Performance 1
Consumer Credit's Robust Performance 2
Disclosure 3

PROSPER.COM

Monthly Update

STRONG CREDIT PERFORMANCE CONTINUES

In June, Prosper saw another record origination month consistent with the growing recognition by borrowers and investors of the value proposition that our platform offers. Performance remains strong with 9 out of 10 quarters (3Q 2009 – 4Q 2011) performing at or above our return projections. It is important to note that the one quarter that slightly underperformed still generated high single digit returns to investors. Incoming data on our five-year loans show them to be performing above our performance estimates. For additional data in regards to our performance, please contact us.

The opportunity for investors

Prosper provides investors unprecedented access to the enormous and profitable consumer credit market. Historically, investors have been limited to purchasing either ABS super-prime senior secured notes or distressed asset segments of consumer loan pools. Now, through Prosper, investors can participate in the complete value chain of consumer lending, producing a better potential yield than senior secured segments with much lower volatility than distressed assets. The proof can be seen in the returns, as notes issued by Prosper have enjoyed annualized returns of 10.02% since July 2009. Led by financial technology pioneers and a top-notch risk management team, Prosper offers a short duration fixed income investment alternative that has long been the exclusive territory of a few large banks.[1]

THE PROSPER MARKETPLACE

	As of June 30, 2012	Total Since Inception
Number of Loans	21,480	57,440
Total Borrowed	$146,739,924	$361,269,158
Principal Balance Outstanding	$119,370,680	N.A.

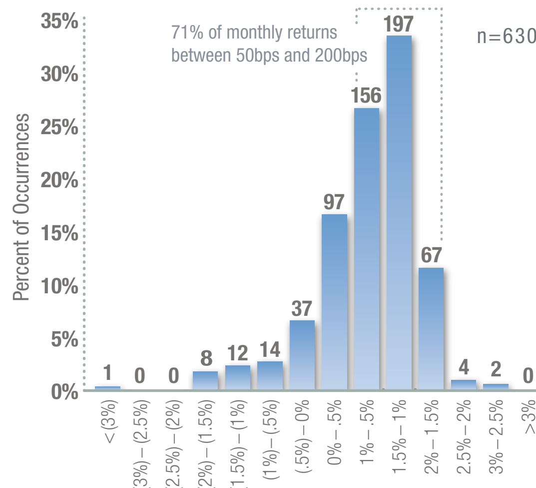
	Average: Based on Units	$ Wtd. Average: At Acquisition
Experian Score[2]	709	724
Est. Return[3]	11.17%	10.89%
Loan Term (Months)	39.5	42.2
Loan Age (Days)	293.6	259.6
% Purpose Debt Consolidation	46.1%	50.6%

PLATFORM MONTHLY RETURN ON PRINCIPAL: SEASONED & UNSEASONED LOAN VINTAGES[4]

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2009	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.547%	0.975%	1.155%	1.025%	1.226%
2010	1.275%	1.086%	1.353%	0.988%	1.158%	1.053%	0.872%	0.828%	1.004%	0.916%	0.875%	0.928%
2011	1.151%	0.959%	1.112%	0.830%	0.921%	1.067%	1.389%	1.046%	1.205%	0.939%	0.814%	1.036%
2012	1.010%	0.872%	1.007%	0.879%	0.933%	0.952%						

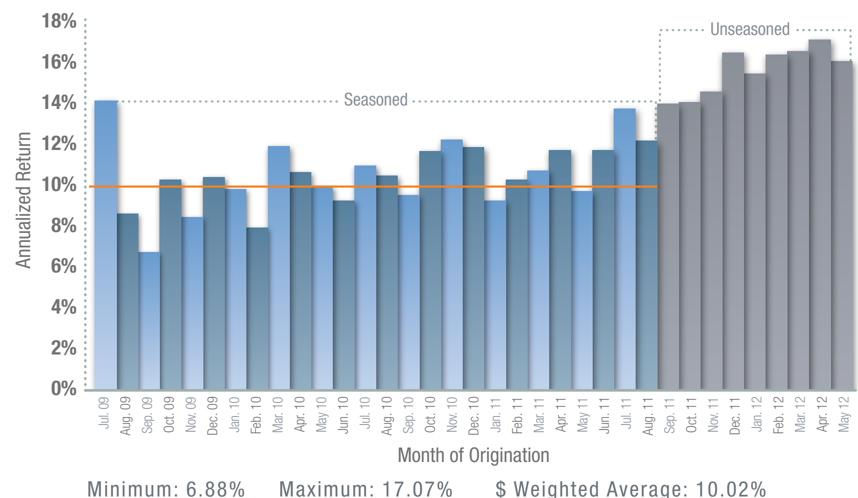
The chart above depicts the historical consistency in the monthly dollar weighted return.

DISTRIBUTION OF MONTHLY RETURNS[4]



The above histogram illustrates the consistency in the monthly returns of each vintage, with 71% of all monthly returns falling between .5% and 2%.

ANNUALIZED RETURNS ON PRINCIPAL BY MONTHLY LOAN VINTAGE[5]



Minimum: 6.88% Maximum: 17.07% $ Weighted Average: 10.02%

This chart depicts the consistency in the annualized returns regardless of the month of origination.

CONSUMER CREDIT'S ROBUST PERFORMANCE

American consumer debt data continues to confound analysts. The Federal Reserve's June Consumer Credit report showed an increase of $17.1 billion, notably well above forecasts. This change was led by a jump of $8 billion in revolving credit (primarily credit cards) which was the largest increase since November 2007. The six month average consumer credit monthly change (reference the chart on the left below) is now back to the highest levels seen since back in 2000, over a decade ago!

Many economists attribute consumer credit's recent gains to the slow hiring and stubborn unemployment that is failing to generate enough wage growth to cover on-going consumer expenses. The theory is that consumers are leveraging their balance sheets to compensate for wage shortfalls.

Is this the right interpretation? We think not. The large majority of consumers remain employed. We think that the draw on consumer credit lines instead reflects a growing comfort that, while the economy may not be booming, the worst has passed, resulting in increased spending, a positive economic sign. Consider the fact that while hiring has remained extremely sluggish by past standards, the unemployment rate, which is currently at 8.2%, remains reasonably stagnant. In other words, the employed are not losing their jobs.

Let's consider another data point. Through the first six months of the year, the S&P 500 has returned 9.48% (including re-invested dividends), a strong start for equities and a sign that the country's economy is not terrible. More light is shed by examining the S&P 500 sub-industry group performance over this time frame, as shown in the chart on the right below. Specifically, the Consumer Finance sub-industry index has returned 27.1% in the first six months of the year! For additional context, consider that in the first six months of 2008, well before most understood the Financial Crisis was upon us, this same index significantly lagged the S&P 500, down 22.62% as compared to the S&P 500 being down 11.91%.

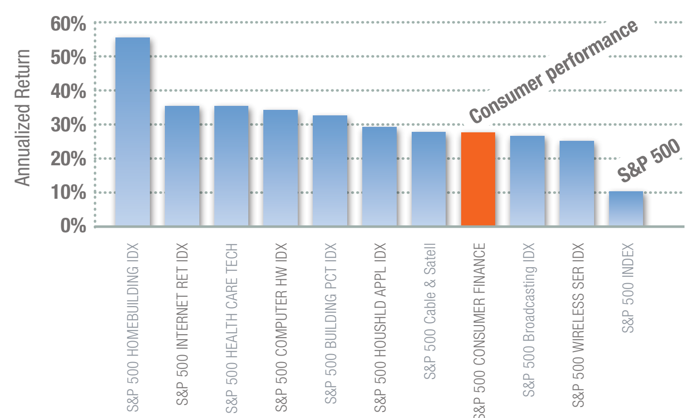
In short, the equity market, a fantastic barometer of future economic conditions, suggests that the American consumer's conditions are improving. A great sign for P2P investors!

Joseph L. Toms
Chief Investment Officer

6-MONTH AVERAGE CHANGE IN CONSUMER CREDIT

Source: Federal Reserve and Prosper
The above graph shows that consumer debt is growing at its fastest rate in a decade.

TOP 10 PERFORMING S&P 500 SUB-SECTORS YEAR-TO-DATE (JAN–JUNE 30, 2012)



Source: Bloomberg and Prosper
The above chart demonstrates that consumer credit companies are outperforming the S&P 500 to date.

CONTACT

Austin Bryant
Vice President
(415) 593-5486
abryant@prosper.com

Luke Powell, CAIA
Managing Director
Office: (415) 593-5413
Mobile: (925) 389-7893
Lpowell@prosper.com

[1] Seasoned Return calculations represent historical performance data for the Borrower Payment Dependent Notes ("Notes") issued and sold by Prosper since July 15, 2009. To be included in the calculations, Notes must be associated with a borrower loan originated more than 10 months ago; this calculation uses loans originated through August 31, 2011. Our research shows that Prosper Note returns historically have shown increased stability after they've reached ten months of age. For that reason, we provide "Seasoned Returns", defined as the Return for Notes aged 10 months or more. To calculate the Return, all payments received on borrower loans, net of principal repayment, credit losses, and servicing costs for such loans, are aggregated and then divided by the average daily amount of aggregate outstanding principal. To annualize this cumulative return, it is divided by the dollar-weighted average age of the loans in days and then multiplied by 365. All calculations were made as of June 30, 2012. Seasoned Return is not necessarily indicative of the future performance on any Notes. In September 2011, an independent accountant examined and attested to Prosper Marketplace, Inc.'s calculation methodologies for measuring historical investment returns.

[2] Borrower credit scores are obtained from Experian Scorex Plus.

[3] Estimated Return is the difference between the Estimated Effective Yield and the Estimated Loss Rate. Estimated Effective Yield is equal to the borrower interest rate: (i) minus the servicing fee rate, (ii) minus estimated uncollected interest on charge-offs, (iii) plus estimated collected late fees. The Estimated Loss Rate is the estimated principal loss on chargeoffs, and is based on the historical performance of Prosper loans. All estimates are based on the historical performance of Prosper loans for borrowers with similar characteristics. The calculations of Estimated Return, Estimated Effective Yield, and Estimated Loss Rate require significant assumptions about the repayment of loans, and lenders should make their own judgments with respect to the accuracy of these assumptions. Actual performance may differ from estimated performance.

[4] Platform Monthly Return on Principal for All Vintages (Seasoned & Unseasoned) is the dollar-weighted average return of all the discrete loan vintage returns for a given calendar month based on outstanding principal at the beginning of the month. For a loan vintage to be considered in the calendar return, it must fall between July 2009 and the month prior to the reporting month (e.g. the December 2010 calendar return would be the average return of loan vintages from July 2009 through November 2010). The periodic return for calendar month and respective loan vintages is calculated by taking the net payments received on borrower loans (which are net of principal repayment, credit losses, and servicing costs for such loans) as a percentage of the principal outstanding at the beginning of the period.

[5] To calculate the Return on Principal by monthly loan vintage, all payments received on borrower loans (which are net of principal repayment, credit losses, and servicing costs for such loans) originated during the month are aggregated and then divided by the average amount of aggregate outstanding principal. To annualize this return, it is divided by the dollar-weighted average age of the loans in months and then multiplied by 12. To be included in the Seasoned Returns calculations, Notes must be associated with a borrower loan originated at least 10 months prior; this calculation uses loans originated through August 31, 2011. Our research shows that loan portfolios that have reached 10 months of age more accurately reflect the likely long-term performance as the loans have had sufficient time to experience the impact of potential defaults. Seasoned Return is not necessarily indicative of future performance of any Notes.

IMPORTANT DISCLOSURES:

Our Borrower Payment Dependent Notes (the "Notes") are offered pursuant to the prospectus that accompanied this monthly update (the "Prospectus"). Persons considering investing in Notes should review the Prospectus in its entirety.

This presentation includes forward-looking statements. Forward-looking statements inherently involve many risks and uncertainties that could cause actual results to differ materially from those projected in these statements. Where, in any forward-looking statement, we express an expectation or belief as to future results or events, such expectation or belief is based on the current plans and expectations of our management and is expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the expectation or belief will result or be achieved or accomplished. You should carefully read the factors described in the "Risk Factors" section of the Prospectus for a description of certain risks that could, among other things, cause our actual results to differ from these forward-looking statements.

All forward-looking statements speak only as of the date of this presentation and are expressly qualified in their entirety by the cautionary statements above and in the Prospectus. We undertake no obligation to update or revise forward-looking statements that may be made in this presentation to reflect events or circumstances that arise after the date made or to reflect the occurrence of unanticipated events.