				
Preferred shares, Series A	Incubator	1,000,000	1,021,778	1,200,000	0.47%
Preferred shares, Series B		450,000	605,500	600,000	0.24%
Total			<u>1,627,278</u>	<u>1,800,000</u>	<u>0.71%</u>
<b>Silver Spring Networks, Inc.</b> <sup>(8)</sup>					
	Redwood City, CA				
Common shares	Smart Grid	102,028	5,145,271	1,768,145	0.70%
<b>S3 Digital Corp. (d/b/a S3i)</b> <sup>(2)</sup>					
	New York, NY				
Preferred shares, Class A1	Sports Analytics	1,033,452	989,058	1,138,441	0.45%
Preferred warrants, \$1.00 strike price, expire 11/21/2017		500,000	31,354	200,000	0.08%
Total			<u>1,020,412</u>	<u>1,338,441</u>	<u>0.53%</u>
<b>Strategic Data Command, LLC</b> <sup>(15)</sup>					
	Sunnyvale, CA				
Common shares	Software Development	800,000	1,001,650	1,000,000	0.39%
<b>SinoLending Ltd.</b> <sup>(7)</sup>					
	Shanghai, China				
Preferred shares, Class A	Chinese P2P	6,414,368	503,235	604,859	0.24%
Preferred shares, Class B	Lending	2,333,108	250,263	250,000	0.10%
Total			<u>753,498</u>	<u>854,859</u>	<u>0.34%</u>
<b>The rSmart Group, Inc.</b>					
	Scottsdale, AZ				
Preferred shares, Series B	Higher Education Learning Platform	1,201,923	1,267,240	840,112	0.33%
<b>DreamBox Learning, Inc.</b>					
	Bellevue, WA				
Preferred shares, Series A	Education Technology	3,579,610	758,017	825,095	0.32%
<b>AlwaysOn, Inc.</b> <sup>(2)</sup>					
	Woodside, CA				
Preferred shares, Series A	Social Media	1,066,626	1,027,391	203,011	0.09%
Preferred shares, Series A-1		3,152,417	624,783	600,000	0.24%
Total			<u>1,652,174</u>	<u>803,011</u>	<u>0.33%</u>
<b>AliphCom, Inc. (d/b/a Jawbone)</b>					
	San Francisco, CA				
Common Stock	Smart Device Company	150,000	793,152	792,600	0.31%

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**GSV CAPITAL CORP. AND SUBSIDIARIES**  
**CONSOLIDATED SCHEDULE OF INVESTMENTS (continued)**  
**September 30, 2013**  
**(Unaudited)**

Portfolio Investments*	Headquarters/Industry	Shares/ Capital Transactions/Principal	Cost	Fair Value	% of Net Assets
<b>Ozy Media, Inc.</b>					
Preferred shares, Series Seed	Mountain View, CA Social Media	500,000	\$ 500,000	\$ 546,224	0.21%
<b>NestGSV Silicon Valley, LLC<sup>(2)(6)</sup></b>					
Common membership interest	Redwood City, CA Incubator	\$ 500,000	500,000	519,045	0.20%
<b>The Echo System Corp.</b>					
Preferred shares, Series A	New York, NY Social Analytics	512,365	1,436,404	373,535	0.15%
Preferred warrants, \$0.20 strike price, expire 11/14/2016		68,359	75,988	—	—%
Total			1,512,392	373,535	0.15%
<b>NewZoom, Inc. (d/b/a ZoomSystems)</b>					
Preferred shares, Series A	San Francisco, CA Smart e-tail (Retail)	1,250,000	260,476	262,500	0.10%
<b>Neuron Fuel, Inc.</b>					
Preferred shares, Series AAI	San Jose, CA Computer Software	250,000	262,530	243,658	0.10%
<b>Odesk Corporation</b>					
Common Stock	Redwood City, CA Online Workplace Platform	30,000	183,269	188,995	0.07%
<b>Starfish Holdings, Inc. (d/b/a YourOffers)<sup>(2)</sup></b>					
Preferred shares, Series A	Beverly Hills, CA Marketing Platform	43,878,894	2,177,461	—	—%
Common warrants, \$0.00001 strike price, expire 11/13/2019		144,800,351	—	—	—%
Total			2,177,461	—	—%
<b>Total Portfolio Investments</b>			<b>245,188,384</b>	<b>252,983,446</b>	<b>99.49%</b>
<b>Money Market Funds<sup>(1)</sup></b>					
Fidelity Institutional Money Market Funds					
Money Market Portfolio		7,000,000	7,000,000	7,000,000	2.75%
Prime Money Market Portfolio		7,000,000	7,000,000	7,000,000	2.75%
JPMorgan Prime Money Market Fund		7,000,000	7,000,000	7,000,000	2.75%
U.S. Bank Money Market Fund		7,000,000	7,000,000	7,000,000	2.75%
Total Money Market Funds			28,000,000	28,000,000	11.00%
<b>U.S Treasury Strips<sup>(13)</sup></b>					
United States Treasury Strip 02/15/2014		\$ 1,791,000	1,790,785	1,790,785	0.71%
United States Treasury Strip 02/15/2015		\$ 1,816,000	1,810,625	1,810,625	0.71%
United States Treasury Strip 02/15/2016		\$ 1,834,000	1,810,323	1,810,323	0.71%
United States Treasury Strip 08/15/2014		\$ 1,813,000	1,811,187	1,811,187	0.71%
United States Treasury Strip 08/15/2015		\$ 1,823,000	1,811,205	1,811,205	0.71%
United States Treasury Strip 08/15/2016		\$ 1,851,000	1,811,111	1,811,111	0.71%
Total			10,845,236	10,845,236	4.26%
<b>Total Investments</b>			<b>\$284,033,620</b>	<b>\$291,828,682</b>	<b>114.75%</b>

**GSV CAPITAL CORP. AND SUBSIDIARIES**  
**CONSOLIDATED SCHEDULE OF INVESTMENTS (continued)**  
**September 30, 2013**  
**(Unaudited)**

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\* All portfolio investments are non-control/non-affiliated and non-income producing, unless identified. Equity investments are subject to lock-up restrictions upon their initial public offering.

- (1) Investment is income producing.
- (2) Denotes an Affiliate Investment. "Affiliate Investments" are investments in those companies that are "Affiliated Companies" of GSV Capital Corp., as defined in the Investment Company Act of 1940. A company is deemed to be an "Affiliate" of GSV Capital Corp. if GSV Capital Corp. owns 5% or more of the voting securities of such company.
- (3) GSV Capital Corp.'s investment in Avenues WorldHoldings LLC is held through its wholly-owned subsidiary GSVC AV Holdings, Inc.
- (4) GSV Capital Corp.'s investment in Whittle Schools, LLC is held through its wholly-owned subsidiary GSVC WS Holdings, Inc.
- (5) GSV Capital Corp.'s investment in StormWind, LLC is held through its wholly-owned subsidiary GSVC SW Holdings, Inc.
- (6) GSV Capital Corp.'s investment in NestGSV Silicon Valley, LLC is held through its wholly-owned subsidiary GSVC NG Holdings, Inc.
- (7) Indicates assets that GSV Capital Corp. believes do not represent "qualifying assets" under Section 55(a) of the Investment Company Act of 1940, as amended. Qualifying assets must represent at least 70% of GSV Capital Corp.'s total assets at the time of acquisition of any additional non-qualifying assets.
- (8) On March 12, 2013, Silver Spring Networks, Inc. priced its initial public offering, selling 4,750,000 shares at a price of \$17 per share. GSV Capital Corp.'s shares in Silver Spring Networks, Inc. are subject to a lock-up agreement that expired on September 8, 2013. At September 30, 2013, GSV Capital Corp. valued Silver Spring Networks, Inc based on its September 30, 2013 closing price.
- (9) On July 22, 2013, Control4 Corporation completed a 1:5.2 reverse stock split which has been reflected above.
- (10) On August 2, 2013, Control4 Corporation priced its initial public offering, selling 4,000,000 shares at a price of \$16 per share. GSV Capital Corp.'s shares in Control4 are subject to a lock-up agreement which expires on January 29, 2014. At September 30, 2013, GSV Capital Corp. valued Control4 Corporation based on its September 30, 2013 closing price, adjusted for a discount due to lack of marketability of 8%.
- (11) On September 27, 2013, Violin Memory Inc. priced its initial public offering, selling 18,000,000 shares at a price of \$9 per share. GSV Capital Corp.'s shares in Control4 are subject to a lock-up agreement which expires on March 26, 2014. At September 30, 2013, GSV Capital Corp. valued Violin Memory Inc. based on its September 30, 2013 closing price, adjusted for a discount due to lack of marketability of 10%.
- (12) On July 31 2013, Grockit, Inc. changed its name to Learnist, Inc.
- (13) Refer to Note 9 — Long Term Liabilities. In accordance with the terms of its Convertible Notes payable, the Company deposited \$10,867,500 in an escrow account with the trustee. These funds were used to purchase \$10,845,236 of government securities. The cost of the US Treasury Strips approximates their fair value at September 30, 2013.
- (14) GSV Capital Corp.'s investment in SharesPost Inc. is held through its wholly-owned subsidiary SPNPM Holdings, LLC.
- (15) GSV Capital Corp.'s investment in Strategic Data Command, LLC is held through its wholly-owned subsidiary GSVC SVDS Holdings, Inc.
- (16) On September 3, 2013, Chegg Inc. completed a 2:3 reverse stock split which has been reflected above.

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**GSV CAPITAL CORP. AND SUBSIDIARIES**  
**CONSOLIDATED SCHEDULE OF INVESTMENTS**  
**December 31, 2012**

Portfolio Investments*	Headquarters/Industry	Shares	Cost	Fair Value	% of Net Assets
<b>Twitter, Inc.</b> San Francisco, CA					
Common shares	Social Communication	1,835,600	\$31,755,821	\$34,876,400	13.81%
Preferred shares, Series A		65,000	1,235,290	1,235,000	0.49%
Total			32,991,111	36,111,400	14.30%
<b>Palantir Technologies, Inc.</b> Palo Alto, CA					
Common shares, Class A	Cyber Security	7,145,690	20,051,479	20,150,846	7.98%
Preferred shares, Series G		326,797	1,008,968	921,568	0.36%
Total			21,060,447	21,072,414	8.34%
<b>Violin Memory, Inc.</b> Mountain View, CA					
Preferred shares, Series B	Flash Memory	800,000	4,800,798	4,800,000	1.90%
Preferred shares, Series D		1,666,666	10,018,045	9,999,996	3.96%
Total			14,818,843	14,799,996	5.86%
<b>Dropbox, Inc.</b> San Francisco, CA					
Common share	Online Storage	760,000	8,641,153	8,360,000	3.31%
Preferred shares, Series A-1		552,486	5,015,333	6,077,346	2.41%
Total			13,656,486	14,437,346	5.72%
<b>Chegg, Inc.</b> Santa Clara, CA					
Common shares	Textbook Rental	1,274,193	10,012,543	10,193,544	4.03%
Preferred shares, Series F		500,000	4,008,654	4,000,000	1.58%
Total			14,021,197	14,193,544	5.61%
<b>Avenues World Holdings LLC<sup>(5)</sup></b> New York, NY					
Preferred shares, Class A-1	Globally-focused Private School	5,000,000	10,025,123	10,000,000	3.96%
<b>Solexel, Inc.</b> Milpitas, CA					
Preferred shares, Series C	Solar Power	4,576,659	10,016,559	10,000,000	3.96%
<b>2U, Inc. (f/k/a 2tor, Inc.)</b> Landover, MD					
Common shares	Online Education	1,151,802	8,757,599	8,730,659	3.46%
Preferred shares, Series A		167,431	1,273,125	1,269,127	0.50%
Total			10,030,724	9,999,786	3.96%
<b>Kno, Inc.</b> Santa Clara, CA					
Preferred shares, Series C	Digital Textbooks	440,313	2,262,006	2,249,999	0.89%
Preferred shares, Series C-1		1	7,510,334	7,500,000	2.97%
Common shares		50,000	214,681	178,850	0.07%
Total			9,987,021	9,928,849	3.93%
<b>Facebook, Inc.<sup>(3)(10)</sup></b> Menlo Park, CA					
Common shares, Class B	Social Networking	350,000	10,472,294	9,317,000	3.69%
<b>Control4 Corporation<sup>(14)</sup></b> Salt Lake City, UT					
Common shares	Home Automation	782,821	7,011,025	7,123,667	2.82%
<b>Totus Solutions, Inc.<sup>(2)</sup></b> Carrollton, TX					
Common shares	LED Lighting	20,000,000	5,023,748	5,000,000	1.98%
<b>Learnist Inc. (f/k/a Grockit, Inc.)<sup>(2)(13)</sup></b> San Francisco, CA					
Preferred shares, Series D	Online Test Preparation	2,728,252	2,005,945	2,373,579	0.94%
Preferred shares, Series E		1,731,501	1,503,670	1,506,406	0.60%
Total			3,509,615	3,879,985	1.54%

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**GSV CAPITAL CORP. AND SUBSIDIARIES**  
**CONSOLIDATED SCHEDULE OF INVESTMENTS (continued)**  
**December 31, 2012**

Portfolio Investments*	Headquarters/Industry	Shares	Cost	Fair Value	% of Net Assets
<b><u>SugarCRM, Inc.</u></b>	Cupertino, CA				
Common shares	Customer Relationship Manager	1,086,047	\$ 3,813,378	\$ 3,801,165	1.50%
<b><u>Gilt Groupe, Inc.</u></b>	New York, NY				
Common shares	e-Commerce Flash Sales	248,600	6,594,346	3,637,329	1.44%
<b><u>Spotify Technology S.A.</u></b> <sup>(10)</sup>	Stockholm, Sweden				
Common shares	Music Streaming Service	3,658	3,598,472	3,589,669	1.42%
<b><u>ZocDoc Inc.</u></b>	New York, NY				
Preferred shares, Series A	Online Medical Scheduling	200,000	3,563,178	3,500,000	1.38%
<b><u>Bloom Energy Corporation</u></b>	Sunnyvale, CA				
Common shares	Fuel Cell Energy	201,589	3,855,601	3,225,424	1.28%
<b><u>Global Education Learning (Holdings) Ltd.</u></b> <sup>(2)(10)</sup>	Hong Kong				
Preferred shares, Series A	Education Technology	1,472,175	2,999,998	3,003,237	1.19%
<b><u>Parchment, Inc.</u></b>	Scottsdale, AZ				
Preferred shares, Series D	E-Transcript Exchange	2,400,384	3,000,000	3,000,480	1.19%
<b><u>Whittle Schools, LLC</u></b> <sup>(2)(6)</sup>	New York, NY				
Preferred shares, Series B	Globally-focused Private School	3,000,000	3,000,000	3,000,000	1.19%
<b><u>StormWind, LLC</u></b> <sup>(2)(7)</sup>	Scottsdale, AZ				
Preferred shares, Series B	Interactive Learning Platform	3,279,629	2,019,687	2,545,812	1.01%
<b><u>SharesPost, Inc.</u></b>	San Bruno, CA				
Preferred shares, Series B	Online Marketplace (Finance)	1,771,653	2,257,984	2,249,999	0.89%
Common warrants, \$0.13 strike price, expire 6/15/2018		770,934	23,128	123,349	0.05%
Total			<u>2,281,112</u>	<u>2,373,348</u>	<u>0.94%</u>
<b><u>Maven Research, Inc.</u></b> <sup>(2)</sup>	San Francisco, CA				
Preferred shares, Series B	Knowledge Networks	49,505	217,206	310,396	0.12%
Preferred shares, Series C		318,979	1,999,998	1,999,998	0.79%
Total			<u>2,217,204</u>	<u>2,310,394</u>	<u>0.91%</u>
<b><u>Fullbridge, Inc.</u></b> <sup>(2)</sup>	Cambridge, MA				
Preferred shares, Series C	Business Education	1,196,809	2,250,001	2,250,001	0.89%
<b><u>Starfish Holdings, Inc. (d/b/a YourOffers)</u></b> <sup>(2)(12)</sup>	Beverly Hills, CA				
Preferred shares, Series A	Marketing Platform	43,878,894	2,012,103	2,193,945	0.87%
Common warrants, \$0.00001 strike price, expire 11/13/2019		144,800,351	—	—	—%
Total			<u>2,012,103</u>	<u>2,193,945</u>	<u>0.87%</u>
<b><u>TrueCar, Inc.</u></b>	Santa Monica, CA				
Common shares	Online Marketplace (Cars)	377,358	2,014,863	2,011,318	0.79%
<b><u>Dataminr, Inc.</u></b>	New York, NY				
Preferred shares, Series B	Social Media Analytics	904,977	2,060,602	1,999,999	0.79%
<b><u>CUX, Inc. (d/b/a CorpU)</u></b> <sup>(2)</sup>	San Francisco, CA				
Preferred shares, Series C	Corporate Education	246,305	2,006,077	1,999,997	0.79%
<b><u>Dailybreak, Inc.</u></b> <sup>(2)</sup>	Boston, MA				
Preferred shares, Series A-1	Social Advertising	1,545,181	\$ 2,000,000	\$ 1,993,283	0.79%

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**GSV CAPITAL CORP. AND SUBSIDIARIES**  
**CONSOLIDATED SCHEDULE OF INVESTMENTS (continued)**

**December 31, 2012**

Portfolio Investments*	Headquarters/Industry	Shares/Capital Transactions	Cost	Fair Value	% of Net Assets
<b>Silver Spring Networks, Inc.</b> Redwood City, CA					
Common shares <sup>(11)</sup>	Smart Grid	510,143	5,145,271	1,976,804	0.78%
<b>The Echo System Corp.</b> <sup>(2)</sup> New York, NY					
Preferred shares, Series A	Social Analytics	512,365	1,436,404	1,639,568	0.65%
Preferred warrants, \$0.20 strike price, expire 11/14/2016		68,359	75,988	68,359	0.03%
Total			<u>1,512,392</u>	<u>1,707,927</u>	<u>0.68%</u>
<b>AltEgo, LLC</b> <sup>(2)(8)</sup> Santa Monica, CA					
Preferred shares, Series B-2	Social Media Customer Acquisition Platform	1,400,000	1,420,406	1,400,000	0.55%
<b>Zynga, Inc.</b> <sup>(10)</sup> San Francisco, CA					
Common shares	Social Gaming	533,333	3,003,462	1,258,666	0.50%
<b>The rSmart Group, Inc.</b> Scottsdale, AZ					
Preferred shares, Series B	Higher Education Learning Platform	1,201,923	1,266,940	1,250,000	0.49%
<b>S3 Digital Corp. (d/b/a S3i)</b> <sup>(2)</sup> New York, NY					
Preferred shares, Class A1	Sports Analytics	1,033,452	989,058	1,033,452	0.41%
Preferred warrants, \$1.00 strike price, expire 11/21/2017		500,000	31,354	31,354	0.01%
Total			<u>1,020,412</u>	<u>1,064,806</u>	<u>0.42%</u>
<b>NestGSV, Inc.</b> <sup>(2)</sup> Redwood City, CA					
Preferred shares, Series A	Incubator	1,000,000	1,021,778	1,000,000	0.40%
<b>DreamBox Learning, Inc.</b> Bellevue, WA					
Preferred shares, Series A	Education Technology	3,579,610	758,017	751,718	0.30%
<b>SinoLending Ltd.</b> <sup>(2)(10)</sup> Shanghai, China					
Preferred shares, Class A	Chinese P2P Lending	6,414,368	501,998	500,321	0.20%
<b>Ozy Media, Inc.</b> Mountain View, CA					
Preferred shares, Series Seed	Social Media	500,000	500,000	500,000	0.20%
<b>NestGSV Silicon Valley, LLC</b> <sup>(2)(9)</sup> Redwood City, CA					
Common membership interest	Incubator	\$ 500,000	500,000	500,000	0.20%
<b>Groupon, Inc.</b> <sup>(4)(10)</sup> Chicago, IL					
Common shares	Online Deals	80,000	2,128,774	388,800	0.15%
<b>AlwaysOn, Inc.</b> <sup>(2)</sup> Woodside, CA					
Preferred shares, Series A	Social Media	1,066,626	1,027,391	298,655	0.12%
<b>NewZoom, Inc. (d/b/a ZoomSystems)</b> San Francisco, CA					
Preferred shares, Series A	Smart e-tail (Retail)	1,250,000	260,476	250,000	0.10%
<b>Neuron Fuel, Inc.</b> San Jose, CA					
Preferred shares, Series AAI	Computer Software	250,000	262,530	250,000	0.10%

**GSV CAPITAL CORP. AND SUBSIDIARIES**  
**CONSOLIDATED SCHEDULE OF INVESTMENTS (continued)**  
**December 31, 2012**

Portfolio Investments*	Headquarters/Industry	Shares	Cost	Fair Value	% of Net Assets
<b>Serious Energy, Inc.</b> <sup>(10)</sup>	Sunnyvale, CA				
Common shares	Green Materials	178,095	\$ 739,130	\$ —	—%
<b>Top Hat 430, Inc.</b> <sup>(2)(10)</sup>	Shakopee, MN				
Preferred shares, Series A	Jewelry Retailing Technology	1,844,444	4,167,943	—	—%
Preferred warrants, \$2.25 strike price, expire 11/2/2017		13,333	—	—	—%
Total			4,167,943	—	—%
<b>Total Portfolio Investments</b>			237,147,735	225,397,085	89.23%
<b>Money Market Funds</b> <sup>(1)</sup>					
Fidelity Institutional Money Market Funds					
Money Market Portfolio		8,000,000	8,000,000	8,000,000	3.17%
Prime Money Market Portfolio		8,000,000	8,000,000	8,000,000	3.17%
Total Money Market Funds			16,000,000	16,000,000	6.34%
<b>Total Investments</b>			\$253,147,735	\$241,397,085	95.57%

\* All portfolio investments are non-control/non-affiliated and non-income producing, unless identified. Equity investments are subject to lock-up restrictions upon their initial public offering.

- (1) Investment is income producing.
- (2) Denotes an Affiliate Investment. "Affiliate Investments" are investments in those companies that are "Affiliated Companies" of GSV Capital Corp., as defined in the Investment Company Act of 1940. A company is deemed to be an "Affiliate" of GSV Capital Corp. if GSV Capital Corp. owns 5% or more of the voting securities of such company.
- (3) On May 17, 2012, Facebook, Inc. priced its initial public offering, selling 421,233,615 shares at a price of \$38.00 per share. GSV Capital Corp.'s shares in Facebook, Inc. are subject to a lock-up agreement that expired on November 14, 2012. At December 31, 2012, GSV Capital Corp. valued Facebook based on its December 31, 2012 closing price.
- (4) On November 8, 2011, Groupon, Inc. priced its initial public offering, selling 35,000,000 shares at a price of \$20.00 per share. GSV Capital Corp.'s shares in Groupon, Inc. are subject to a lock-up agreement that expired on June 1, 2012. At December 31, 2012, GSV Capital Corp. valued Groupon, Inc. based on its December 31, 2012 closing price.
- (5) GSV Capital Corp.'s investment in Avenues World Holdings LLC is held through its wholly-owned subsidiary GSVC AV Holdings, Inc.
- (6) GSV Capital Corp.'s investment in Whittle Schools, LLC is held through its wholly-owned subsidiary GSVC WS Holdings, Inc.
- (7) GSV Capital Corp.'s investment in StormWind, LLC is held through its wholly-owned subsidiary GSVC SW Holdings, Inc.
- (8) GSV Capital Corp.'s investment in AltEgo, LLC is held through its wholly-owned subsidiary GSVC AE Holdings, Inc.
- (9) GSV Capital Corp.'s investment in NestGSV Silicon Valley, LLC is held through its wholly-owned subsidiary GSVC NG Holdings, Inc.
- (10) Indicates assets that GSV Capital Corp. believes do not represent "qualifying assets" under Section 55(a) of the Investment Company Act of 1940, as amended. Qualifying assets must represent at least 70% of GSV Capital Corp.'s total assets at the time of acquisition of any additional non-qualifying assets.

**GSV CAPITAL CORP. AND SUBSIDIARIES**  
**CONSOLIDATED SCHEDULE OF INVESTMENTS (continued)**  
**December 31, 2012**

- (11) On February 11, 2013, Silver Spring Networks, Inc. conducted a five-for-one reverse stock split of its common stock, which has not been reflected above.
- (12) The common warrants held in Starfish Holdings, Inc. (d/b/a YourOffers) is presented separately in order to be consistent with the presentation in the September 30, 2013 Consolidated Schedule of Investments.
- (13) On July 31 2013, Grockit, Inc. changed its name to Learnist, Inc. The schedule of investments was updated in order to be consistent with the presentation in the September 30, 2013 Consolidated Schedule of Investments. Refer to note 9 for further detail.
- (14) On July 22, 2013, Control4 Corporation completed a 1:5.2 reverse stock split which has been reflected above.

**GSV CAPITAL CORP. AND SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**September 30, 2013**

**(Unaudited)**

**NOTE 1 — NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Operations**

GSV Capital Corp. (the “Company”, “we”, “our” or “GSV Capital”) was formed in September 2010 as a Maryland corporation structured as an externally managed, non-diversified closed-end management investment company. The Company has elected to be treated as a business development company under the Investment Company Act of 1940, as amended (the “1940 Act”). The Company is managed by GSV Asset Management, LLC (“GSV Asset Management”).

The Company’s date of inception is January 6, 2011, which is the date it commenced its development stage activities. The Company’s shares are currently listed on the NASDAQ Capital Market under the symbol “GSVC”. The Company began its investment operations during the second quarter.

On April 13, 2012, the Company formed a wholly-owned subsidiary, GSV Capital Lending, LLC (“GCL”), a Delaware limited liability company, which will originate portfolio loan investments within the state of California. An application for a California lender license was submitted by GCL to the California Department of Corporations. GCL received approval of the license from the California Department of Corporations effective August 14, 2013.

On November 28, 2012, the Company formed wholly-owned subsidiaries, GSV AE Holdings, Inc. (“GAE”), GSV AV Holdings, Inc. (“GAV”), GSV NG Holdings, Inc. (“GNG”), GSV SW Holdings, Inc. (“GSW”) and GSV WS Holdings, Inc. (“GWS”). On July 12, 2013, the Company formed a wholly-owned subsidiary, SPNPM Holdings, LLC (“SPN PM”). On August 13, 2013, the Company formed a wholly-owned subsidiary, GSV SVDS Holdings, Inc. (“SVDS”). Collectively, these entities are known as the “GSVC Holdings”, all Delaware corporations, formed to hold portfolio investments.

The Company’s investment objective is to maximize our portfolio’s total return, principally by seeking capital gains on our equity investments. The Company invests principally in the equity securities of venture capital-backed and rapidly growing emerging companies. The Company may also invest on an opportunistic basis in select publicly-traded equity securities of rapidly growing companies that otherwise meet its investment criteria.

On February 10, 2012, the Company priced a subsequent follow-on equity offering, selling 6,900,000 of common shares at a price of \$15.00 per share, including an exercise in full by the underwriters of their option to purchase an additional 900,000 shares of common stock to cover overallocments. The follow-on equity offering resulted in net proceeds to the Company of approximately \$96.2 million.

On May 11, 2012, the Company priced an additional follow-on equity offering, selling 6,900,000 of common shares at a price of \$16.25 per share, including an exercise in full by the underwriters of their option to purchase an additional 900,000 shares of common stock to cover overallocments. The follow-on equity offering resulted in net proceeds to the Company of approximately \$105.4 million.

**Summary of Significant Accounting Policies**

***Basis of Presentation***

The interim consolidated financial statements of the Company are prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) for interim financial information and pursuant to the requirements for reporting on Form 10-Q and Regulation S-X. In the opinion of management, all adjustments, all of which were of a normal recurring nature, considered necessary for the fair presentation of financial statements for the interim period have been included. The results of operations for the current period are not necessarily indicative of results that ultimately may be achieved for any other interim period or for the year ending December 31, 2013. The interim unaudited consolidated financial statements and notes hereto should be read in conjunction with the audited financial statements and notes thereto contained in the Company’s Annual Report on Form 10-K for the year ended December 31, 2012.

GSV CAPITAL CORP. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2013

(Unaudited)

NOTE 1 — NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES – (continued)

*Basis of Consolidation*

Under Article 6 of Regulation S-X and the American Institute of Certified Public Accountants' Audit and Accounting Guide for Investment Companies, we are precluded from consolidating any entity other than another investment company, a controlled operating company which provides substantially all of its services and benefits to us and certain entities established for tax purposes where we hold a 100% interest ("the GSVC Holdings Entities"). Accordingly, our financial statements include our accounts and the accounts of the GSVC Holdings Entities and GCL, our wholly-owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation. We began consolidating the GSVC Holdings Entities during the quarter ended September 30, 2013. The change has no impact on our financial position or results of operations through September 30, 2013. Future periods may be impacted by tax related assets and liabilities recorded at the GSVC Holdings entity level that arise in the normal course of business and which will be included in our consolidated statement of assets and liabilities. Such tax assets and liabilities had a \$0 balance at September 30, 2013 and for all periods previously reported.

*Use of Estimates*

The preparation of consolidated financial statements requires the Company to make a number of significant estimates. These include estimates of fair value of certain assets and liabilities and other estimates that affect the reported amounts of those assets and liabilities as of the date of the consolidated financial statements and the reported amounts of related revenues and expenses during the reported period. It is likely that changes in these estimates will occur in the near term. Our estimates are inherently subjective in nature and actual results could differ from our estimates and the differences could be material.

*Investments*

The Company applies fair value accounting in accordance with GAAP. The Company generally values its assets on a quarterly basis, or more frequently if required under the 1940 Act. Securities for which market quotations are readily available on an exchange are valued at the closing price of such security on the valuation date; however, if they remain subject to lock-up restrictions they are discounted accordingly. The Company may also obtain quotes with respect to certain of its investments from pricing services or brokers or dealers in order to value assets. When doing so, the Company determines whether the quote obtained is sufficient according to GAAP to determine the fair value of the security. If determined adequate, the Company uses the quote obtained.

Securities for which reliable market quotations are not readily available or for which the pricing source does not provide a valuation or methodology or provides a valuation or methodology that, in the judgment of GSV Asset Management, the Board or the Valuation Committee of the Board (the "Valuation Committee"), does not represent fair value, shall each be valued as follows:

1. The quarterly valuation process begins with each portfolio company or investment being initially valued by the investment professionals responsible for the portfolio investment;
2. Preliminary valuation conclusions are then documented and discussed with GSV Asset Management senior management;
3. An independent third-party valuation firm is engaged by, or on behalf of, the Valuation Committee to conduct independent appraisals and review management's preliminary valuations and make their own independent assessment, for all material investments;
4. The Valuation Committee discusses valuations and recommends the fair value of each investment in the portfolio in good faith based on the input of GSV Asset Management and the independent third-party valuation firm; and,

GSV CAPITAL CORP. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2013

(Unaudited)

**NOTE 1 — NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES – (continued)**

5. The Board then discusses the valuations and determines in good faith the fair value of each investment in the portfolio based upon input of GSV Asset Management, estimates from the independent valuation firm and the recommendations of the Valuation Committee.

In making our good faith determination of the fair value of investments, we consider valuation methodologies consistent with industry practice. Valuation methods, among other measures and as applicable, may include comparisons to prices from secondary market transactions and recent venture capital financings, analysis of financial ratios and valuation metrics of the portfolio companies that issued such private equity securities to peer companies that are public, analysis of the portfolio companies' most recent financial statements and forecasts, and the markets in which the portfolio company does business, and other relevant factors. The Company assigns a weighting based upon the relevance of each factor to determine the fair value of each investment.

When an external event such as a purchase transaction, public offering or subsequent equity sale occurs, the Company will consider the pricing indicated by the external event to corroborate the private equity valuation. Due to the inherent uncertainty of determining the fair value of investments that do not have a readily available market value, the fair value of the investments may differ significantly from the values that would have been used had a readily available market value existed for such investments, and the differences could be material.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GAAP establishes a framework for measuring fair value that includes a hierarchy used to classify the inputs used in measuring fair value. The hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three levels. The level in the fair value hierarchy within which the fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement. The levels of the fair value hierarchy are as follows:

**Level 1.** Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that the Company has the ability to access (examples include active exchange-traded equity securities, exchange-traded derivatives, and most U.S. Government and agency securities).

**Level 2.** Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability. Level 2 inputs include the following:

- a) Quoted prices for similar assets or liabilities in active markets;
- b) Quoted prices for identical or similar assets or liabilities in non-active markets (examples include corporate and municipal bonds, which trade infrequently);
- c) Pricing models whose inputs are observable for substantially the full term of the asset or liability (examples include most over-the-counter derivatives, including foreign exchange forward contracts); and,
- d) Pricing models whose inputs are derived principally from or corroborated by observable market data through correlation or other means for substantially the full term of the asset or liability.

**Level 3.** Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the asset or liability (examples include certain of our private equity investments).

GSV CAPITAL CORP. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2013

(Unaudited)

**NOTE 1 — NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES – (continued)**

When the inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurement in its entirety. For example, a Level 3 fair value measurement may include inputs that are observable (Levels 1 and 2) and unobservable (Level 3). Therefore gains and losses for such assets and liabilities categorized within the Level 3 table set forth in Note 3 may include changes in fair value that are attributable to both observable inputs (Levels 1 and 2) and unobservable inputs (Level 3).

A review of fair value hierarchy classifications is conducted on a quarterly basis. Changes in the observability of valuation inputs may result in a reclassification for certain financial assets or liabilities. Reclassifications impacting Level 3 of the fair value hierarchy are reported as transfers in/out of the Level 3 category as of the beginning of the quarter in which the reclassifications occur.

***Valuation of Financial Instruments***

The carrying amounts of our financial instruments, consisting of cash, receivables, accounts payable, and accrued expenses, approximate fair value due to their short-term nature.

***Securities Transactions***

Securities transactions are accounted for on the date the transaction for the purchase or sale of the securities is entered into by the Company (i.e., trade date). Securities transactions outside conventional channels, such as private transactions, are recorded as of the date the Company obtains the right to demand the securities purchased or to collect the proceeds from a sale, and incurs an obligation to pay for securities purchased or to deliver securities sold, respectively.

***Portfolio Company Investment Classification***

We are a non-diversified company within the meaning of the 1940 Act. We classify our investments by level of control. As defined in the 1940 Act, control investments are those where there is the power to exercise a controlling influence over the management or policies of a company. Control is generally deemed to exist when a company or individual directly or indirectly owns beneficially more than 25% of the voting securities of an investee company. We do not own more than 25% of voting securities of a portfolio company. Affiliated investments and affiliated companies are defined by a lesser degree of influence and are deemed to exist when a company or individual directly or indirectly owns, controls, or holds the power to vote 5% or more of the outstanding voting securities of another person.

***Cash***

The Company places its cash with U.S. Bank, N.A. and First Republic Bank, N.A., and at times, cash held in these accounts may exceed the Federal Deposit Insurance Corporation insured limit. The Company may invest a portion of its cash in money market funds, within limitations of the 1940 Act.

***Restricted Cash***

Restricted cash consists of excess funds remaining in escrow from the purchase of the government securities that will be used to make the scheduled interest payments on the convertible senior notes. As of September 30, 2013, the Company had restricted cash of \$22,264 and is included on the Consolidated Statements of Assets and Liabilities.

***Revenue Recognition***

The Company's revenue recognition policies are as follows:

*Sales:* Gains or losses on the sale of investments are determined using the specific identification method.

GSV CAPITAL CORP. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2013

(Unaudited)

**NOTE 1 — NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES – (continued)**

*Interest:* Interest income, adjusted for amortization of premium and accretion of discount, is recorded on an accrual basis.

*Dividends:* Dividend income is recognized on the ex-dividend date.

***Investment Transaction Costs and Escrow Deposits***

Commissions and other costs associated with an investment transaction, including legal expenses not reimbursed by the issuer, are included in the cost basis of purchases and deducted from the proceeds of sales. The Company makes certain acquisitions on the secondary markets which may involve making deposits to escrow accounts until certain conditions are met including the underlying private company's right of first refusal. If the underlying private company does not exercise or assign its right of first refusal and all other conditions are met, then the funds in the escrow account are delivered to the seller and the account is closed. These transactions are reflected on the Consolidated Statement of Assets and Liabilities as Escrow deposits. At September 30, 2013 and December 31, 2012, the Company had \$0 in Escrow deposits.

***Unrealized Appreciation or Depreciation on Investments***

Unrealized appreciation or depreciation is calculated as the difference between the fair value of the investment and the cost basis of such investment.

***U.S. Federal and State Income Taxes***

The Company was taxed as a regular corporation (a "C corporation") under subchapter C of the Internal Revenue Code of 1986, as amended, for its 2012 taxable year. The Company uses the liability method of accounting for income taxes. Deferred tax assets and liabilities are recorded for tax loss carryforwards and temporary differences between the tax basis of assets and liabilities and their reported amounts in the consolidated financial statements, using statutory tax rates in effect for the year in which the temporary differences are expected to reverse. Certain tax attributes may be subject to limitations on timing and usage. A valuation allowance is provided against deferred tax assets when it is more likely than not that some portion or all of the deferred tax assets will not be realized.

Beginning with its 2013 taxable year, the Company may elect to be treated as a regulated investment company ("RIC") under subchapter M of the Internal Revenue Code of 1986, as amended (the "Code"), if management determines that it is in the best interests of the Company to do so and the Company is able to satisfy the requirements under subchapter M of the Code. In order to qualify as a RIC, among other things, the Company is required to distribute to its stockholders on a timely basis at least 90% of investment company taxable income, as defined by the Code, for each year, and meet certain asset diversification requirements on a quarterly basis. So long as the Company qualifies and maintains its status as a RIC, it generally will not pay corporate-level U.S. federal and state income taxes on any ordinary income or capital gains that it distributes at least annually to its stockholders as dividends. Rather, any tax liability related to income earned by the RIC will represent obligations of the Company's investors and will not be reflected in the consolidated financial statements of the Company. Included in the Company's consolidated financial statements, the GSVC Holdings are taxable subsidiaries of the RIC. These taxable subsidiaries are not consolidated for income tax purposes and may generate income tax expenses as a result of their ownership of the portfolio companies. Such income tax expenses and deferred taxes, if any, will be reflected in the Company's consolidated financial statements. Although it is currently its intention to do so, at the present time, the Company cannot assure you whether it will elect to be treated as a RIC for its 2013 taxable year. If it opts not to do so, the Company will continue to be taxed as a C corporation under the Code for its 2013 taxable year. Until such time as it is able to be taxed as a RIC, GSV will provide for income taxes, if any, as a C Corp.

GSV CAPITAL CORP. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2013

(Unaudited)

**NOTE 1 — NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES – (continued)**

The Company evaluates tax positions taken or expected to be taken in the course of preparing its consolidated financial statements to determine whether the tax positions are “more-likely-than-not” of being sustained by the applicable tax authority. The Company recognizes the tax benefits of uncertain tax positions only where the position has met the “more-likely-than-not” threshold. The Company classifies penalties and interest associated with income taxes, if any, as income tax expense. Conclusions regarding tax positions are subject to review and may be adjusted at a later date based on factors including, but not limited to, ongoing analyses of tax laws, regulations and interpretations thereof.

***Deferred Credit Facility Fees***

On August 6, 2013, the Company entered into a non-binding term sheet with Silicon Valley Bank (“SVB”) relating to a proposed credit facility (the “Proposed SVB Facility”) and incurred legal costs of \$58,998 as of September 30, 2013. These costs are included as deferred credit facility fees on the Company’s Consolidated Statement of Assets and Liabilities and \$58,998 will be amortized over the life of the credit facility if and when a credit agreement is finalized. Should the Company not finalize and execute the credit agreement, these fees will be expensed. Negotiations regarding the final credit agreement remain ongoing.

***Deferred Offering Costs and Offering Costs***

Offering costs include legal fees and other costs pertaining to public offerings. On September 23, 2013, the Company filed a registration statement on form N-2 with the Securities and Exchange Commission (the “SEC”) to register the Company’s common stock, preferred stock, subscription rights, debt securities, and warrants under the Securities Act of 1933, as amended. In accordance with ASC 340-10, the Company has deferred the offering costs of \$365,873. As of September 30, 2013, the deferred offering costs are shown on the Statement of Assets and Liabilities. If the registration statement is declared effective by the SEC and the Company’s securities are offered pursuant to the registration statement, the Company will reclassify the deferred offering costs into additional paid-in capital for equity offerings and will amortize the offering costs related to any debt securities issued. As of December 31, 2012, \$738,697 of offering costs were offset against capital proceeds from the secondary offerings on May 11, 2012 and February 10, 2012.

***Per Share Information***

Basic earnings (loss) per common share is computed using the weighted average number of shares outstanding for the period presented. Diluted earnings per share is computed by dividing net income (loss) for the period by the weighted average number of common shares plus, if dilutive, potential common shares outstanding during the period.

***Capital Accounts***

Certain capital accounts including undistributed net investment income or loss, accumulated net realized gain or loss, net unrealized appreciation or depreciation, and paid-in capital in excess of par, are adjusted, at least annually, for permanent differences between book and tax. In addition, the character of income and gains to be distributed is determined in accordance with income tax regulations that may differ from GAAP. GAAP requires that certain components of net assets relating to permanent differences are to be reclassified between financial statement reporting and tax reporting. These reclassifications have no effect on the net assets or net asset value per share and are intended to enable the Company’s stockholders to determine the amount of accumulated and undistributed earnings they potentially could receive in the future and on which they could be taxed.

GSV CAPITAL CORP. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2013

(Unaudited)

NOTE 2 — RELATED PARTY ARRANGEMENTS

**Investment Advisory Agreement**

The Company entered into an investment advisory agreement with GSV Asset Management (the “Advisory Agreement”) in connection with its initial public offering. Pursuant to the Advisory Agreement, GSV Asset Management will be paid a base annual fee of 2% of gross assets, and an annual incentive fee equal to the lesser of (i) 20% of the Company’s realized capital gains during each calendar year, if any, calculated on an investment-by-investment basis, subject to a non-compounded preferred return, or “hurdle,” and a “catch-up” feature, and (ii) 20% of the Company’s realized capital gains, if any, on a cumulative basis from inception through the end of each calendar year, computed net of all realized capital losses and unrealized capital depreciation on a cumulative basis, less the aggregate amount of any previously paid incentive fees. There were \$1,298,858 and \$3,828,835 in base management fees and \$0 in incentive fees incurred for the three and nine months ended September 30, 2013, respectively. There were \$1,351,169 and \$3,099,186 in base management fees and \$0 in incentive fees incurred for the three and nine months ended September 30, 2012, respectively.

As of September 30, 2013, the Company was due \$15,067 from GSV Asset Management for reimbursement of expenses paid for by the Company that were the responsibility of GSV Asset Management, and is included in the Consolidated Statement of Assets and Liabilities.

As of September 30, 2013, the Company owed GSV Asset Management \$33,803 of which relates to reimbursement of expenses paid for by GSV Asset Management that were the responsibility of the Company, and is included in the Consolidated Statement of Assets and Liabilities.

As of December 31, 2012, the Company was due \$5,723 from GSV Asset Management for reimbursement of expenses paid by the Company that were the responsibility of GSV Asset Management, and is included in the Consolidated Statement of Assets and Liabilities.

As of December 31, 2012, the Company owed GSV Asset Management \$51,194 for reimbursements of travel-related expenses. These are included in the Consolidated Statement of Assets and Liabilities.

**Administration Agreement**

The Company entered into an administration agreement with GSV Capital Service Company (the “Administration Agreement”) to provide administrative services, including furnishing the Company with office facilities, equipment, clerical, bookkeeping, record keeping services and other administrative services, in connection with its initial public offering and ongoing operations. The Company reimburses GSV Capital Service Company an allocable portion of overhead and other expenses in performing its obligations under the Administration Agreement. There were \$678,283 and \$2,276,152 in such costs incurred under the Administration Agreement for the three and nine months ended September 30, 2013, respectively. There were \$543,171 and \$1,490,966 in such costs incurred under the Administration Agreement for the three and nine months ended September 30, 2012, respectively.

**License Agreement**

The Company entered into a license agreement with GSV Asset Management pursuant to which GSV Asset Management has agreed to grant the Company a non-exclusive, royalty-free license to use the name “GSV.” Under this agreement, the Company has the right to use the GSV name for so long as the Advisory Agreement with GSV Asset Management is in effect. Other than with respect to this limited license, the Company has no legal right to the “GSV” name.

## GSV CAPITAL CORP. AND SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2013

(Unaudited)

## NOTE 3 — PORTFOLIO INVESTMENTS AND FAIR VALUE

At September 30, 2013, the Company had 72 positions in 46 portfolio companies. The total cost and fair value of the 72 positions were \$245,188,384 and \$252,983,446, respectively. At December 31, 2012, the Company had 61 positions in 47 portfolio companies. The total cost and fair value of the 61 positions were \$237,147,735 and \$225,397,085, respectively. The composition of our investments as of September 30, 2013 and December 31, 2012 are as follows:

	September 30, 2013 (Unaudited)		December 31, 2012	
	Cost	Fair Value	Cost	Fair Value
Common Stock	\$ 143,167,837	\$ 156,341,351	\$ 132,833,640	\$ 123,820,141
Preferred Stock	101,090,312	95,307,237	103,683,625	100,853,882
Common Membership Interest	500,000	519,045	500,000	500,000
Term Loan	232,744	225,000	—	—
Warrants	197,491	590,813	130,470	223,062
Total Portfolio Investments	245,188,384	252,983,446	237,147,735	225,397,085
Non-Portfolio Investments	38,845,236	38,845,236	16,000,000	16,000,000
Total Investments	\$ 284,033,620	\$ 291,828,682	\$ 253,147,735	\$ 241,397,085

GSV CAPITAL CORP. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2013

(Unaudited)

NOTE 3 — PORTFOLIO INVESTMENTS AND FAIR VALUE – (continued)

The table below presents the valuation techniques and the nature of significant inputs used to determine the fair values of our Level 3 investments and embedded derivative as of September 30, 2013.

Asset	Fair Value	Valuation Techniques	Unobservable inputs	Range (Average)		
Common stock in private companies	\$125,150,682	Market approach	Precedent transactions	N/A		
			Income approach	Revenue multiples	2.2x – 5.6x (4.2x)	
		Scenario analysis		Income approach	Revenue growth rate (5 year)	40% – 50% (40%)
					Scenario analysis	EBIT multiples
				EBIT margin (5 year)		15% – 30% (22%)
				Discount rate		35% – 40% (37%)
				IPO/M&A probability		10/90% – 90/10%
				409A Valuation		N/A
				Going Concern		N/A
				Market approach		Precedent transactions
Income approach	Revenue multiples					0.8x – 5.7x (3.0x)
Preferred stock in private companies	95,307,237			Market approach	Revenue growth rate (5 year)	0% – 50% (32%)
		Scenario analysis	EBIT multiples		0.8x – 35.0x (13.9x)	
			EBIT margin (5 year)	5% – 50% (23%)		
			Discount rate	35% – 50% (40%)		
			IPO/M&A probability	20/80% – 25/75%		
			Liquidity preference	N/A		
			Going Concern	N/A		
			Redemption rights backed by real estate	N/A		
			Market approach	Precedent transactions	N/A	
		Income approach		Revenue multiples	2.3x – 2.6x (2.5x)	
Common membership interest	519,045	Market approach	Revenue growth rate (5 year)	0%		
			Income approach	EBIT multiples	7.9x – 8.0x (8.0x)	
				EBIT margin (5 year)	50%	
				Discount rate	45%	
				Precedent transactions	N/A	
Term Loan	225,000	Market approach	Term to expiration	3 years		
			Option pricing model	Stock price	\$0.25 – \$1.16	
Warrants	590,813	Option pricing model	Volatility	30% – 40%		
			Embedded Derivative	(1,121,000)	Binomial lattice model	Stock Price*
Strike Price	\$16.26					
Risk free rate*	1.4% – 1.6%					
Volatility	45%					
Annual risk rate	12.50%					

\* Ranges from inputs at September 17, 2013 to September 30, 2013

The significant unobservable inputs that may be used in the fair value measurement of the Company's investments in common stock, preferred stock, common membership interests, and term loans for which market quotations are not readily available include: (i) prior or contemporaneous transactions in the equity of the portfolio company, prior or contemporaneous transactions in the equity of comparable companies ("Precedent Transactions"), (ii) revenue multiples for comparable companies, and earnings before interest, taxes, depreciation multiples ("EBIT"), (collectively, "Multiples") for comparable companies, (iii) discount

GSV CAPITAL CORP. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2013

(Unaudited)

**NOTE 3 — PORTFOLIO INVESTMENTS AND FAIR VALUE – (continued)**

rates, revenue growth rates, EBIT margins applied in a discounted cash flow analysis of the portfolio company, and (iv) IPO/M&A probabilities. A change in the assumptions used for Precedent Transactions, Multiples, revenue growth rates, EBIT margins, and IPO/M&A probabilities may indicate a directionally similar change in the fair value of the Company’s investments in common stock, preferred stock, and common membership interests, while a change in the assumptions used for discount rates may indicate a directionally opposite change in the fair value of the Company’s investments in common stock, preferred stock, common membership interests, and term loans.

The significant unobservable inputs used in determining the fair value of the warrants are the term to expiration, stock price and volatility. Volatility is based on a combination of implied and historical volatility indications. A higher stock price and a longer time to expiration result in higher values, all else equal.

The Company applied the binomial lattice model to value the embedded derivative using a “with-and-without method,” where the value of the convertible senior notes including the embedded derivative, is defined as the “with”, and the value of the convertible senior notes excluding the embedded derivative, is defined as the “without”. This method estimates the value of the embedded derivative by looking at the difference in the values between the convertible senior notes with the embedded derivative and the value of the convertible senior notes without the embedded derivative. The lattice model requires the following inputs: (i) price of GSV common stock; (ii) the conversion rate; (iii) strike price; (iv) maturity date; (v) risk-free interest rate; (vi) estimated stock volatility; and (vii) annual risk rate.

The fair values of our financial assets and liabilities disaggregated into the three levels of the fair value hierarchy based upon the lowest level of significant input used in the valuation as of September 30, 2013 and December 31, 2012 are as follows:

	As of September 30, 2013 (Unaudited)			
	Quoted Prices in Active Markets for Identical Securities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
<b>Assets:</b>				
Common Stock	\$ 10,558,395	\$ 20,632,274	\$ 125,150,682	\$ 156,341,351
Preferred Stock	—	—	95,307,237	95,307,237
Money Market Funds	28,000,000	—	—	28,000,000
US Treasury Strips	10,845,236	—	—	10,845,236
Common Membership Interest	—	—	519,045	519,045
Term Loan	—	—	225,000	225,000
Warrants	—	—	590,813	590,813
Total Assets at Fair Value	\$ 49,403,631	\$ 20,632,274	\$ 221,792,777	\$ 291,828,682
<b>Liabilities:</b>				
Derivative Liabilities	\$ —	\$ —	\$ 1,121,000	\$ 1,121,000

GSV CAPITAL CORP. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2013

(Unaudited)

NOTE 3 — PORTFOLIO INVESTMENTS AND FAIR VALUE – (continued)

	As of December 31, 2012			
	Quoted Prices in Active Markets for Identical Securities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
<b>Assets:</b>				
Common Stock	\$ 10,964,466	\$ —	\$ 112,855,675	\$ 123,820,141
Preferred Stock	—	—	100,853,882	100,853,882
Money Market Funds	16,000,000	—	—	16,000,000
Common Membership Interest	—	—	500,000	500,000
Warrants	—	—	223,062	223,062
Total Assets at Fair Value	\$ 26,964,466	\$ —	\$ 214,432,619	\$ 241,397,085

The aggregate values of Level 3 portfolio investments and embedded derivative changed during the nine months ended September 30, 2013 and the year ended December 31, 2012 as follows:

	Nine months ended September 30, 2013 (Unaudited)						Total
	Common Stock	Preferred Stock	Common Membership Interest	Term Loans	Warrants	Embedded Derivative	
<b>Assets:</b>							
Fair value as of December 31, 2012	\$ 112,855,675	\$ 100,853,882	\$ 500,000	\$ —	\$ 223,062	\$ —	\$ 214,432,619
Purchases of investments	6,625,603	22,394,521	—	232,744	—	—	29,252,868
Exercises, conversions and assignments — In <sup>(1)</sup>	(2,000,000)	2,000,000	—	—	67,021	—	67,021
Sales and settlements	—	(4,516,206)	—	—	—	—	(4,516,206)
Realized loss included in earnings	(748,719)	(5,588,501)	—	—	—	—	(6,337,220)
Exercises, conversions and assignments — Out <sup>(1)</sup>	1,999,997	(2,067,018)	—	—	—	—	(67,021)
Change in unrealized appreciation (depreciation) included in earnings	20,483,233	(9,610,943)	19,045	(7,744)	300,730	—	11,184,321
Transfer to Level 2 and Level 1	(14,065,107)	(8,158,498)	—	—	—	—	(22,223,605)
Fair Value as of September 30, 2013	\$ 125,150,682	\$ 95,307,237	\$ 519,045	\$ 225,000	\$ 590,813	\$ —	\$ 221,792,777
Change in unrealized appreciation (depreciation) on Level 3 investments still held as of September 30, 2013	\$ 15,512,517	\$ (2,953,333)	\$ 19,045	\$ (7,744)	\$ 300,730	\$ —	\$ 12,871,215
<b>Liabilities:</b>							
Fair Value as of December 31, 2012	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Embedded derivative from issuance of convertible senior notes	—	—	—	—	—	700,000	700,000
Loss on fair value adjustment for embedded derivative	—	—	—	—	—	421,000	421,000
Fair Value as of September 30, 2013	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,121,000	\$ 1,121,000

GSV CAPITAL CORP. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
September 30, 2013  
(Unaudited)

NOTE 3 — PORTFOLIO INVESTMENTS AND FAIR VALUE – (continued)

(1) During the period ended September 31, 2013, the Company converted its preferred shares to common shares in CUX Inc. and converted its common shares to preferred shares in Totus Solutions Inc.

	Year ended December 31, 2012					
	Common Stock	Preferred Stock	Structured Note	Common Membership Interest	Warrants	Total
Fair value as of December 31, 2011	\$ 40,865,381	\$ 17,453,085	\$ 4,500,000	\$ —	\$ 71,396	\$ 62,889,862
Purchases of investments	86,378,395	85,104,161	854,236	500,000	31,354	172,868,146
Exercises, conversions and assignments <sup>(1)</sup>	—	984,067	(1,006,390)	—	22,323	—
Sales and settlements	—	—	(3,002,665)	—	—	(3,002,665)
Realized loss included in earnings	—	—	(1,380,263)	—	—	(1,380,263)
Change in unrealized appreciation (depreciation) included in earnings	(5,027,001)	(2,687,431)	35,082	—	97,989	(7,581,361)
Transfer to Level 2	(9,361,100)	—	—	—	—	(9,361,100)
Fair Value as of December 31, 2012	\$112,855,675	\$100,853,882	\$ —	\$ 500,000	\$223,062	\$214,432,619
Change in unrealized appreciation (depreciation) on Level 3 investments still held as of December 31, 2012	\$ (3,919,288)	\$ (2,687,431)	\$ —	\$ —	\$ 97,989	\$ (6,508,730)

(1) During the year ended December 31, 2012, the Company converted its structured notes to preferred shares in AlwaysOn, Inc. and The Echo System Corp., and exercised its warrants for preferred shares in StormWind, LLC. A portion of The Echo System Corp. structured notes attributable to the warrants was reclassified during the same period.

During the nine months ended September 30, 2013, there were four transfers between levels. Three of these transfers occurred as of September 30, 2013, and one occurred as of March 31, 2013. These transfers occurred as a result of the initial public offering of several of our portfolio companies as described below.

Due to a public offering of Violin Memory on September 27, 2013, observable inputs became available for our valuation at September 30, 2013. This resulted in a transfer of Violin Memory from Level 3 to Level 2. Our shares in Violin Memory are presently subject to a lock-up agreement that expires on March 26, 2014. The fair value for Violin Memory was estimated using the close price on a public exchange as of the valuation date, adjusted for a discount due to lack of marketability of 10% that was primarily based on the market value of publicly traded put options with a similar term as our lock-up as of September 30, 2013.

Due to a public offering of Control4 Corporation on August 2, 2013, observable inputs became available for our valuation at September 30, 2013. This resulted in a transfer of Control4 Corp from Level 3 to Level 2. Our shares in Control4 Corporation are presently subject to a lock-up agreement that expires on January 29, 2014. The fair value for Control4 Corporation was estimated using the close price on a public exchange as of the valuation date, adjusted for a discount due to lack of marketability of 8% that was primarily based on the market value of publicly traded put options with a similar term as our lock-up as of September 30, 2013.

Due to a public offering of Silver Spring Networks, Inc. on March 12, 2013, observable inputs became available for our valuation at March 31, 2013. However, our shares in Silver Spring Networks, Inc. were subject to a lock-up agreement that expired on September 8, 2013. As such, the fair value for Silver Spring was estimated using the close price on a public exchange as of the valuation date, adjusted for a discount due to lack of marketability of 7% that was primarily based on the market price of publicly traded put options with a similar term as the lock-up as of June 30, 2013. This resulted in a transfer of Silver Spring from Level 3 to Level 2. Due to the expiration of the lock-up agreement on our shares in Silver Spring Networks

GSV CAPITAL CORP. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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(Unaudited)

**NOTE 3 — PORTFOLIO INVESTMENTS AND FAIR VALUE – (continued)**

on September 8, 2013, the closing price on a public exchange on September 30, 2013 was used for our valuation as of September 30, 2013. This resulted in a transfer of Silver Spring Networks from Level 2 to Level 1.

During the nine months ended September 30, 2013, the Company wrote-off its investments in Top Hat 430, Inc., Serious Energy, Inc., and AltEgo, LLC and recorded a realized loss.

During the year ended December 31, 2012, there were three transfers between levels. Two of these transfers occurred as of June 30, 2012, and one occurred as of December 31, 2012. These transfers occurred as a result of the initial public offering of several of our portfolio companies as described below.

Due to the expiration of the lock-up agreement on our shares in Groupon, Inc. on June 1, 2012, the closing price on a public exchange on June 29, 2012 was used for our valuation as of June 30, 2012. This resulted in a transfer of Groupon, Inc. from Level 2 to Level 1. At December 31, 2012, Groupon, Inc. was valued using the closing price on a public exchange on December 31, 2012.

Due to the initial public offering of Facebook, Inc. on May 17, 2012, observable inputs became available for our valuation as of June 30, 2012. However, our shares in Facebook, Inc. were subject to a lock-up agreement that expired on November 14, 2012. As such, the fair value for Facebook, Inc. was estimated using the closing price on a public exchange as of June 29, 2012, adjusted for a discount due to a lack of marketability of 14% that was primarily based on the market price of publicly traded put options with a similar term as our lock-up as of June 30, 2012. This resulted in a transfer of Facebook, Inc. from Level 3 to Level 2. Due to the expiration of the lock-up agreement on our shares in Facebook, Inc. on November 14, 2012, the closing price on a public exchange on December 31, 2012 was used for our valuation as of December 31, 2012. This resulted in a transfer of Facebook, Inc. from Level 2 to Level 1.

During the year ended December 31, 2012, the Company recorded a realized loss on our investment in PJB Fund LLC. The note matured and was repaid by transfer of shares of common stock of Zynga, Inc.

**NOTE 4 — EQUITY OFFERINGS AND RELATED EXPENSES**

We issued 13,800,000 shares of our common stock during the year ended December 31, 2012. No new shares of our common stock were issued during the nine months ended September 30, 2013. The proceeds raised, the related underwriting fees, the offering expenses and the prices at which these shares were issued are as follows:

Issuances of Common Stock	Number of Shares	Gross Proceeds Raised	Underwriting Fees	Offering Expenses	Offering Price
February 28, 2011	100	\$ 1,500	\$ —	\$ —	\$ 15.00
April 28, 2011	3,335,000	50,025,000	3,501,750	527,166 <sup>(1)</sup>	15.00
September 27, 2011	2,185,000	30,917,750	1,267,300	531,122 <sup>(2)</sup>	14.15
February 10, 2012	6,900,000	103,500,000	7,245,000	326,077	15.00
May 11, 2012	6,900,000	112,125,000	6,727,500	412,620 <sup>(3)</sup>	16.25

(1) Includes \$3,585 of offering expenses that were accrued as of September 30, 2011.

(2) Amount was reduced by \$18,878 after actual expenses for the offering were determined as of December 31, 2011.

(3) Includes \$960 of offering expenses that were accrued as of September 30, 2012.

GSV CAPITAL CORP. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2013

(Unaudited)

**NOTE 5 — NET INCREASE (DECREASE) IN NET ASSETS PER COMMON SHARE**

The Company considered the potential dilutive effects of the convertible senior notes on earnings per share in accordance with the requirement of ASC 260-10, using the if-converted method. The effect of the assumed conversion of the convertible senior notes would have been to increase earnings per share. As such, the Company has excluded the effects of the assumed conversion of the convertible senior notes from the diluted EPS calculation. The following information sets forth the computation of net increase (decrease) in net assets resulting from operations per common share for the three and nine months ended September 30, 2013, and September 30, 2012, respectively.

	<u>Three months ended September 30,</u>		<u>Nine months ended September 30,</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Net increase (decrease) in net assets resulting from operations	\$ 5,715,746	\$ (6,999,840)	\$ 1,740,194	\$ (12,557,797)
Weighted average common shares	19,320,100	19,320,100	19,320,100	15,013,896
<b>Basic and diluted earnings per common share</b>	<b>\$ 0.29</b>	<b>\$ (0.36)</b>	<b>\$ 0.09</b>	<b>\$ (0.84)</b>

**NOTE 6 — LEGAL CONTINGENCIES**

The Company is currently not subject to any legal proceedings, nor, to our knowledge, is any material legal proceeding threatened against us. From time to time, we may be a party to certain legal proceedings in the ordinary course of business, including proceedings relating to the enforcement of our rights under contracts with our portfolio companies.

**NOTE 7 — FINANCIAL HIGHLIGHTS**

	<u>Three months ended September 30, 2013</u>	<u>Three months ended September 30, 2012</u>
<b>Per Share Data:</b>		
Net asset value at beginning of period	\$ 12.87	\$ 13.81
Issuance of common shares	—	—
Underwriters' discount	—	—
Offering costs	—	—
Net investment loss	(0.16) <sup>(1)</sup>	(0.12) <sup>(1)</sup>
Realized loss	(0.01) <sup>(1)</sup>	—
Change in unrealized appreciation (depreciation)	0.46 <sup>(1)</sup>	(0.24) <sup>(5)</sup>
Net asset value at end of period	<u>\$ 13.16</u>	<u>\$ 13.45</u>
Per share market value at end of period	\$ 14.82	\$ 8.63
Total return based on market value	88.55% <sup>(6)</sup>	(7.20)% <sup>(6)</sup>
Total return based on net asset value	2.25% <sup>(6)</sup>	(2.61)% <sup>(6)</sup>
Shares outstanding at end of period	19,320,100	19,320,100
<b>Ratio/Supplemental Data:</b>		
Net assets at end of period	\$ 254,322,995	\$ 259,859,254
Average net assets	\$ 249,457,996	\$ 263,278,115
Annualized ratio of gross operating expenses to average net assets <sup>(8)</sup>	4.85%	3.54%
Annualized ratio of net operating expenses to average net assets <sup>(8)</sup>	4.85%	3.54%
Annualized ratio of net investment income to average net assets <sup>(8)</sup>	(4.85)%	(3.52)%

GSV CAPITAL CORP. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
September 30, 2013  
(Unaudited)

NOTE 7 — FINANCIAL HIGHLIGHTS – (continued)

	Nine months ended September 30, 2013	Nine months ended September 30, 2012
<b>Per Share Data:</b>		
Net asset value at beginning of period	\$ 13.07	\$ 12.95
Issuance of common shares	—	1.91 <sup>(3)</sup>
Underwriters' discount	—	(0.72) <sup>(2)</sup>
Offering costs	—	(0.04) <sup>(2)</sup>
Net investment loss	(0.41) <sup>(1)</sup>	(0.37) <sup>(1)</sup>
Realized loss	(0.51) <sup>(1)</sup>	(0.07) <sup>(2)</sup>
Change in unrealized appreciation (depreciation)	1.01 <sup>(1)</sup>	(0.21) <sup>(5)</sup>
Net asset value at end of period	<u>\$ 13.16</u>	<u>\$ 13.45</u>
Per share market value at end of period	\$ 14.82	\$ 8.63
Total return based on market value	75.80% <sup>(6)</sup>	(38.14)% <sup>(6)</sup>
Total return based on net asset value	0.69% <sup>(6)</sup>	3.86% <sup>(6)</sup>
Shares outstanding at end of period	19,320,100	19,320,100
<b>Ratio/Supplemental Data:</b>		
Net assets at end of period	\$ 254,322,995	\$ 259,859,254
Average net assets	\$ 248,962,372	\$ 190,300,817
Annualized ratio of gross operating expenses to average net assets <sup>(8)</sup>	4.29%	4.03%
Annualized ratio of net operating expenses to average net assets <sup>(8)</sup>	4.29%	4.03%
Annualized ratio of net investment income to average net assets <sup>(8)</sup>	(4.28)%	(3.86)%
	<b>Year ended December 31, 2012</b>	<b>For the period from January 6, 2011 (date of inception) to December 31, 2011</b>
<b>Per Share Data:</b>		
Net asset value at beginning of period	\$ 12.95	\$ —
Issuance of common shares	1.91 <sup>(3)</sup>	14.67 <sup>(4)</sup>
Underwriters' discount	(0.72) <sup>(2)</sup>	(0.86) <sup>(2)</sup>
Offering costs	(0.04) <sup>(2)</sup>	(0.19) <sup>(2)</sup>
Net investment loss	(0.51) <sup>(1)</sup>	(0.37) <sup>(2)</sup>
Realized loss	(0.09) <sup>(1)</sup>	—
Change in unrealized depreciation	(0.43) <sup>(5)</sup>	(0.30) <sup>(2)</sup>
Net asset value at end of period	<u>\$ 13.07</u>	<u>\$ 12.95</u>
Per share market value at end of period	\$ 8.43	\$ 13.95
Total return based on market value	(39.57)% <sup>(6)</sup>	(7.00)% <sup>(7)</sup>
Total return based on net asset value	0.93% <sup>(6)</sup>	(13.67)% <sup>(7)</sup>
Shares outstanding at end of period	19,320,100	5,520,100

GSV CAPITAL CORP. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
September 30, 2013  
(Unaudited)

NOTE 7 — FINANCIAL HIGHLIGHTS – (continued)

Ratio/Supplemental Data:	Year ended December 31, 2012	For the period from January 6, 2011 (date of inception) to December 31, 2011
Net assets at end of period	\$ 252,582,801	\$ 71,503,248
Average net assets	\$ 208,050,344	\$ 44,532,523
Annualized ratio of gross operating expenses to average net assets <sup>(9)</sup>	4.10%	5.01%
Annualized ratio of net operating expenses to average net assets <sup>(9)</sup>	4.10%	5.01%
Annualized ratio of net investment income to average net assets <sup>(9)</sup>	(3.98)%	(4.64)%

- (1) Based on weighted average number of shares outstanding for the period.
- (2) Based on shares outstanding at end of period.
- (3) Issuance of common shares for the year ended December 31, 2012 and the nine months ended September 30, 2012 is based on the change in net asset value from the secondary offerings on February 10, 2012 and May 11, 2012.
- (4) Issuance of common shares for the period from January 6, 2011 (date of inception) to December 31, 2011 is based on the weighted average offering price for the shares issued during the period.
- (5) Includes the impact of the different share amounts as a result of calculating certain per share data based on the weighted average basic shares outstanding during the period and certain per share data based on the shares outstanding as of a period end or transaction date.
- (6) Total return based on market value is based on the change in market price per share between the opening and ending market values per share in the period. Total return based on net asset value is based upon the change in net asset value per share between the opening and ending net asset values per share and the issuance of common shares in the period. The percentage returns noted above are based on the increase in our net asset value attributable to issuances of our common stock at a premium to our net asset value per share, rather than investment returns. Such issuances of our common stock at a premium to net asset value per share are not typical, and may not occur in the future. The total returns are not annualized.
- (7) Total return based on market value is based on the change in market price per share assuming an investment at the initial public offering price of \$15.00 per share. Total return based on net asset value is based upon the change in net asset value per share between the opening and ending net asset values per share and the issuance of common shares in the period. The total returns are not annualized.
- (8) Financial Highlights for periods of less than one year are annualized and the ratios of operating expenses to average net assets and net investment loss to average net assets are adjusted accordingly. Non-recurring expenses were not annualized. Because the ratios are calculated for the Company's common stock taken as a whole, an individual investor's ratios may vary from these ratios.
- (9) Financial Highlights for periods of less than one year are annualized and the ratios of operating expenses to average net assets and net investment loss to average net assets are adjusted accordingly. Non-recurring expenses were not annualized. For the year-end December 31, 2012, and for the period from January 6, 2011 (date of inception) to December 31, 2011, the Company incurred \$0, and \$198,831 of organizational expenses, respectively, which were deemed to be non-recurring. For the period from January 6, 2011 (date of inception) to December 31, 2011, average net assets were calculated starting from the issuance of 100 shares on February 28, 2011. Because the ratios are calculated for the Company's common stock taken as a whole, an individual investor's ratios may vary from these ratios.

**GSV CAPITAL CORP. AND SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**September 30, 2013**

**(Unaudited)**

**NOTE 8 — INCOME TAX**

The Company was taxed as a C corporation and subject to federal and state corporation income taxes for its 2012 taxable year. The GSVC Holdings, which are taxed as C corporations, are not consolidated into the Company for income tax filing purposes. These subsidiaries hold certain pass-through companies in connection with the Company's proposed qualification as a RIC beginning with its 2013 taxable year. The Company recorded no current income tax expense or benefit during the year ended December 31, 2012 since it had net operating loss carry-forwards from prior years and a net operating loss for the 2012 tax year.

The Company recorded no deferred income tax expense or benefit for the year ended December 31, 2012 since it provided a full valuation allowance for deferred tax assets, which consisted primarily of net operating losses and temporary differences based on realized losses and unrealized depreciation of investments for financial statement purposes.

For federal and state purposes, a portion of the Company's net operating loss carryforwards and basis differences may be subject to limitations on annual utilization in case of a change in ownership, as defined by federal and state law. The amount of such limitations, if any, has not been determined. Accordingly, the amount of such tax attributes available to offset future profits may be significantly less than the actual amounts of the tax attributes.

The Company has provided a full valuation allowance for its deferred tax assets due to uncertainty of generating sufficient capital gains or taxable income in future periods to realize these assets. Beginning with its 2013 taxable year, the Company may elect to be treated as a RIC if it is in the best interests of the Company and the Company is able to satisfy the requirements under subchapter M of the Internal Revenue Code. As a RIC, the RIC generally will not pay corporate-level U.S. federal income taxes on any net ordinary income or capital gains that the Company distributes to its stockholders as dividends and claims dividends paid deductions to compute taxable income. Accordingly, the RIC would no longer provide deferred taxes nor associated valuation allowance. Included in the Company's consolidated financial statements, the GSVC Holdings are taxable subsidiaries of the RIC. These taxable subsidiaries are not consolidated for income tax purposes and may generate income tax expenses as a result of their ownership of the portfolio companies. Such income tax expenses and deferred taxes, if any, will be reflected in the Company's consolidated financial statements. A RIC will not be eligible to utilize net operating losses. However, the net operating losses may become available should the Company not elect to be taxed as a RIC for 2013 or subsequently fails to qualify as a RIC and become a C corporation in the future.

In addition to meeting other requirements, the Company must generally distribute at least 90% of its investment company taxable income to qualify for the special treatment accorded to a RIC and maintain its RIC status. As part of maintaining RIC status, undistributed taxable income (subject to a 4% excise tax) pertaining to a given fiscal year may be distributed up to 12 months subsequent to the end of that fiscal year, provided such dividends are declared prior to the later of (1) the fifteenth day of the ninth month following the close of that fiscal year or (2) the extended due date for filing the federal income tax return for that fiscal year.

The Company did not have any material changes in unrecognized tax benefits as of the period presented herein. The Company identified its major tax jurisdictions as U.S. federal and California. The Company is not aware of any tax positions for which it is reasonably possible that the total amount of unrecognized tax benefits will change significantly in the next 12 months.

GSV CAPITAL CORP. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2013

(Unaudited)

NOTE 9 — LONG TERM LIABILITIES

*Convertible senior notes payable*

On September 17, 2013, the Company issued \$69,000,000 aggregate principal amount of the convertible senior notes (the "Convertible Notes") (including \$9,000,000 aggregate principal amount issued pursuant to the exercise of the initial purchasers' option to purchase additional Convertible Notes). The Convertible Notes bear interest at a rate of 5.25% per year, payable semi-annually in arrears on March 15 and September 15 of each year, commencing on March 15, 2014. The Convertible Notes are convertible into shares of our common stock based on an initial conversion rate of 61.5091 shares of our common stock per \$1,000 principal amount of Convertible Notes, which is equivalent to an initial conversion price of approximately \$16.26 per share of common stock. The Convertible Notes mature on September 15, 2018, unless previously purchased or converted in accordance with their terms. The Company does not have the right to redeem the Convertible Notes prior to maturity.

The terms of the offering require the Company to place a portion of the proceeds of the offering in an escrow account (the "Interest Escrow") with U.S. Bank National Association, (the "trustee") under the indenture pursuant to which the notes are issued. Funds in the escrow account will be invested in government securities and will be used to make the first six scheduled interest payments on the notes, unless the Company elects to make the interest payments from the Company's available funds. The interest payments on the Convertible Notes will be secured by a pledge of the company's interest in the escrow account. In accordance with the Interest Escrow, the Company deposited \$10,867,500 in an escrow account with the Trustee. These funds were used to purchase \$10,845,236 of government securities. These government securities are shown on the consolidated schedule of investments. The excess funds of \$22,264 remaining from the purchase of government securities held in escrow will be used to secure the payment of the notes and is included on the Consolidated Statements of Assets and Liabilities. Proceeds from the issuance of the Convertible Notes were offset by offering costs of approximately \$3,237,833 that are being amortized over the term of the notes in accordance with ASC 470 *Debt*. As of September 30, 2013, of the total offering costs of \$3,237,833 incurred, \$3,209,462 remains to be amortized and is included within deferred debt issuance costs on the Consolidated Statements of Assets and Liabilities.

As of September 30, 2013, the principal amount of the Convertible Notes exceeded the value of the underlying shares multiplied by the per share closing price of the Company's common stock.

The Convertible Notes are the Company's senior, unsecured obligations and rank senior in right of payment to any future indebtedness that is expressly subordinated in right of payment to the Convertible Notes, equal in right of payment to any future unsecured indebtedness that is not so subordinated to the Convertible Notes, junior (other than to the extent of the interest escrow) to any future secured indebtedness to the extent of the value of the assets securing such indebtedness, and structurally junior to all future indebtedness (including trade payables) incurred by our subsidiaries.

*Embedded Derivative*

The Convertible Notes contain an interest make-whole payment provision pursuant to which holders who convert their notes prior to September 15, 2016 will receive, in addition to a number of shares of our common stock calculated at the applicable conversion rate for principal amount of notes being converted, the cash proceeds from sale by the escrow agent of the portion of the government securities in the escrow account that are remaining with respect to any of the first six interest payments that have not been made on the notes being converted. Under ASC 815-10-15-74(a), the interest make-whole payment is considered an embedded derivative and is separated from the host contract, the Convertible Notes, and carried at fair value.

The Company used a binomial lattice model to estimate the fair value of the embedded derivative in the Convertible Notes. A binomial lattice model generates potential outcomes at various points in time, starting from the date of valuation until the expiration date of the embedded derivative. The estimated fair value of the

**GSV CAPITAL CORP. AND SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**September 30, 2013**

**(Unaudited)**

**NOTE 9 — LONG TERM LIABILITIES – (continued)**

embedded derivative as of September 30, 2013 is \$1,121,000 as shown on the Consolidated Statement of Assets and Liabilities. The \$421,000 increase in the estimated fair value of the embedded derivative between the initial measurement date and September 30, 2013 represents a loss on fair value adjustment for embedded derivative as shown on the Consolidated Statement of Operations.

**NOTE 10 — SUBSEQUENT EVENTS**

On October 10, 2013, the Company formed a wholly-owned subsidiary, Coursera@GSV Fund, LP, a Delaware limited partnership, to hold portfolio investments.

Subsequent to September 30, 2013, the Company closed on investments of \$9.7 million, plus transaction costs as follows:

An investment of \$250,000, plus transaction costs, in S3 Digital Corp, a sports analytics company, on October 1, 2013.

Investments totaling \$1,333,332 in Global Education Learning, an education technology company, comprising of an investment of \$900,000, plus transaction costs, on October 2, 2013 and an investment of \$433,332, plus transaction costs, on October 4, 2013.

An investment of \$250,000, plus transaction costs, in Fullbridge Inc., a business education company, on October 10, 2013.

Investments totaling of \$950,000, in Sugar CRM Inc., a customer relationship company, comprising of an investment of \$855,000, plus transaction costs, on October 17, 2013 and an investment of \$95,000, plus transaction costs, on October 28, 2013.

An investment of \$2,430,016, plus transaction costs, in ePals Inc., an education technology company, on October 22, 2013.

An investment of \$4,519,444, plus transaction costs, in Coursera Inc., an online education company, on October 31, 2013.

On November 7, 2013, Twitter Inc. priced its initial public offering, selling 70,000,000 shares at a price of \$26 per share. To the extent that the underwriters sell more than 70,000,000 shares of common stock, the underwriters have the option to purchase up to an additional 10,500,000 shares from Twitter Inc. at the public offering price less the underwriting discount. GSV Capital Corp.'s shares in Twitter Inc. are subject to a lock-up agreement.

On November 8, 2013, Kno Inc., a digital textbook company, paid off the term loan for \$225,000, plus interest of \$7,425, issued by GSV on August 8, 2013. Also on November 8, 2013, Kno Inc. was acquired by Intel Corporation in order to further develop Intel's new education business.

## Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

### Forward-Looking Statements

This quarterly report on Form 10-Q contains forward-looking statements that involve substantial risks and uncertainties. These forward-looking statements are not historical facts, but rather are based on current expectations, estimates and projections about GSV Capital, our current and prospective portfolio investments, our industry, our beliefs, and our assumptions. Words such as “anticipates,” “expects,” “intends,” “plans,” “will,” “may,” “continue,” “believes,” “seeks,” “estimates,” “would,” “could,” “should,” “targets,” “projects,” and variations of these words and similar expressions are intended to identify forward-looking statements.

The forward looking statements contained in this quarterly report on Form 10-Q involve risks and uncertainties, including statements as to:

- our future operating results;
- our business prospects and the prospects of our portfolio companies;
- the impact of investments that we expect to make;
- our contractual arrangements and relationships with third parties;
- the dependence of our future success on the general economy and its impact on the industries in which we invest;
- the ability of our portfolio companies to achieve their objectives;
- our expected financings and investments;
- the adequacy of our cash resources and working capital; and
- the timing of cash flows, if any, from the operations of our portfolio companies.

These statements are not guarantees of future performance and are subject to risks, uncertainties, and other factors, some of which are beyond our control and difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements, including without limitation:

- an economic downturn could impair our portfolio companies’ ability to continue to operate, which could lead to the loss of some or all of our equity investments in such portfolio companies,
- an economic downturn could disproportionately impact the market sectors in which a significant portion of our portfolio is concentrated, causing us to suffer losses in our portfolio,
- an inability to access the equity markets could impair our investment activities,
- interest rate volatility could adversely affect our results, particularly if we opt to use leverage as part of our investment strategy, and
- the risks, uncertainties and other factors we identify in “Risk Factors” and elsewhere in this quarterly report on Form 10-Q and in our filings with the SEC.

Although we believe that the assumptions on which these forward-looking statements are based are reasonable, any of those assumptions could prove to be inaccurate, and as a result, the forward-looking statements based on those assumptions also could be inaccurate. In light of these and other uncertainties, the inclusion of a projection or forward-looking statement in this quarterly report on Form 10-Q should not be regarded as a representation by us that our plans and objectives will be achieved. These risks and uncertainties include those described or identified in “Risk Factors” and elsewhere in this quarterly report on Form 10-Q. You should not place undue reliance on these forward-looking statements, which apply only as of the date of this quarterly report on Form 10-Q.

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The following analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and the related notes included in the annual report on Form 10-K for the year ended December 31, 2012 and this quarterly report on Form 10-Q.

### **Overview**

We are an externally managed, non-diversified closed-end management investment company that has elected to be treated as a business development company under the 1940 Act. Our investment objective is to maximize our portfolio's total return, principally by seeking capital gains on our equity and equity-related investments. We invest principally in the equity securities of what we believe to be rapidly growing venture capital-backed emerging companies. We acquire our investments through direct investments with prospective portfolio companies, secondary marketplaces for private companies and negotiations with selling stockholders. We may also invest on an opportunistic basis in select publicly-traded equity securities or certain non-U.S. companies that otherwise meet our investment criteria. Our investment activities are managed by GSV Asset Management, and GSV Capital Service Company provides the administrative services necessary for us to operate.

Our investment philosophy is premised on a disciplined approach of identifying high-growth emerging companies across several key industry themes which may include, among others, social mobile, cloud computing, and big data, internet commerce, sustainability and education technology. Our investment adviser's investment decisions are based on a disciplined analysis of available information regarding each potential portfolio company's business operations, focusing on the company's growth potential, the quality of recurring revenues and cash flow and cost structures, as well as an understanding of key market fundamentals. Many of the companies that our investment adviser evaluates have financial backing from top tier venture capital funds or other financial or strategic sponsors.

We seek to deploy capital primarily in the form of non-controlling equity and equity-related investments, including common stock, warrants, preferred stock and similar forms of senior equity, which may or may not be convertible into a portfolio company's common equity, and convertible debt securities with a significant equity component. We used substantially all of the net proceeds of our initial public offering and follow-on offerings for the above purposes.

In May 2011 we completed our initial public offering of 3,335,000 shares of our common stock at an offering price of \$15.00 per share. We completed a follow-on offering of 2,185,000 shares of our common stock in September 2011 at an offering price of \$14.15 per share, a follow-on offering of 6,900,000 shares of our common stock in February 2012 at an offering price of \$15.00 per share and a follow on offering of 6,900,000 shares of our common stock in May 2012 at an offering price of \$16.25 per share. In the aggregate, we have raised approximately \$277.7 million in equity capitalization. Our shares are currently listed on the NASDAQ Capital Market under the symbol "GSVC".

### **Investments**

The fair value of our investments can be expected to fluctuate in future periods due to changes in our investments and changes in the fair value of the investments. The investments made during the nine months ended September 30, 2013 include:

Investments totaling \$2,879,293 in SugarCRM Inc., a customer relationship management company, comprising an investment of \$1,499,999, plus transaction costs, on January 16, 2013 and an investment of \$1,379,294, plus transaction costs, on April 1, 2013.

Investments totaling \$599,999 in AlwaysOn, Inc., a social media company, comprising an investment of \$200,000, plus transaction costs, on February 4, 2013, an investment of \$200,000, plus transaction costs, on February 28, 2013, an investment of \$24,999, plus transaction costs, on April 26, 2013 and an investment of \$175,000, plus transaction costs, on May 24, 2013.

Investments totaling \$775,863 in CUX, Inc. (d/b/a CorpU), a corporate education company, comprising an investment of \$517,244, plus transaction costs, on February 25, 2013 and an investment of \$258,619, plus transaction costs, on May 31, 2013.

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An investment of \$1,000,000, plus transaction costs, in Fullbridge, Inc., a business education company, on March 22, 2013.

An investment of \$1,733,923, plus transaction costs, in ZocDoc Inc., an online medical scheduling company, on April 4, 2013.

An investment of \$750,000, plus transaction costs, in AliphCom Inc. (d/b/a Jawbone), an audio electronics company, on May 17, 2013.

An investment of \$430,950, plus transaction costs, in Dailybreak, Inc., a social advertising company, on May 31, 2013.

An investment of \$1,000,000, plus transaction costs, in Solexel, Inc., a solar power company, on June 6, 2013.

An investment of \$180,000, plus transaction costs, in oDesk Corporation, an online marketplace company, on June 11, 2013.

An investment of \$9,999,999, plus transaction costs, in Coursera Inc., an online education company, on June 18, 2013.

An investment of \$600,000, plus transaction costs, in NestGSV, Inc., an Incubator company, on July 15, 2013.

An investment of \$1,099,997, plus transaction costs, in Dataminr, Inc., a Social Media Analytics company, on July 26, 2013.

An investment of \$225,000, plus transaction costs, in Kno, Inc., a Digital Textbooks Company, on August 1, 2013.

An investment of \$1,000,000, plus transaction costs, in Strategic Data Command, LLC, a software development company, on August 15, 2013.

An investment of \$1,500,000, plus transaction costs, in Whittle Schools, an education technology company, on August 30, 2013.

An investment of \$250,000, plus transaction costs, in Sinolending Ltd, a Chinese P2P lending company, on September 4, 2013.

An investment of \$400,000, plus transaction costs, in Totus Solutions Inc, a LED lighting company, on September 30, 2013.

The fair value, as of September 30, 2013, of all of our portfolio investments was \$252,983,446. We also held \$28,443,204 in unrestricted cash on September 30, 2013.

## **Results of Operations**

### ***Comparison of the three months ended September 30, 2013 and 2012***

#### ***Investment Income***

For the three months ended September 30, 2013, we had investment income of \$2,644, or \$0.00 per share, which consisted of \$2,256 of interest income from our portfolio investments and \$388 of dividend income primarily from our CUX, Inc preferred shares as well as our money market investments.

For the three months ended September 30, 2012, we had investment income of \$13,928, or \$0.00 per share, which consisted of \$7,063 of interest income from our portfolio investments and \$6,865 of dividend income from our money market investments.

The decrease in investment income for the three months ended September 30, 2013 relative to the three months ended September 30, 2012 was primarily due to us no longer carrying fixed income investments during the three months ended September 30, 2013.

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### ***Operating Expenses***

For the three months ended September 30, 2013, we had \$3,016,433 in total operating expenses consisting primarily of investment management fees, administration fees, the loss on fair value adjustment for embedded derivative, interest expense on the Convertible Notes, in addition to legal, audit and consulting fees. The investment advisory fee for the three months ended September 30, 2013, was \$1,298,858, representing the base management fee as provided in our investment advisory agreement. Costs incurred under our administration agreement for the three months ended September 30, 2013, were \$678,283. The loss on fair value adjustment for embedded derivative was \$421,000 for the three months ended September 30, 2013. The interest expense on the Convertible Notes was \$191,188. Professional fees, consisting of legal, valuation, and audit and consulting fees, were \$198,932 for the three months ended September 30, 2013.

For the three months ended September 30, 2012, we had \$2,348,496 in total operating expenses consisting primarily of investment management fees and administration fees, in addition to legal, audit and consulting fees. The investment advisory fee for the three months ended September 30, 2012, was \$1,351,169, representing the base management fee as provided in our investment advisory agreement. Costs incurred under our administration agreement for the three months ended September 30, 2012, were \$543,171. Professional fees, consisting of legal, valuation, and audit and consulting fees, were approximately \$242,683 for the three months ended September 30, 2012.

The increase in total operating expenses for the three months ended September 30, 2013 relative to the three months ended September 30, 2012 was mostly due to an increase in administration fees incurred. These fees increased due to an increase in our gross and net asset values during the same periods, which impact the fees incurred. Refer to note 2 for further details regarding the calculations of these fees.

### ***Net Increase (Decrease) in Net Assets***

For the three months ended September 30, 2013, we had a net change in unrealized appreciation of \$8,892,104 or \$0.46 per share resulting from appreciation of our investments, including our investments in Twitter Inc., Control4 Corporation, Facebook Inc., and Palantir Technologies. Net realized loss was \$162,569, or \$0.01 per share during the three months ended September 30, 2013, and resulted from sale of investment in Facebook Inc. Net investment loss was \$3,013,789, or \$0.16 per share, for the three months ended September 30, 2013, resulting primarily from operating expenses incurred during the quarter. Net increase in net assets resulting from operations was \$5,715,746, or \$0.29 per share, for the three months ended September 30, 2013.

For the three months ended September 30, 2012, we had a net change in unrealized depreciation of \$4,665,272, or \$0.24 per share, resulting from of our investment in Facebook, Inc. Net realized loss was \$0.00 or \$0.00 per share during the three months ended September 30, 2012. Net investment loss was \$2,334,568, or \$0.12 per share, for the three months ended September 30, 2012, resulting primarily from operating expenses incurred during the quarter. Net decrease in net assets resulting from operations was \$6,999,840, or \$0.36 per share, for the three months ended September 30, 2012.

The per share figures noted above are based on a weighted-average of 19,320,100 and 19,320,100 shares outstanding for the three months ended September 30, 2013 and 2012, respectively.

### ***Comparison of the nine months ended September 30, 2013 and 2012***

#### ***Investment Income***

For the nine months ended September 30, 2013, we had investment income of \$22,902, or \$0.00 per share, which consisted of \$2,256 of interest income from our portfolio investments and \$20,646 of dividend income primarily from our CUX, Inc preferred shares as well as our money market investments.

For the nine months ended September 30, 2012, we had investment income of \$242,087, or \$0.02 per share, which consisted of \$222,047 of interest income from our portfolio investments and \$20,040 of dividend income from our money market investments.

The decrease in investment income for the nine months ended September 30, 2013 relative to the nine months ended September 30, 2012 was primarily due to us no longer carrying fixed income investments during the nine months ended September 30, 2013.

### ***Operating Expenses***

For the nine months ended September 30, 2013, we had \$7,991,327 in total operating expenses consisting primarily of investment management fees and administration fees, the loss on fair value adjustment for embedded derivative, interest expense on the Convertible Notes in addition to legal, audit and consulting fees. The investment advisory fee for the nine months ended September 30, 2013, was \$3,828,835, representing the base management fee as provided in our investment advisory agreement. Our base management fee was significantly higher than the same period in 2012 as a result of the increase in our gross assets. Costs incurred under our administration agreement for the nine months ended September 30, 2013, were \$2,276,152. The loss on fair value adjustment for embedded derivative was \$421,000 for the nine months ended September 30, 2013. The interest expense on the Convertible Notes as \$191,188. Professional fees, consisting of legal, valuation, and audit and consulting fees, were \$656,796 for the nine months ended September 30, 2013.

For the nine months ended September 30, 2012, we had \$5,750,776 in total operating expenses consisting primarily of investment management fees and administration fees, in addition to legal, audit and consulting fees. The investment advisory fee for the nine months ended September 30, 2012, was \$3,099,186, representing the base management fee as provided in our investment advisory agreement. Costs incurred under our administration agreement for the nine months ended September 30, 2012, were \$1,490,966. Professional fees, consisting of legal, valuation, and audit and consulting fees, were approximately \$597,089 for the nine months ended September 30, 2012.

The increase in total operating expenses for the nine months ended September 30, 2013 relative to the nine months ended September 30, 2012 was mostly due to an increase in management fees as well as administration fees incurred. These fees increased due to an increase in our gross and net asset values during the same periods, which impact the fees incurred. Refer to note 2 for further details regarding the calculations of these fees.

### ***Net Increase (Decrease) in Net Assets***

For the nine months ended September 30, 2013, we had a net change in unrealized appreciation of \$19,545,712 or \$1.01 per share resulting from appreciation of our investments, including our investments in Twitter, Inc., Control4 Corporation, Palantir Technologies, Inc., and Facebook Inc., as well as the reclassification of the losses on our investments in Top Hat 430, Inc., Serious Energy, Inc., and AltEgo, LLC from unrealized loss to realized loss on investments. Net realized loss was \$9,837,093, or \$0.51 per share, and resulted from sales of investments in Groupon Inc., and Zynga, Inc., as well as the write-off of our investments in Top Hat 430, Inc., Serious Energy, Inc., and AltEgo, LLC. Net investment loss was \$7,968,425, or \$0.41 per share, for the nine months ended September 30, 2013, resulting primarily from operating expenses incurred during the quarter. Net decrease in net assets resulting from operations was \$1,740,194, or \$0.09 per share, for the nine months ended September 30, 2013.

For the nine months ended September 30, 2012, we had a net change in unrealized depreciation of \$5,668,589, or \$0.38 per share. The change in unrealized depreciation is primarily a result of our investment in Facebook, Inc. We had a net realized loss of \$1,380,519, or \$0.09 per share, resulting primarily from our investment in PJB Fund LLC, which resulted from fluctuating share prices of Zynga, Inc. Net investment loss was \$5,508,689, or \$0.37 per share, for the nine months ended September 30, 2012, resulting primarily from operating expenses incurred during the period. Net decrease in net assets resulting from operations was \$12,557,797, or \$0.84 per share, for the nine months ended September 30, 2012.

The per share figures noted above are based on a weighted-average of 19,320,100 and 15,013,896 shares outstanding for the nine months ended September 30, 2013 and 2012, respectively.

### ***Liquidity and Capital Resources***

At September 30, 2013, we had investments in 46 portfolio companies with costs totaling \$245,188,384, and unrestricted cash in the amount of \$28,443,204.

We completed a follow-on offering of 6,900,000 shares of our common stock in February 2012 at an offering price of \$15.00 per share and on May 11, 2012, we priced a subsequent follow-on equity offering of

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6,900,000 shares of our common stock at an offering price of \$16.25 per share resulting in approximately \$105.4 million in equity capitalization. Our shares are currently listed on the NASDAQ Capital Market under the symbol “GSVC”.

Our primary use of cash is to make investments and to pay our operating expenses. We used substantially all of the proceeds of the offerings to invest in portfolio companies as of September 30, 2013, except for amounts retained for purposes of funding our ongoing expenses.

Our current policy is to maintain cash and marketable security reserves in an amount sufficient to pay our operating expenses, including investment management fees, incentive fees and costs incurred under the administration agreement, for approximately two years. For a description of the investment advisory and administration services we receive, see “Related Party Transactions and Certain Relationships”. We incurred approximately \$1,298,858 and \$3,828,835 in investment management fees and \$678,283 and \$2,276,152 in costs incurred under the administration agreement for the three and nine months ended September 30, 2013, respectively. We incurred approximately \$1,351,169 and \$3,099,186 in investment management fees and \$543,171 and \$1,490,966 in costs incurred under the administration agreement for the three and nine months ended September 30, 2012, respectively.

As of September 30, 2013, the fair value of our portfolio investments was equal to the cost of the investments, net of unrealized depreciation representing transaction costs and any fair value adjustments. Fair value adjustments may include subsequent financing rounds, discounts due to lack of marketability, senior management changes or any other developments that factor into our valuations. The fair value of our investments can be expected to fluctuate in future periods due to changes in our investments and changes in the fair value of the investments.

On August 6, 2013, we executed a non-binding term sheet with SVB for the Proposed SVB Facility of \$18 million. As set forth in the term sheet, the Proposed SVB Facility would be secured by substantially all of our assets, including interests in our portfolio companies, and have a three-year term with an interest rate of WSJ Prime plus 4.75%, with an interest rate floor of 8.00%. Our term sheet with SVB is non-binding, and the final terms and conditions of the Proposed SVB Facility, including term and interest rate, remain subject to satisfactory completion of SVB’s due diligence and credit approval process and the negotiation of final definitive agreements acceptable to both parties. We cannot be certain when or if we will be successful in closing on the proposed credit facility contemplated in the term sheet. SVB’s obligation to lend under the Proposed SVB Facility would terminate if we compete with SVB in providing loans, directly or indirectly, to our portfolio companies or any of their subsidiaries.

### ***Contractual Obligations***

	Payments Due By Period (dollars in millions)				
	Total	Less than 1 year	1 – 3 years	3 – 5 years	More than 5 years
Convertible Notes	\$ 69.0	\$ —	\$ —	\$ —	\$ 69.0
<b>Total</b>	<b>\$ 69.0</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 69.0</b>

### ***Off-Balance Sheet Arrangements***

As of September 30, 2013, we had no off-balance sheet arrangements, including any risk management of commodity pricing or other hedging practices. However, we may employ hedging and other risk management techniques in the future.

### ***Distribution Policy***

The timing and amount of our dividends, if any, will be determined by our board of directors. Any dividends to our stockholders will be declared out of assets legally available for distribution. We intend to focus on making capital gains-based investments from which we will derive primarily capital gains. As a consequence, we do not anticipate that we will pay dividends on a quarterly basis or become a predictable distributor of dividends, and we expect that our dividends, if any, will be much less consistent than the

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dividends of other business development companies that primarily make debt investments. However, if there are earnings or realized capital gains to be distributed, we intend to declare and pay a dividend at least annually.

During the taxable year ended December 31, 2012, we were taxed as a C Corporation subject to federal and state corporate income taxes. We may elect to be treated as a RIC under Subchapter M of the Code, beginning with our 2013 taxable year if management determines that it is in the best interests of the Company and the Company is able to satisfy the requirements to be treated as a RIC. However, if we are not certified by the SEC as “principally engaged in the furnishing of capital to other corporations which are principally engaged in the development or exploitation of inventions, technological improvements, new processes, or products not previously generally available” for our 2013 taxable year, we will not be eligible to elect to be treated as a RIC for our 2013 taxable year. We currently intend to apply for this certification, but no assurance can be given that we will receive it, or that we will otherwise qualify as a RIC for our 2013 taxable year. If we opt not to elect to be taxed as a RIC or are unable to qualify as a RIC, we will continue to be taxed as a C corporation under the Code for our 2013 taxable year. To obtain and maintain RIC tax treatment, we must, among other things, distribute at least 90% of our ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any, for each taxable year. See “Material U.S. Federal Income Tax Considerations.” There is no assurance that we will achieve results that will permit the payment of any cash distributions and, to the extent that we issue senior securities, we will be prohibited from making distributions if doing so causes us to fail to maintain the asset coverage ratios stipulated by the 1940 Act or if distributions are limited by the terms of any of our borrowings. In addition, although it is currently its intention to do so, at the present time, the Company cannot assure you whether it will elect to be treated as a RIC for its 2013 taxable year. If it opts not to do so, the Company will continue to be taxed as a C corporation under the Code for its 2013 taxable year.

Our current intention is to make any distributions out of assets legally available therefrom in additional shares of our common stock under our dividend reinvestment plan, unless you elect to receive your dividends and/or long-term capital gains distributions in cash. Under the dividend reinvestment plan, if a stockholder owns shares of common stock registered in its own name, the stockholder will have all cash distributions automatically reinvested in additional shares of common stock unless the stockholder opts out of our dividend reinvestment plan by delivering a written notice to our dividend paying agent prior to the record date of the next dividend or distribution. See “Dividend Reinvestment Plan.” Any distributions reinvested under the plan will nevertheless remain taxable to the U.S. stockholder, although no cash distribution has been made. As a result, if you do not elect to opt out of the dividend reinvestment plan, you will be required to pay applicable federal, state and local taxes on any reinvested dividends even though you will not receive a corresponding cash distribution. In addition, reinvested dividends have the effect of increasing our gross assets, which may correspondingly increase the management fee payable to our investment adviser. If you hold shares in the name of a broker or financial intermediary, you should contact the broker or financial intermediary regarding your election to receive distributions in cash.

### ***Borrowings***

#### ***Convertible senior notes payable***

On September 17, 2013, the Company issued \$69,000,000 aggregate principal amount of the Convertible Notes (the “Convertible Notes”) (including \$9,000,000 aggregate principal amount issued pursuant to the exercise of the initial purchasers’ option to purchase additional Convertible Notes). The Convertible Notes bear interest at a rate of 5.25% per year, payable semi-annually in arrears on March 15 and September 15 of each year, commencing on March 15, 2014. The Convertible Notes are convertible into shares of our common stock based on an initial conversion rate of 61.5091 shares of our common stock per \$1,000 principal amount of Convertible Notes, which is equivalent to an initial conversion price of approximately \$16.26 per share of common stock. The Convertible Notes mature on September 15, 2018, unless previously purchased or converted in accordance with their terms. The Company does not have the right to redeem the Convertible Notes prior to maturity.

The terms of the offering require the Company to place a portion of the proceeds of the offering in an escrow account (the “Interest Escrow”) with U.S. Bank National Association, (the “trustee”) under the

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indenture pursuant to which the notes are issued. Funds in the escrow account will be invested in government securities and will be used to make the first six scheduled interest payments on the notes, unless the Company elects to make the interest payments from the Company's available funds. The interest payments on the Convertible Notes will be secured by a pledge of the company's interest in the escrow account. In accordance with the Interest Escrow, the Company placed \$10,845,236 of government securities in an escrow account with the Trustee. These government securities are shown on the consolidated schedule of investments.

As of September 30, 2013, the principal amount of the Convertible Notes exceeded the value of the underlying shares multiplied by the per share closing price of the Company's common stock.

The Convertible Notes are the Company's senior, unsecured obligations and rank senior in right of payment to any future indebtedness that is expressly subordinated in right of payment to the Convertible Notes, equal in right of payment to any future unsecured indebtedness that is not so subordinated to the Convertible Notes, junior (other than to the extent of the interest escrow), to any future secured indebtedness to the extent of the value of the assets securing such indebtedness, and structurally junior to all future indebtedness (including trade payables) incurred by our subsidiaries.

The Convertible Notes contain an interest make-whole payment provision pursuant to which holders who convert their notes prior to September 15, 2016 will receive, in addition to a number of shares of our common stock calculated at the applicable conversion rate for principal amount of notes being converted, the cash proceeds from sale by the escrow agent of the portion of the government securities in the escrow account that are remaining with respect to any of the first six interest payments that have not been made on the notes being converted. Under ASC 815-10-15-74(a), the interest make-whole payment is considered an embedded derivative and is separated from the host contract, the Convertible Notes, and carried at fair value.

August 6, 2013, we executed a non-binding term sheet with SVB for the Proposed SVB Facility of \$18 million. As set forth in the term sheet, the Proposed SVB Facility would be secured by substantially all of our assets, including interests in our portfolio companies, and would have a three-year term with an interest rate of WSJ Prime plus 4.75%, with an interest rate floor of 8.00%. Our term sheet with SVB is non-binding, and the final terms and conditions of the Proposed SVB Facility, including term and interest rate, remain subject to satisfactory completion of SVB's due diligence and credit approval process and the negotiation of final definitive agreements acceptable to both parties. Negotiations regarding the final credit agreement remain ongoing. We cannot be certain when or if we will be successful in closing on the proposed credit facility contemplated in the term sheet. The Proposed SVB Facility, if consummated, is expected to be effectively senior to the Convertible Notes to the extent of the value of the assets securing such indebtedness (other than to the extent of the interest escrow).

### **Related Party Transactions**

We entered into an investment advisory agreement with GSV Asset Management (the "Advisory Agreement") in connection with our initial public offering. Pursuant to the Advisory Agreement, GSV Asset Management will be paid a base annual fee of 2.00% of gross assets, and an annual incentive fee equal to the lesser of (i) 20% of the GSV Capital's realized capital gains during each calendar year, if any, calculated on an investment-by-investment basis, subject to a non-compounded preferred return, or "hurdle," and a "catch-up" feature, and (ii) 20% of the GSV Capital's realized capital gains, if any, on a cumulative basis from inception through the end of each calendar year, computed net of all realized capital losses and unrealized capital depreciation on a cumulative basis, less the aggregate amount of any previously paid incentive fees. GSV Asset Management earned \$1,298,858 and \$3,828,835 in base management fees and \$0 in incentive fees for the three and nine months ended September 30, 2013, respectively. GSV Asset Management earned \$1,351,169 and \$3,099,186 in base fees and \$0 in incentive fees for the three and nine months ended September 30, 2012, respectively.

As of September 30, 2013, we were owed \$15,067 from GSV Asset Management for reimbursement of expenses paid for by us that were the responsibility of GSV Asset Management.

In addition as of September 30, 2013, we owed GSV Asset Management \$33,803, which relates to the reimbursement of expenses paid for by GSV Asset Management that were the responsibility of the Company.

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As of September 30, 2012, we were owed \$3,315 from GSV Asset Management for reimbursement of legal fees paid for by us that were the responsibility of GSV Asset Management.

In addition as of September 30, 2012, we owed GSV Asset Management \$41,197 for reimbursement of travel-related and other expenses. We owed certain officers and directors \$917 in reimbursements for travel-related and other expenses.

We entered into an Administration Agreement with GSV Capital Service Company (the "Administration Agreement") to provide administrative services, including furnishing us with office facilities, equipment, clerical, bookkeeping services and other administrative services, in connection with our initial public offering. We reimburse GSV Capital Service Company an allocable portion of overhead and other expenses in performing its obligations under the Administration Agreement. There were \$678,283 and \$2,276,152 in such costs incurred under the Administration Agreement for the three and nine months ended September 30, 2013 respectively. There were \$543,171 and \$1,490,966 in such costs incurred under the Administration Agreement for the three and nine months ended September 30, 2012, respectively.

We also adopted a Code of Ethics which applies to, among others, our senior officers, including our Chief Executive Officer and Chief Financial Officer, as well as all of our officers, directors and employees. Our Code of Ethics requires that all employees and directors avoid any conflict, or the appearance of a conflict, between an individual's personal interests and our interests. Pursuant to our Code of Ethics, each employee and director must disclose any conflicts of interest, or actions or relationships that might give rise to a conflict, to our Chief Compliance Officer. Our board of directors is charged with approving any waivers under our Code of Ethics. As required by the NASDAQ corporate governance listing standards, the Audit Committee of our board of directors is also required to review and approve any transactions with related parties (as such term is defined in Item 404 of Regulation S-K).

In April 2012, in connection with our investment in Top Hat, Inc., Cherry Tree & Associates, LLC, an investment banking firm, received a fee of approximately \$259,000 for its representation of Top Hat, Inc. Mark Moe, who is the brother of our Chief Executive Officer, Michael Moe, served as a Managing Director of Cherry Tree & Associates, LLC, and may therefore be deemed to have had an indirect material interest in such transaction. In February 2013, Mark Moe joined NestGSV, Inc., one of our portfolio companies, as a Vice President of Business Development, Global Expansion.

### **Critical Accounting Policies**

#### ***Valuation of Investments at Fair Value***

We carry our investments at fair value, as determined in good faith by our board of directors, in accordance with GAAP. Fair value is the price that one would receive upon selling an investment or pay to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or most advantageous market for the investment or liability. GAAP emphasizes that valuation techniques should maximize the use of observable market inputs and minimize the use of unobservable inputs. Observable inputs are based on market data obtained from sources independent of the entity and should not be limited to information that is only available to the entity making the fair value determination, or to a small group of users. Observable market inputs should be readily available to participants in that market. In addition, observable market inputs should include a level of transparency that is reliable and verifiable.

GAAP fair value measurement guidance classifies the inputs used to measure these fair values into the following hierarchy:

**Level 1.** Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that we have the ability to access.

**Level 2.** Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability. Level 2 inputs include the following:

- a) Quoted prices for similar assets or liabilities in active markets;
- b) Quoted prices for identical or similar assets or liabilities in non-active markets;

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- c) Pricing models whose inputs are observable for substantially the full term of the asset or liability; and
- d) Pricing models whose inputs are derived principally from or corroborated by observable market data through correlation or other means for substantially the full term of the asset or liability.

**Level 3.** Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the asset or liability.

An asset's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Securities that are publicly traded are generally valued at the close price on the valuation date; however, if they remain subject to lock-up restrictions they are discounted accordingly. Securities that are not publicly traded or for which there are no readily available market quotations are valued at fair value as determined in good faith by our board of directors.

In connection with that determination, portfolio company valuations are prepared using the most currently available data. As appropriate, we obtain updates on each portfolio company's financial performance, including information such as economic and industry trends, new product development, and other operational issues.

In making our good faith determination of the fair value of investments, we consider valuation methodologies consistent with industry practice, including but not limited to (i) publicly available information regarding the valuation of the securities based on recent sales in comparable transactions of private companies, (ii) when management believes there are comparable companies that are publicly traded, a review of these publicly traded companies and applicable market multiples of their equity securities and, (iii) an income approach that estimates value based on the expectation of future cash flows that an asset or business will generate.

We engage independent valuation firms to perform valuations of our investments that are not publicly traded or for which there are no readily available market quotations. We also engage independent valuation firms to perform valuations of any securities that trade on private secondary markets, but are not otherwise publicly traded, where there is a lack of appreciable trading or a wide disparity in recently reported trades. We consider the independent valuations, among other factors, in making our fair value determinations.

### ***U.S. Federal and State Income Taxes***

The Company was taxed as a regular corporation (a "C corporation") under subchapter C of the Internal Revenue Code of 1986, as amended, for its 2012 taxable year. The Company uses the liability method of accounting for income taxes. Deferred tax assets and liabilities are recorded for tax loss carryforwards and temporary differences between the tax basis of assets and liabilities and their reported amounts in the consolidated financial statements, using statutory tax rates in effect for the year in which the temporary differences are expected to reverse. Certain tax attributes may be subject to limitations on timing and usage. A valuation allowance is provided against deferred tax assets when it is more likely than not that some portion or all of the deferred tax assets will not be realized.

Beginning with its 2013 taxable year, the Company may elect to be treated as a regulated investment company ("RIC") under subchapter M of the Internal Revenue Code of 1986, as amended (the "Code"), if management determines that it is in the best interests of the Company to do so and the Company is able to satisfy the requirements under subchapter M of the Code. In order to qualify as a RIC, among other things, the Company is required to distribute to its stockholders on a timely basis at least 90% of investment company taxable income, as defined by the Code, for each year, and to meet certain asset diversification requirements on a quarterly basis. So long as the Company qualifies and maintains its status as a RIC, it generally will not pay corporate-level U.S. federal and state income taxes on any ordinary income or capital gains that it distributes at least annually to its stockholders as dividends. Rather, any tax liability related to income earned by the Company will represent obligations of the Company's investors and will not be reflected

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in the consolidated financial statements of the Company. Although it is currently its intention to do so, at the present time, the Company cannot assure you whether it will elect to be treated as a RIC for its 2013 taxable year. If it opts not to do so, the Company will continue to be taxed as a C corporation under the Code for its 2013 taxable year.

The Company evaluates tax positions taken or expected to be taken in the course of preparing its consolidated financial statements to determine whether the tax positions are “more-likely-than-not” of being sustained by the applicable tax authority. The Company recognizes the tax benefits of uncertain tax positions only where the position has met the “more-likely-than-not” threshold. The Company classifies penalties and interest associated with income taxes, if any, as income tax expense. Conclusions regarding tax positions are subject to review and may be adjusted at a later date based on factors including, but not limited to, ongoing analyses of tax laws, regulations and interpretations thereof. The Company did not have any unrecognized tax benefits as of the period presented herein. The Company identified its major tax jurisdictions as U.S. federal and California, and is not aware of any tax positions for which it is reasonably possible that the total amount of unrecognized tax benefits will change materially in the next 12 months.

### **Recent Developments**

On October 10, 2013, the Company formed a wholly-owned subsidiary, Coursera@GSV Fund, LP, a Delaware limited partnership, to hold portfolio investments.

Subsequent to September 30, 2013, the Company closed on investments of \$9.7 million, plus transaction costs as follows:

An investment of \$250,000, plus transaction costs, in S3 Digital Corp, a sports analytics company, on October 1, 2013.

Investments totaling \$1,333,332 in Global Education Learning, an education technology company, comprising of an investment of \$900,000, plus transaction costs, on October 2, 2013 and an investment of \$433,332, plus transaction costs, on October 4, 2013.

An investment of \$250,000, plus transaction costs, in Fullbridge Inc., a business education company, on October 10, 2013.

Investments totaling of \$950,000, in Sugar CRM Inc., a customer relationship company, comprising of an investment of \$855,000, plus transaction costs, on October 17, 2013 and an investment of \$95,000, plus transaction costs, on October 28, 2013.

An investment of \$2,430,016, plus transaction costs, in ePals Inc., an education technology company, on October 22, 2013.

An investment of \$4,519,444, plus transaction costs, in Coursera Inc., an online education company, on October 31, 2013.

On November 7, 2013, Twitter Inc. priced its initial public offering, selling 70,000,000 shares at a price of \$26 per share. To the extent that the underwriters sell more than 70,000,000 shares of common stock, the underwriters have the option to purchase up to an additional 10,500,000 shares from Twitter Inc. at the public offering price less the underwriting discount. GSV Capital Corp.’s shares in Twitter Inc. are subject to a lock-up agreement.

On November 8, 2013, Kno Inc., a digital textbook company, paid off the term loan for \$225,000, plus interest of \$7,425, issued by GSV on August 8, 2013. Also on November 8, 2013, Kno Inc. was acquired by Intel Corporation in order to further develop Intel’s new education business.

### **Item 3. Quantitative and Qualitative Disclosures About Market Risk**

We are subject to financial market risks, which could include, to the extent we utilize leverage, changes in interest rates. As we invest primarily in equity rather than debt instruments, we would not expect fluctuations in interest rates to directly impact our return on our portfolio investments, and therefore do not consider a Change in interest rates to be a significant although any significant change in market interest rates could potentially have an indirect effect on the business, financial condition and results of operations of the portfolio companies in which we invest.

**Item 4. Controls and Procedures**

As of September 30, 2013, we, including our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934). Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective and provided reasonable assurance that information required to be disclosed in our periodic SEC filings is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. However, in evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of such possible controls and procedures.

There have been no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934) that occurred during the quarter ended September 30, 2013 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## **PART II: OTHER INFORMATION**

### **Item 1. Legal Proceedings**

None of us, our investment adviser or administrator, is currently subject to any material legal proceedings, nor, to our knowledge, is any material legal proceeding threatened against us, or against our investment adviser or administrator. From time to time, we, our investment adviser or administrator, may be a party to certain legal proceedings in the ordinary course of business, including proceedings relating to the enforcement of our rights under contracts with our portfolio companies. While the outcome of these legal proceedings cannot be predicted with certainty, we do not expect that these proceedings will have a material effect upon our business, financial condition or results of operations.

### **Item 1A. Risk Factors**

In addition to the other information set forth in this report, you should carefully consider the factors discussed in Item 1A. Risk Factors in our Annual Report on Form 10-K for the fiscal year ended December 31, 2012, which could materially affect our business, financial condition and/or operating results. The risks described in our Annual Report on Form 10-K are not the only risks facing our company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially and adversely affect our business, financial condition and/or operating results. With the exception of the risk factors set forth below, there have been no material changes during the nine months ended September 30, 2013 to the risk factors discussed in Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2012.

#### **Risks Related To Our Investments**

***There are significant potential conflicts of interest, which could impact our investment returns and limit the flexibility of our investment policies.***

We have entered into an Investment Advisory Agreement with GSV Asset Management. GSV Asset Management is controlled by Michael T. Moe, our president, chief executive officer and chairman of our board of directors and Stephen D. Bard, our chief financial officer, chief compliance officer, treasurer and corporate secretary. Messrs. Moe and Bard, as principals of GSV Asset Management, collectively manage the business and internal affairs of GSV Asset Management. In addition, GSV Capital Service Company provides us with office facilities and administrative services pursuant to an Administration Agreement. Mr. Moe is the managing member of and controls GSV Capital Service Company. While there is no limit on the total amount of expenses we may be required to reimburse to GSV Capital Service Company, our administrator will only charge us for the actual expenses it incurs on our behalf, or our allocable portion thereof, without any profit to GSV Capital Service Company.

In addition, our executive officers and directors, and the principals of our investment adviser, GSV Asset Management, serve or may serve as officers and directors of entities that operate in a line of business similar to our own, including new entities that may be formed in the future. Accordingly, they may have obligations to investors in those entities, the fulfillment of which might not be in the best interests of us or our stockholders, such as, for example, the management of GSV X Fund by GSV Asset Management.

While the investment focus of each of these entities may be different from our investment objective, it is likely that new investment opportunities that meet our investment objective will come to the attention of one of these entities, or new entities that will likely be formed in the future in connection with another investment advisory client or program, and, if so, such opportunity might not be offered, or otherwise made available, to us. However, our executive officers, directors and investment adviser intend to treat us in a fair and equitable manner consistent with their applicable duties under law so that we will not be disadvantaged in relation to any other particular client. In addition, while GSV Asset Management anticipates that it will from time to time identify investment opportunities that are appropriate for both GSV Capital and the other funds that are currently or in the future may be managed by GSV Asset Management, to the extent it does identify such opportunities, GSV Asset Management has established an allocation policy to ensure that GSV Capital has priority over such other funds. Our board of directors will monitor on a quarterly basis any such allocation of investment opportunities between GSV Capital and any such other funds.

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GSV Asset Management is the owner of the “GSV” name and marks, which we are permitted to use pursuant to a non-exclusive license agreement between us and GSV Asset Management. GSV Asset Management and its principals also use and may permit other entities to use the “GSV” name and marks in connection with businesses and activities unrelated to our operations. The use of the “GSV” name and marks in connection with businesses and activities unrelated to our operations may not be in the best interest of us or our stockholder and may result in actual or perceived conflicts of interest.

In the ordinary course of business, we may enter into transactions with portfolio companies that may be considered related party transactions. In order to ensure that we do not engage in any prohibited transactions with any persons affiliated with us, we have implemented certain written policies and procedures whereby our executive officers screen each of our transactions for any possible affiliations between the proposed portfolio investment, us, companies controlled by us and our executive officers and directors. We will not enter into any agreements unless and until we are satisfied that doing so will not raise concerns under the 1940 Act or, if such concerns exist, we have taken appropriate actions to seek board review and approval or exemptive relief for such transaction. Our board of directors will review these procedures on an annual basis.

We have also adopted a Code of Ethics which applies to, among others, our senior officers, including our chief executive officer and chief financial officer, as well as all of our officers, directors and employees. Our officers and directors also remain subject to the fiduciary obligations imposed by both the 1940 Act and applicable state corporate law. Our Code of Ethics requires that all employees and directors avoid any conflict, or the appearance of a conflict, between an individual’s personal interests and our interests. Pursuant to our Code of Ethics, each employee and director must disclose any conflicts of interest, or actions or relationships that might give rise to a conflict, to our chief compliance officer. Our board of directors is charged with approving any waivers under our Code of Ethics. As required by the NASDAQ corporate governance listing standards, the Audit Committee of our board of directors is also required to review and approve any transactions with related parties, as such term is defined in Item 404 of Regulation S-K. In accordance with Item 404, related parties generally include our directors and executive officers, any nominees for director, any immediate family member of a director or executive officer or nominee for director, and any other person sharing the household of such director, executive officer or nominee for director.

Finally, we pay GSV Capital Service Company our allocable portion of overhead and other expenses incurred by GSV Capital Service Company in performing its obligations under the Administration Agreement, including a portion of the rent and the compensation of our chief financial officer and chief compliance officer and any administrative support personnel, which creates conflicts of interest that our board of directors must monitor.

### ***The incentive fee may induce GSV Asset Management to make speculative investments.***

The incentive fee payable by us to GSV Asset Management may create an incentive for GSV Asset Management to make investments on our behalf that are risky or more speculative than would be the case in the absence of such compensation arrangement. The way in which the incentive fee payable to GSV Asset Management is determined, which is calculated as a percentage of the return on invested capital, may encourage GSV Asset Management to use leverage to increase the return on our investments. In addition, the fact that our base management fee is payable based upon our gross assets, which is our total assets as reflected on our balance sheet (with no deduction for liabilities), may encourage GSV Asset Management to use leverage to make additional investments. On September 17, 2013, we completed a private placement of 5-year unsecured 5.25% Convertible Notes. A total of \$69.0 million in aggregate principal amount of the Convertible Notes were issued at the closing. We will be required, however, to obtain the approval of our Board of Directors before we incur any additional indebtedness. Under certain circumstances, the use of leverage may increase the likelihood of default, which would disfavor holders of our common stock. Such a practice could result in our investing in more speculative securities than would otherwise be the case, which could result in higher investment losses, particularly during cyclical economic downturns.

In addition, our investment adviser has control over the timing of the acquisition and dispositions of our investments, and therefore over when we realize gains and losses on our investments. As a result, our investment adviser may face a conflict of interest in determining when it is appropriate to dispose of a specific investment to the extent doing so may serve to maximize its incentive fee at a point where disposing of such

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investment may not necessarily be in the best interests of our stockholders. Our Board of Directors monitors such conflicts of interest in connection with its review of the performance of our investment adviser under our Investment Advisory Agreement, as well as during its quarterly review of our financial performance and results of operations.

***Borrowings, such as the Convertible Notes, can magnify the potential for gain or loss on amounts invested and may increase the risk of investing in us.***

Borrowings, also known as leverage, magnify the potential for gain or loss on amounts invested and, therefore, increase the risks associated with investing in our securities. In addition to the Convertible Notes, we may borrow from and issue senior debt securities to banks, insurance companies and other lenders. Lenders of such senior securities would have fixed dollar claims on our assets that are superior to the claims of our common stockholders. If the value of our assets increases, then leveraging would cause the net asset value attributable to our common stock to increase more sharply than it would have had we not leveraged. Conversely, if the value of our assets decreases, leveraging would cause net asset value to decline more sharply than it otherwise would have had we not leveraged. Similarly, any increase in our income in excess of interest payable on the borrowed funds would cause our net income to increase more than it would without the leverage, while any decrease in our income would cause net income to decline more sharply than it would have had we not borrowed. Leverage is generally considered a speculative investment technique. Our ability to service the Convertible Notes and any future debt that we incur will depend largely on our financial performance and will be subject to prevailing economic conditions and competitive pressures. Moreover, as the management fee payable to GSV Asset Management will be payable on our gross assets, including those assets acquired through the use of leverage, GSV Asset Management may have a financial incentive to incur additional leverage which may not be consistent with our stockholders' interests. In addition, our common stockholders will bear the burden of any increase in our expenses as a result of such leverage, including any increase in the management fee payable to GSV Asset Management.

***We will be subject to corporate-level income tax if we are profitable and we are unable to qualify as a RIC, which could have a material adverse effect on us and our stockholders.***

We were taxed as a regular C corporation under the Code for our 2012 taxable year, but we did not have any taxable income. We may elect to be treated as a RIC under subchapter M of the Code for our 2013 taxable year if management determines that it is in our interests to do so and we are able to satisfy the requirements under subchapter M of the Code. However, for our 2013 taxable year, if we are not certified by the SEC as "principally engaged in the furnishing of capital to other corporations which are principally engaged in the development or exploitation of inventions, technological improvements, new processes, or products not previously generally available," we will not be eligible to elect to be treated as a RIC. We currently intend to apply for this certification for our 2013 taxable year, but no assurance can be given that we will receive it, that Management will determine it is in our best interests to qualify as a RIC for our 2013 taxable year, or if we intend to elect to be treated as a RIC, that we will be able to do so. See "Material U.S. Federal Income Tax Considerations — Taxation of the Company — Taxation of the Company as a RIC."

Management generally believes that it will be in our best interests to be treated a RIC in any year in which we are profitable. If we fail to qualify as a RIC for any year in which we are profitable and such profits exceed certain loss carry forwards that we are entitled to utilize, we will be subject to corporate-level tax on our income, which could substantially reduce our net assets, the amount of income available for distribution or reinvestment and the amount of our distributions. Such a failure could have a material adverse effect on us and our stockholders.

***In any year in which we intend to be treated as a RIC, we may be forced to dispose of investments at times when our investment adviser would not otherwise do so or raise additional capital at times when we would not otherwise do so, in each case in order to qualify for the special tax treatment accorded to RICs.***

In order to qualify for the special treatment accorded to RICs, we must meet certain income source, asset diversification and annual distribution requirements. In order to satisfy the income source requirement, we must derive in each taxable year at least 90% of our gross income from dividends, interest, payments with respect to certain securities loans, gains from the sale of stock or other securities or foreign currencies, other

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income derived with respect to our business of investing in such stock or securities or income from “qualified publicly traded partnerships.” To qualify as a RIC, we must also meet certain asset diversification requirements at the end of each quarter of our taxable year. Failure to meet these tests in any year in which we intend to be treated as a RIC may result in our having to dispose of certain investments quickly in order to prevent the loss of RIC status. Because most of our investments are in private companies, any such dispositions could be made at disadvantageous prices and could result in substantial losses. In addition, in order to satisfy the annual distribution requirement for a RIC, we must distribute at least 90% of our ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any, to our stockholders on an annual basis. We will be subject to certain asset coverage ratio requirements under the 1940 Act and financial covenants under the terms of our indebtedness, including the notes, that could, under certain circumstances, restrict us from making distributions necessary to satisfy the annual distribution requirement. If we are unable to dispose of investments quickly enough to meet the asset diversification requirements at the end of a quarter or obtain cash from other sources in order to meet the annual distribution requirement, we may fail to qualify for special tax treatment accorded to RICs and, thus, be subject to corporate-level income tax on our income.

### **Risks Related to Our Convertible Notes**

#### ***Our stockholders may experience dilution upon the conversion of our Convertible Notes.***

Our Convertible Notes are convertible into shares of our common stock, at any time prior to the close of business on the business day immediately preceding the stated maturity date. Upon conversion, we must deliver shares of our common stock. The conversion rate of our Convertible Notes was initially, and currently is, 61.5091 shares of our common stock per \$1,000 principal amount of our Convertible Notes (equivalent to a conversion price of approximately \$16.26 per share of common stock), subject to adjustment in certain circumstances. Based on the current conversion rate, the maximum number of shares of common stock that would be issued upon conversion of the \$69.0 million convertible debt currently outstanding is 4,244,128. If we deliver shares of common stock upon a conversion at the time our net asset value per share exceeds the conversion price in effect at such time, our stockholders may incur dilution. In addition, our stockholders will experience dilution in their ownership percentage of our common stock upon our issuance of common stock in connection with the conversion of our Convertible Notes and any dividends paid on our common stock will also be paid on shares issued in connection with such conversion after such issuance.

#### ***We may not have, or have the ability to raise, the funds necessary to repurchase our Convertible Notes upon a fundamental change, and our debt may contain limitations on our ability to deliver shares of our common stock upon conversion or pay cash upon repurchase of our Convertible Notes.***

Holders of our Convertible Notes will have the right to require us to repurchase their notes upon the occurrence of certain significant corporate events involving us, including if our common stock ceases to trade on any national securities exchange or we consolidate or merge into another entity in certain circumstances, at a repurchase price equal to 100% of their principal amount, plus accrued and unpaid interest, if any. We refer to such a corporate event as a “fundamental change.” However, we may not have enough available cash or be able to obtain financing at the time we are required to make repurchases of Convertible Notes surrendered therefor. In addition, our ability to repurchase our Convertible Notes or deliver shares of our common stock upon conversions of the Convertible Notes may be limited by law, by regulatory authority or by agreements governing our indebtedness, including our credit facilities. Our failure to repurchase the notes at a time when the repurchase is required by the indenture relating to the Convertible Notes or to deliver any shares of our common stock deliverable on future conversions of the Convertible Notes as required by the indenture would constitute a default under the indenture. A default under the indenture or the occurrence of a fundamental change itself could also lead to a default under agreements governing our indebtedness. If the repayment of the related indebtedness were to be accelerated after any applicable notice or grace periods, we may not have sufficient funds to repay the indebtedness and repurchase our Convertible Notes.

#### ***Provisions of our Convertible Notes could discourage an acquisition of us by a third party.***

Certain provisions of our Convertible Notes could make it more difficult or more expensive for a third party to acquire us. Upon the occurrence of a fundamental change, the holders of our Convertible Notes will have the right, at their option, to require us to repurchase all or a portion of their Convertible Notes, plus

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accrued and unpaid interest. We may also be required to increase the conversion rate of the Convertible Notes in certain other circumstances, including in the event of certain fundamental changes. These provisions could discourage an acquisition of us by a third party.

### ***Certain adverse consequences could result if our Convertible Notes are treated as equity interests in us for purposes of regulations under the Employee Retirement Income Security Act of 1974.***

Pursuant to regulations under the Employee Retirement Income Security Act of 1974 (“ERISA”), it is possible that, due to their convertibility feature, our Convertible Notes could be treated as equity interests in us. In that event, if employee benefit plans subject to Title I of ERISA, plans that are not subject to ERISA but that are subject to Section 4975 of the Internal Revenue Code (the “Code”), such as individual retirement accounts, and entities that are deemed to hold the assets of such plans or accounts (such plans, accounts, and entities, “Benefit Plan Investors”) were to acquire 25% or more of the aggregate value of our Convertible Notes, among other consequences, we and our management would be subject to ERISA fiduciary duties, and certain transactions we might enter into, or may have entered into, in the ordinary course of our business might constitute non-exempt “prohibited transactions” under Section 406 of ERISA or Section 4975 of the Code and might have to be rescinded at significant cost to us. Moreover, if our underlying assets were deemed to be assets constituting plan assets, (i) our assets could be subject to ERISA’s reporting and disclosure requirements, (ii) a fiduciary causing a Benefit Plan Investor to make an investment in our equity interests could be deemed to have delegated its responsibility to manage the assets of the Benefit Plan Investor, and (iii) various providers of fiduciary or other services to us, and any other parties with authority or control with respect to our assets, could be deemed to be plan fiduciaries or otherwise parties in interest or disqualified persons by virtue of their provision of such services.

We do not believe that our Convertible Notes should be treated as equity interests in us for purposes of ERISA in light of the relevant regulations. No assurance can be given, however, that our Convertible Notes will not be so treated.

### ***The accounting for convertible debt securities is complex and subject to uncertainty.***

The accounting for convertible debt securities is complex and subject to frequent scrutiny by the accounting regulatory bodies and is subject to change. The issuance of our Convertible Notes may have an accounting effect on our earnings per share on a fully diluted basis. Further, we cannot predict if or when changes in the accounting for convertible debt securities could be made and whether any such change could have an adverse impact on our reported or future financial results. Any such impacts could adversely affect the market price or value of our common stock.

## **Risks Related to Our Common Stock**

### ***Investors in any future offerings may incur immediate and substantial dilution.***

Commissions and discounts payable to any underwriters, together with our organizational expense and other expenses of any future offering, may reduce the net proceeds of any such offering available for us to invest. As of September 30, 2013 our net asset value was \$254,322,995 or \$13.16 per share. Depending upon the public offering price, and after deducting the underwriting discounts and commissions and the related offering expenses payable by us, in connection with any future offering, investors in any such offering may be subject to an immediate and substantial dilution.

### ***We may in the future choose to pay dividends in our common stock, in which case our stockholders may be required to pay tax in excess of the cash they receive.***

We may distribute taxable dividends that are payable in part in our common stock. In accordance with certain applicable Treasury regulations and private letter rulings issued by the Internal Revenue Service (“IRS”), a RIC may treat a distribution of its own common stock as fulfilling the RIC distribution requirements if each stockholder may elect to receive his or her entire distribution in either cash or common stock of the RIC, subject to a limitation that the aggregate amount of cash to be distributed to all stockholders must be at least 20% of the aggregate declared distribution. If too many stockholders elect to receive cash, each stockholder electing to receive cash must receive a pro rata amount of cash (with the balance of the

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distribution paid in common stock). In no event will any stockholder, electing to receive cash, receive less than 20% of his or her entire distribution in cash. If these and certain other requirements are met, for U.S. federal income tax purposes, the amount of the dividend paid in common stock will be equal to the amount of cash that could have been received instead of common stock. Taxable stockholders receiving such dividends will be required to include the full amount of the dividend as ordinary income (or as long-term capital gain to the extent such distribution is properly reported as a capital gain dividend) to the extent of our current and accumulated earnings and profits for U.S. federal income tax purposes. As a result, a U.S. stockholder may be required to pay tax with respect to such dividends in excess of any cash received. If a U.S. stockholder sells the stock it receives as a dividend in order to pay this tax, the sales proceeds may be less than the amount included in income with respect to the dividend, depending on the market price of our common stock at the time of the sale. Furthermore, with respect to Non-U.S. stockholders, we may be required to withhold U.S. tax with respect to such dividends, including in respect of all or a portion of such dividend that is payable in common stock. In addition, if a significant number of our stockholders determine to sell shares of our common stock in order to pay taxes owed on dividends, it may put downward pressure on the trading price of our common stock.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

Not applicable.

**Item 3. Defaults Upon Senior Securities**

None.

**Item 4. Mine Safety Disclosure**

Not applicable.

**Item 5. Other Information**

Not applicable.

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**Item 6. Exhibits**

The following exhibits are filed as part of this report or hereby incorporated by reference to exhibits previously filed with the SEC:

- 3.1 Articles of Amendment and Restatement\*
- 3.2 Articles of Amendment\*\*
- 3.3 Bylaws\*
- 4.1 Form of Common Stock Certificate\*
- 10.1 Form of Dividend Reinvestment Plan\*
- 10.2 Amended and Restated Investment Advisory Agreement by and between Registrant and GSV Asset Management, LLC\*\*\*
- 10.3 Amended and Restated Administration Agreement by and between Registrant and GSV Capital Service Company, LLC\*\*\*
- 10.4 Form of Indemnification Agreement by and between Registrant and each of its directors\*
- 10.5 Form of Custody Agreement by and between Registrant and U.S. Bank National Association\*
- 10.6 Form of Trademark License Agreement by and between Registrant and GSV Asset Management, LLC\*\*
- 10.7 Indenture, dated September 17, 2013, relating to the 5.25% Senior Convertible Notes due 2018, by and between the Registrant and the U.S. Bank National Association, as trustee\*\*\*\*
- 10.8 Pledge and Escrow Agreement, dated September 17, 2013, by and between the Registrant and the U.S. Bank National Association, as trustee\*\*\*\*
- 31.1 Certification of Chief Executive Officer pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, as amended.
- 31.2 Certification of Chief Financial Officer pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, as amended.
- 32.1 Certification of Chief Executive Officer pursuant to Section 906 of The Sarbanes-Oxley Act of 2002.
- 32.2 Certification of Chief Financial Officer pursuant to Section 906 of The Sarbanes-Oxley Act of 2002.

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\* Previously filed in connection with Pre-Effective Amendment No. 2 to the Registrant's Registration Statement on Form N-2 (File No. 333-171578) filed on March 30, 2011.

\*\* Previously filed in connection with Current Report on Form 8-K (File No. 814-00852) filed on June 1, 2011.

\*\*\* Previously filed in connection with Annual Report for the fiscal year ended December 31, 2012 on Form 10-K (File No. 814-00852), filed on March 14, 2013.

\*\*\*\* Previously filed in connection with the Registrant's Current Report on Form 8-K (File No. 814-00852), filed on September 18, 2013, and incorporated by reference herein.

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**GSV CAPITAL CORP.**

**Date: November 12, 2013**

**By:** /s/ Michael T. Moe

Michael T. Moe  
Chief Executive Officer, President and Chairman of  
the Board of Directors  
(Principal Executive Officer)

**Date: November 12, 2013**

**By:** /s/ Stephen D. Bard

Stephen D. Bard  
Chief Financial Officer, Treasurer and Secretary  
(Principal Financial and Accounting Officer)

**Certification of Chief Executive Officer**

I, Michael T. Moe, certify that:

1. I have reviewed this quarterly report on Form 10-Q of GSV Capital Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)), and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15(d)-15(f) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 12, 2013

By: /s/ Michael T. Moe

**Michael T. Moe**  
**Chief Executive Officer**

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**Certification of Chief Financial Officer**

I, Stephen D. Bard, certify that:

1. I have reviewed this quarterly report on Form 10-Q of GSV Capital Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)), and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15(d)-15(f) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 12, 2013

By: /s/ Stephen D. Bard

**Stephen D. Bard**  
**Chief Financial Officer**

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**Certification of Chief Executive Officer  
Pursuant to  
Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350)**

In connection with the Quarterly Report on Form 10-Q for the period ended September 30, 2013 (the "Report") of GSV Capital Corp. (the "Registrant"), as filed with the Securities and Exchange Commission on the date hereof, I, Michael T. Moe, the Chief Executive Officer of the Registrant, hereby certify, to the best of my knowledge, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/s/ Michael T. Moe

**Name: Michael T. Moe**

**Date: November 12, 2013**

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**Certification of Chief Financial Officer  
Pursuant to  
Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350)**

In connection with the Quarterly Report on Form 10-Q for the period ended September 30, 2013 (the "Report") of GSV Capital Corp. (the "Registrant"), as filed with the Securities and Exchange Commission on the date hereof, I, Stephen D. Bard, the Chief Financial Officer of the Registrant, hereby certify, to the best of my knowledge, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/s/ Stephen D. Bard

**Name: Stephen D. Bard**

**Date: November 12, 2013**

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