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THE IMPORTANCE OF DIVERSIFICATION TO ACHIEVE CONSISTENT RETURNS

Diversification across various assets is often thought of as the key to smart investing. With it's low correlation to other asset classes such as stocks and bonds, Prosper is a great way to add diversification to your greater portfolio.

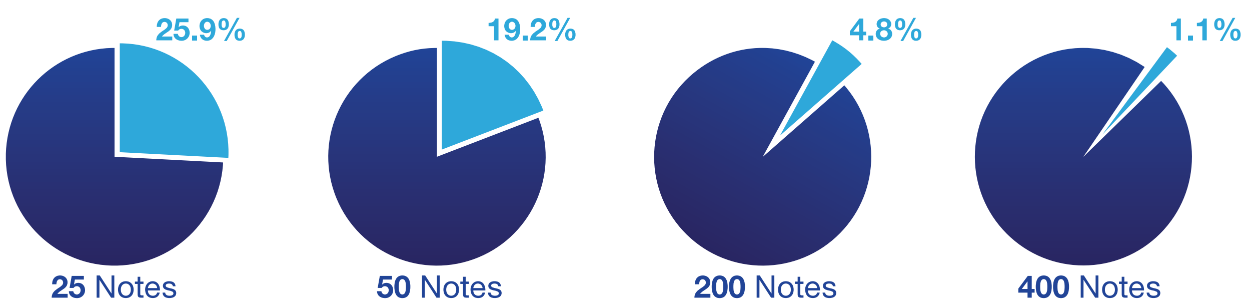
Within your Prosper Investment, diversifying is equally important. Here are a few key ways to diversify your investment on the Prosper platform to help you achieve consistent returns.

- Across multiple Notes
- Among Prosper Ratings (which range from AA-HR)
- In Notes over time

Diversification across multiple Notes

Our lender data indicates that the single most important factor in achieving consistent returns is exposure across multiple Notes. Below we compare the annualized returns of the same investment dollars across 25, 50, 200 and 400 Notes – illustrating how an investment across a larger number of Notes significantly reduces the probability of achieving annualized returns of less than 6%.*

PROBABILITY OF ANNUALIZED RETURNS LESS THAN 6%



99.9% of investors with 100+ Notes obtained since July 2009 have experienced positive returns.

Investors with 400 Notes (which can be obtained with a minimum investment of $10,000) are nearly 24 times more likely to see an annualized return over 6% than those with only 25 Notes. With 200 Notes, they are over 5 times more likely.

With a Seasoned Return of 9.09%**, Prosper offers investors great returns, monthly cash flow and access to a new asset class — consumer loans. In addition, tools such as Quick Invest make it easy to reinvest your cash earnings against the diversification criteria that meets your investment goals.

As of February 1, 2013, the Prosper marketplace was transferred by Prosper Marketplace, Inc. to Prosper Funding LLC, a wholly-owned subsidiary of Prosper Marketplace, Inc. From and after February 1, 2013 Prosper Funding LLC is the sole obligator of Notes offered and secured by loans made through the Prosper marketplace, including Notes originally issued by Prosper Marketplace, Inc. prior to such transfer. Prosper Marketplace Inc. contiinues to provide services to Prosper Funding LLC relating to loan and Note servicing, and may interact with borrowers and investors in relation thereto as agent of Prosper Funding, LLC. Except where otherwise noted, throughout this website "Prosper" refers to Prosper Funding LLC including acting directly or through its agents.

* Represents simulated portfolios (of 25, 50, 200 and 400 Notes) comprised of randomly selected Notes associated with Borrower loans originated between July 2009 and April 2012 and iterated 1,000 times. The return calculation for the simulated portfolios was made on 3/31/2013 and contains only 'Seasoned Notes' as defined below.

** 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 May 31, 2012. 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 March 31, 2012. Seasoned Return is not necessarily indicative of the future performance on any Notes.

Notes offered by Prospectus, available at www.prosper.com/prospectus