



Equity Partners for Companies Primed to Become Public®

Newsletter

4th Quarter 2011

Keating Capital's Nasdaq Listing

On December 12, 2011, Keating Capital completed the listing of its common stock on the Nasdaq Capital Market and became publicly traded under the ticker symbol KIPO.

Capitalization of the Fund

Keating Capital is a unique closed-end fund that is exclusively dedicated to pre-IPO investing. As of September 30, 2011, the Company had net assets of approximately \$77 million, consisting of:

- ◆ Approximately \$32 million invested in 13 portfolio companies; and
- ◆ Approximately \$45 million in cash.

As of September 30, 2011, Keating Capital's Net Asset Value per share was \$8.27, based on 9,283,604 shares of common stock issued and outstanding. The Company's capital structure consists entirely of common stock, with no options, warrants or other types of dilutive securities issued or outstanding. Moreover, the Company does not use leverage or borrowed money to fund its portfolio company investments.

Portfolio Company Investments

As of December 31, 2011, the Company's 14 portfolio companies were categorized into three groups by stage:

- ◆ Completed IPO (2 portfolio companies)



- ◆ Filed for IPO (2 portfolio companies)
- ◆ Private (10 portfolio companies)

As of December 31, 2011, the Company's 14 portfolio companies were in three industry groups:

- ◆ Technology (4 portfolio companies)
- ◆ Internet & Software (4 portfolio companies)
- ◆ Clean Technology (6 portfolio companies)

Typically, Keating Capital seeks to invest in portfolio companies that have private enterprise values of between \$100 million and \$1 billion at the time of its investment.

Unique Public Access Vehicle

"The listing of Keating Capital's shares on Nasdaq is the final step in what has been a three-year process but is only one milestone in our Company's growth strategy," said Timothy J. Keating, Keating Capital's CEO. "To the best of our knowledge, Keating Capital is the first and only fund of its kind exclusively dedicated to pre-IPO investing in the U.S. We have created a unique public access vehicle for investors seeking to invest in later-stage private companies prior to their expected public offerings. We seek to primarily provide growth equity capital to companies that are committed to and capable of completing an IPO," added Mr. Keating.

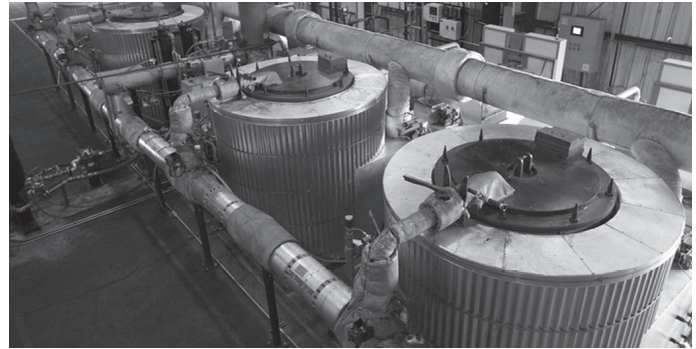
Keating Capital, Inc. is a business development company that specializes in making pre-IPO investments in innovative, high growth companies that are committed to and capable of becoming public. We provide individual investors with the ability to participate in a unique fund that invests in a company's later stage, pre-IPO financing round—an opportunity that has historically been reserved for institutional investors.

Agilyx Corporation

On December 16, 2011, Keating Capital made a \$4 million investment as the lead investor in the \$25 million Series C Convertible Preferred Stock round of Agilyx Corporation (www.agilyx.com) ("Agilyx"). Other investors in the Series C round include existing investors Kleiner Perkins Caufield & Byers, Saffron Hill Ventures, Chrysalix Energy Venture Capital, Waste Management, Total Energy Ventures International (an affiliate of Total S.A.) and Reference Capital.

Founded in 2004 and based in Beaverton, Oregon, Agilyx is an alternative energy company that economically converts difficult-to-recycle waste plastics into high value synthetic oil. Agilyx's patent-protected, proprietary systems are sold to industrial and municipal waste plastic generators and aggregators looking to reduce disposal-related costs and increase plastics-associated revenues—all while meeting challenging environmental standards, curbing the need for new landfills, and extracting the often unused and untapped energy contained within waste plastic.















In 2010, Agilyx opened a demonstration facility in Tigard, Oregon, capable of processing and converting 10 tons of plastic waste into approximately 55 barrels of oil (~2,300 gallons) per day. The resulting synthetic oil—a drop-in replacement for



fossil crude—is currently shipped to a refinery in the Pacific Northwest. Agilyx entered into a five-year agreement in 2008 to sell its synthetic oil to an oil refinery, which Agilyx believes is the first offtake agreement of its kind in the industry.

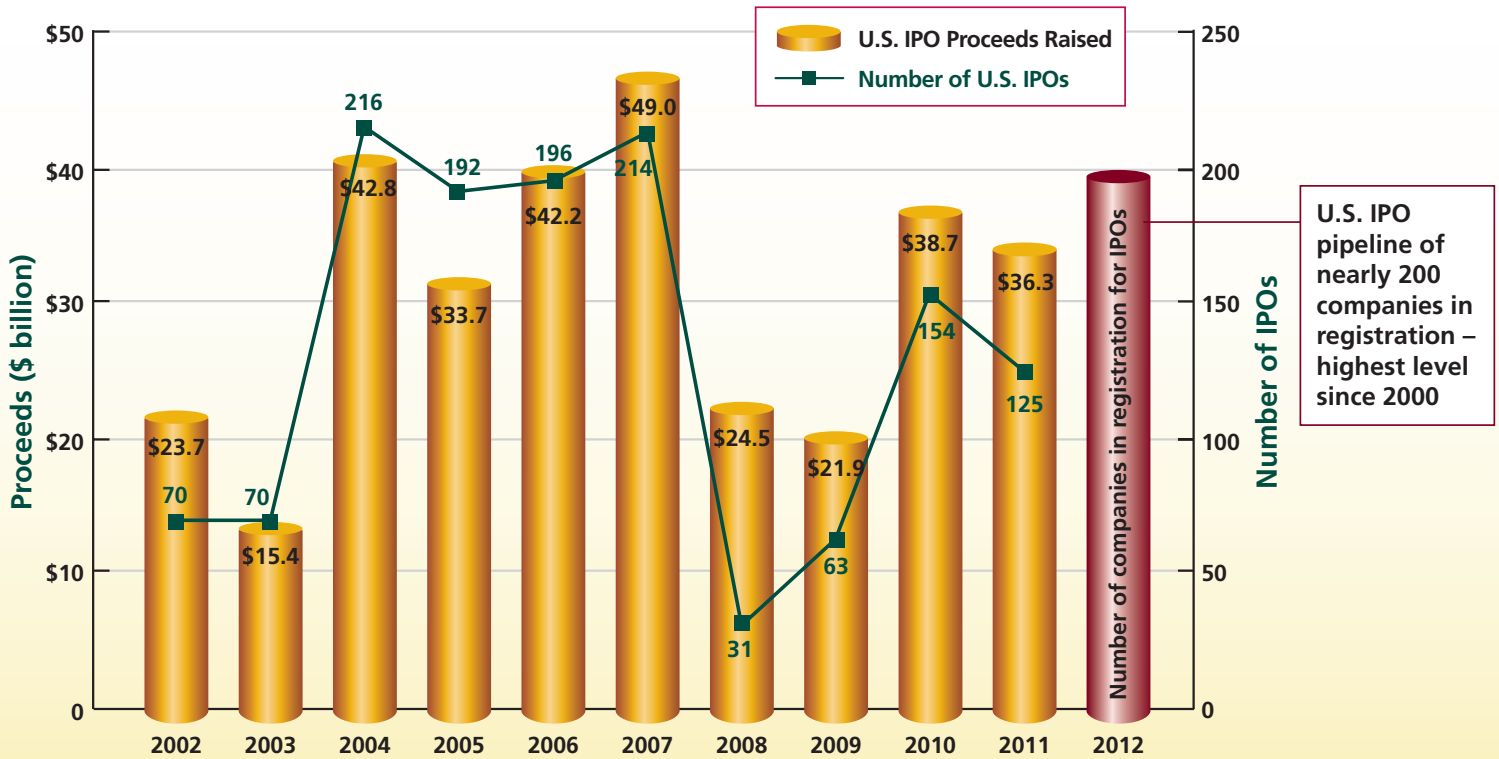
"Our investment in Agilyx exemplifies the role that we can play as a lead investor in a new round of financing where existing investors seek to add to their positions but also want an independent, new financial investor to set terms," said Timothy J. Keating, CEO of Keating Capital. "Moreover, because we do not seek or take board seats, our role as a lead investor results in no change to the composition of a portfolio company's board of directors or strategic direction," he added.

Portfolio Company Investments

Publicly Traded	Filed for IPO	Private			
 Solazyme, Inc. (Nasdaq: SZYM) July 2010	\$4,000,000  CORSAIR® Corsair Components, Inc. (Nasdaq: CRSR Pending) July 2011	\$4,000,000  Agilyx Corporation December 2011	\$3,000,000  TrueCar, Inc. September 2011	\$4,000,000  Tremor Video, Inc. September 2011	\$1,300,000  Kabam, Inc. August 2011
\$1,000,000  NeoPhotonics Corporation (NYSE: NPTN) January 2010	\$2,500,000  BrightSource BrightSource Energy, Inc. (Nasdaq: BRSE Pending) February 2011	\$4,000,000  Metablon, Inc. August 2011	\$3,000,000  Xtime, Inc. June 2011	\$2,500,000  Suniva, Inc. March 2011	\$2,500,000  Harvest Power, Inc. March 2011
		\$2,000,000  MBA Polymers, Inc. February 2011	\$500,000  Livescribe, Inc. July 2010		

U.S. IPO Market Update and Key Takeaways

Recovery in U.S. IPO market since 2009 continued through H1 2011; Europe and U.S. debt crisis stalled the market in H2 2011



Source: RenaissanceCapital.com. U.S. statistics include IPOs with a market cap of at least \$50 million and exclude closed-end funds and SPACs

Positives

- ◆ Proceeds fell only 6% to \$36.3 billion*
- ◆ 24 Internet companies went public, most to do so in more than a decade
- ◆ Proceeds raised by private equity-backed IPOs more than doubled
- ◆ 4 of 5 largest U.S. Internet IPOs ever raised \$2.4 billion

Negatives

- ◆ 125 IPOs, down from 154 in 2010*
- ◆ Over 60% of the IPOs completed in H1 '11
- ◆ 2/3 of IPOs ended the year below their IPO prices
- ◆ 51 VC-backed IPOs in 2011, still 41% below 2007 levels

Sources: "Global IPO Review," Renaissance Capital IPO Intelligence, December 21, 2011

*U.S. statistics include IPOs with a market cap of at least \$50 million and exclude closed-end funds and SPACs



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Investment Criteria



Revenue:
\$10 million+ in trailing 12-month period



IPO Timing:
Within 18 months (from our investment date)



Return Potential:
Expectation of 2x return once the company is publicly traded over an anticipated 3-year holding period

Please submit an executive summary and investor presentation to Submit@KeatingInvestments.com.

Quarterly Conference Call

Keating Capital hosts a conference call each quarter to update stockholders, prospective stockholders, analysts and other interested parties on the most recent quarter's operational and financial results. You may register for upcoming calls on Keating's website at: <http://ir.keatingcapital.com/events.cfm>.

The following important investor documents can also be found on Keating Capital's website: FAQs, Quarterly Call Recording & Slides which include detailed portfolio company information and net asset value calculation, and all SEC filings.

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