

Independent Accountant's Report

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Report on Performance Record

We have examined the accompanying Schedule of Performance for the *Prosper Annualized Seasoned Notes by Rating Performance Record* for the period July 1, 2009 through September 30, 2011.

Management and Accountant's Responsibility

Prosper Marketplace, Inc. is responsible for the Schedule of Performance. Our responsibility is to express an opinion based on our examination.

Opinion

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the Schedule of Performance for the *Prosper Annualized Seasoned Notes by Rating Performance Record* and performing such other procedures as we considered necessary in the circumstances. The appropriateness of Prosper Ratings assigned to individual Prosper Notes was not included in our examination. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the schedule referred to above present, in all material respects, the performance record of the *Prosper Annualized Seasoned Notes by Rating Performance Record* based on the Calculation Methodologies set forth in Note 3 in the Notes to the Schedule of Performance. The Schedule of Performance and Notes to the Schedule of Performance are an integral part of this opinion.

Ashland Partners + Company LLP

Ashland Partners & Company LLP
December 29, 2011

PROSPER MARKETPLACE, INC.
PROSPER ANNUALIZED SEASONED NOTES BY RATING
SCHEDULE OF PERFORMANCE

Since Inception Annualized Approximated Internal Rate of Return, Net of Fees
July 2009 through September 2011

<u>Prosper Rating</u>	<u>Annualized Rate of Return*</u>
All Ratings	10.69%
AA	5.66%
A	6.60%
B	9.09%
C	11.28%
D	15.63%
E	18.03%
HR	18.53%

*** Returns shown represent an annualized approximated internal rate of return for the period July 1, 2009 through September 30, 2011.**

Past performance is not indicative of future results. The Independent Accountant's Report and the Notes to the Schedule of Performance are an integral part of this presentation.

PROSPER MARKETPLACE, INC.

NOTES TO THE SCHEDULE OF PERFORMANCE – PAGE 1 OF 3

1. DESCRIPTION OF ORGANIZATION, BORROWER LOANS AND PROSPER RATING PROVIDED BY MANAGEMENT

Organization

Prosper Marketplace, Inc. (“Prosper”), a Delaware corporation, provides a peer-to-peer online credit platform that enables its borrower members to borrow money and its lender members to purchase Borrower Payment Dependent Notes (“Notes”) issued by Prosper, the proceeds of which facilitate the funding of specific Borrower loans (“Loans”) made to borrower members. Prosper’s corporate headquarters are located in San Francisco, California. Prosper launched its marketplace in February 2006. The current structure of platform was launched in July 2009.

Borrower Loans and Borrower Payment Dependent Notes

Borrower loans are unsecured obligations of individual borrower members with an interest rate determined by Prosper. Prior to December 19, 2010, Prosper allowed lender members to bid on the interest rate for a loan listing, and the corresponding lender yield percentage, through an auction format subject to a minimum yield percentage set by Prosper. Borrower loans currently have a term of one, three or five years, but Prosper may in the future extend available loan terms to between three months to seven years. Each borrower loan is originated through Prosper’s platform, funded by WebBank and sold and assigned to Prosper after it is made in exchange for the principal amount of the corresponding borrower loan. Borrower members may request loans within specified minimum and maximum principal amounts, currently \$2,000 and \$25,000, respectively. Borrower loans are repayable in monthly installments and are unsecured and unsubordinated. Borrower loans may be repaid at any time by borrower members without prepayment penalty. A borrower loan will be made to a borrower member only if the borrower’s listing has received bids equal to or exceeding the minimum amount required for the loan to fund.

Lender members purchase Borrower Payment Dependent Notes from Prosper. Prosper will issue the Notes in a series, with each series dependent for payment on payments Prosper receives on a specific borrower loan. The proceeds of each series of Notes are used to purchase the borrower loan upon which that series of Notes is dependent for payment. Prosper’s Borrower Payment Dependent Notes are offered by Prospectus which is available at www.prosper.com.

Prosper Rating

Commencing on July 13, 2009, each listing is assigned a proprietary credit rating by Prosper, referred to as the Prosper Rating. The Prosper Rating is a letter that indicates the level of risk associated with a listing and corresponds to an estimated average annualized loss rate range. There are currently seven Prosper Ratings, represented by seven letter scores, but this, as well as the loss ranges associated with each, may change over time as the marketplace dictates. The Prosper Rating will be derived from two scores: a consumer reporting agency score and an in-house custom score calculated using the historical performance of previous borrower loans with similar characteristics. The use of these two scores will determine an estimated loss rate for each listing, which correlates to a Prosper Rating. Prior to July 13, 2009, Prosper assigned one of seven letter credit grades based on the borrower’s credit score and displayed the borrower’s credit grade in the listing posted on our platform.

PROSPER MARKETPLACE, INC.

NOTES TO THE SCHEDULE OF PERFORMANCE – PAGE 2 OF 3

2. PROSPER NOTES ORIGINATED

Prosper Rating	Total Loan Origination Value	Total Number of Loans
All Ratings	\$32,591,808	7,085
AA	\$5,966,115	921
A	\$7,500,606	1,401
B	\$4,067,125	566
C	\$3,987,242	998
D	\$5,722,465	1,477
E	\$2,319,345	740
HR	\$3,028,910	982

3. CALCULATION METHODOLOGIES

The returns have been prepared using the following methodologies consistently. Other methods may produce different results.

- Since Inception Annualized Approximated Internal Rates of Return reflect the aggregate return on investment of all 1, 3 and 5 year seasoned Prosper Notes which are assigned a specific Prosper Rating and originated between July 1, 2009 and November 30, 2010. Ashland Partners & Company LLP has not examined the appropriateness or accuracy of Prosper Ratings assigned to individual Prosper Notes.
- Seasoned Prosper Notes refer to Notes that are associated with a Borrower Loan originating more than 10 months prior to the current period end. As of September 30, 2011, this includes all Loans originated between July 1, 2009 and November 30, 2010.
- Since Inception Annualized Approximated Internal Rates of Return are calculated using the aggregate of all payments and borrower late fees received on Notes, net of principal repayment, credit losses (defaults) and servicing costs for such notes, divided by the average daily amount of aggregate outstanding principal for such Notes. The return is then annualized by dividing the Since Inception Approximate Internal Rate of Return by the dollar-weighted average age of the loans in days and then multiplied by 365. All calculations presented are as of September 30, 2011.
- Returns are calculated using the transaction date for which payments are credited to Prosper Lenders.
- Interest income is recorded using cash-basis accounting.
- Returns are calculated using U.S. Dollars.

PROSPER MARKETPLACE, INC.

NOTES TO THE SCHEDULE OF PERFORMANCE – PAGE 3 OF 3

4. FEES

Prosper receives a servicing fee equal to an annualized rate currently set at 1% of the outstanding principal balance of the corresponding borrower loan, which is deducted from each lender member's share of the borrower loan payments received.

Any non-sufficient funds fees charged to a borrower's account will be retained by Prosper as additional servicing compensation. If a borrower loan enters collection, either Prosper or the collection agency will charge a collection fee of between 17% and 30% of any amounts that are obtained, in addition to any legal fees incurred in the collection effort. The collection fee will vary dependent upon the collection agency used. These fees will correspondingly reduce the amounts of any payments lender members receive on the Notes. Prosper will pay lender members any late fees received on borrower loans.

5. OTHER

Past performance is no guarantee of future results. The Independent Accountant's Report and the Schedule of Performance are an integral part of this presentation.