

WHAT IS PROSPER?

Prosper is an online marketplace for credit. We bring together borrowers with people and institutions who have money to invest. Prosper makes investing and borrowing financially and socially rewarding for both sides of every transaction.

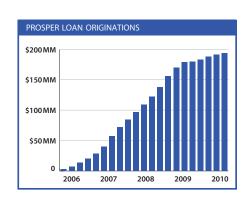
HOW IT WORKS

Prosper's market is an auction platform for money, allowing institutional investors to create a consumer debt portfolio based on their quantitative risk and return preferences.

- People who want to borrow on Prosper create loan listings and set the maximum rate they are willing to pay.
- Prosper provides registered lenders with a wealth of credit history and loan information to enable them to evaluate a borrower's risk profile.
- Prosper lenders set the minimum rate they are willing to earn and bid on loan listings either manually or through an automated process that can be highly-customized.
- Once the auction ends, if the loan receives bids totaling 100% of the requested loan amount, a loan is made to the borrower, and Prosper issues Borrower Payment Dependent Notes corresponding to the borrower loan to the lender bidders with the lowest rates.
- Prosper handles all on-going loan servicing, including loan repayment and collections, on behalf of the matched borrowers and lenders. Notes offered by prospectus filed with the SEC.

PROSPER IS GROWING

Gartner Research has forecasted that the peer-topeer lending industry will "soar at least 66 percent to \$5 billion of outstanding loans by 2013." Prosper crossed the \$1 billion mark in consumer loan demand in March 2008 and is now up to \$1.8 billion in demand. Prosper is the market leader and is defining the P2P field. Early adopters of our lending model will gain a competitive advantage during this period of growth and have the opportunity to outpace rivals as the category matures.



100% IDENTITY THEFT GUARANTEE!

At Prosper, we take privacy and security very seriously. Our security and identity verification systems are state of the art, and consistent with those used by banks, brokerages and institutional creditors. In addition, we offer a 100% Identity Theft Guarantee. If a lender is the victim of a defaulted loan because of identity theft, Prosper will repurchase the loan.

ALTERNATIVE ASSET CLASS

A Prosper loan portfolio can add diversification to your investment strategy and the return earned may outpace that of alternative investments with a similar risk profile. Our commitment to data transparency gives registered lenders the ability to create powerful models and algorithmic trading tools. As credit markets experience unprecedented changes, institutional lenders are using Prosper to diversify their portfolios without the complexity associated with structured products.



IN THE NEWS

"Person-to-person lending is a small but fast-growing corner of the Web economy."

- The Wall Street Journal
- "...investments in peer-to-peer loans are emerging as another way to diversify a portfolio."
- Dow Jones MarketWatch

Calls social lending "a gamechanging development in financial services interactions that...removes financial decision-making power from the hands of banks and credit unions exclusively."

- Barron's
- "Most intriguing of all is the possibility that social-lending sites do a better job than their mainstream counterparts of assessing risk."
- -The Economist



SECONDARY MARKET

Notes can be sold or purchased on a secondary trading platform through our broker-dealer partner. The Secondary Market Trading Platform provides the ability to buy and sell Notes giving the investor increased liquidity and investment opportunities. As an investor, you can purchase Notes you missed out on the first time. Additionally, you can pick and choose Notes that you assess as well priced.



DATA TRANSPARENCY & TECHNOLOGY

To allow Prosper lenders the ability to quantify and calculate an appropriate risk-adjusted return, many aspects of a borrower's credit data are available on Prosper's website and can be accessed electronically via our API interface. Institutions can connect directly with our interface to apply their trading modules.

Additionally, Third party vendors are actively developing enterprise software tools to help large institutions manage a P2P portfolio.

PROSPER IS A MARKET FOR PRIME CREDIT

As we have seen across the rest of the credit markets, investors have expressed a funding shift away from risky subprime assets. Although returns may be higher in riskier credit classes, losses may be greater as well. Prosper has established a minimum credit score of 640 for new borrowers on its platform. 95% of Prosper borrowers are classified as prime or near-prime.

FOR MORE INFORMATION

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All loans are made by WebBank, a Utah-chartered Industrial Bank. Prosper lenders bid on listings and purchase Borrower Payment Dependent Notes issued by Prosper. Each Note corresponds to a listing which sets forth the relevant details about the loan. Any payment from a Prosper Note is dependent on payments Prosper receives on the corresponding loan. The Notes are risk bearing and speculative investments for suitable investors only. If a borrower fails to make payments on the corresponding borrower loan related to your Note, you will not receive payments on your Note. There is the potential that you will not receive any payments on a Note. Notes offered by prospectus filed with the SEC. You should review the Prospectus before bidding on loans. Not FDIC-insured; Investments may lose value; No Prosper or bank guarantee.