

## 2013 Tax Guide for Retail Investors

### Introduction

In connection with your investment at Lending Club you will receive certain tax forms. This document provides general information about those forms and answers to other frequently asked questions. This document is not intended to be tax advice. Lending Club recommends that you consult your financial or tax advisor if you have tax-related questions.

### In this document you will find:

1. Overview of tax documents provided by Lending Club and FOLIOfn
2. Who will receive a Consolidated 1099 Package for 2013
3. When your Consolidated 1099 Package will be available
4. What information will be provided in the Consolidated 1099 Package, including charge-off information:  
 Information reported by Lending Club, Information reported by FOLIOfn, Charge-Off Information
5. Discussion of cost basis

## 1. Overview of tax documents provided by Lending Club and FOLIOfn

Lending Club will provide a Consolidated 1099 Package for 2013 that includes all of your Lending Club and FOLIOfn Trading Platform (if applicable) 1099 tax information in a single place. The Consolidated 1099 Package will include information that we are required to provide to you and to the IRS. The package will also include supplemental information regarding charged-off loans that may help you prepare your tax return. Neither Lending Club nor FOLIOfn will report charge-off information to the IRS.

Depending on your financial situation, the Consolidated 1099 Package will include some or all of the following forms:

If you are an investor who	You will receive this form	Form Description	Platform
Received \$10 or more in net interest payments	<b>1099-OID</b>	Original Issue Discount	LendingClub
Received \$600 or more in incentive or bonus payments or other miscellaneous payments from Lending Club	<b>1099-MISC</b>	Miscellaneous Income	LendingClub
Received recoveries and/or net proceeds on sales of previously charged-off loans	<b>1099-B (Recoveries)</b>	Proceeds From Broker and Barter Exchange Transactions	LendingClub
Sold notes on the Note Trading Platform operated by FOLIOfn	<b>1099-B (Note Sales on FOLIOfn)</b>	Proceeds From Broker and Barter Exchange Transactions	FOLIOfn
Held Notes for which the corresponding loans were charged-off	<b>Loan Charge Off Detail</b>	Loan Charge Off Detail	Charge Off

The IRS will match the amounts reported in the forms listed above to the amounts reported in your tax return. Neither Lending Club nor FOLIOfn will report charge off detail to the IRS; the information is provided for your reference only

### Note:

The information in this document is directed at retail investors who hold Notes from Lending Club and who file a Federal Form 1040. It is not meant for LCA clients. Please note that Lending Club does not and cannot provide tax advice. Lending Club recommends that you consult your financial or tax advisor if you have any tax questions.

The information included above is not intended to, and does not, constitute tax advice. Any information contained in this communication was not intended or written to be used, and cannot be used, by any taxpayer for the purpose of avoiding any penalties that may be imposed on such taxpayer by the Internal Revenue Service. In considering any information provided, the taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

## 2. Who Will Receive a Consolidated 1099 Package for 2013

Lending Club will provide a Consolidated 1099 Package for individuals, partnerships, and trusts (for trusts established using an individual's social security number) that hold taxable accounts. Lending Club is not required to and will not provide these forms for corporations, tax-exempt organizations, or for tax-deferred accounts.

## 3. When your Consolidated 1099 Package will be available

The Consolidated 1099 Package will be available no later than January 31, 2014. It will be posted electronically to your Lending Club account in your "Statements" section and not mailed. Be sure to check your account before filing your tax return.

## 4. What information will be provided in the Consolidated 1099 Package, including charge-off information

The tables below are for illustrative purposes for investors who file a Federal Form 1040 (U.S. Individual Income Tax Return). They describe where to find certain tax information in the Consolidated 1099 Package and where such income may often be reported on a federal Form 1040. Your circumstances may be different.

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### — Information Reported by Lending Club —

This table describes where to find certain tax information in the Consolidated 1099 Package and where such income may often be reported on a federal Form 1040. Your circumstances may be different.

1099 OID			
Information	Box	Original Issue Discount	Explanation
Original Issue Discount for 2013	1	Report as interest income on Schedule B	The net result of interest, late fees, recoveries of unpaid interest from previously charged-off loans, less servicing fees.

This table describes where to find certain tax information in the Consolidated 1099 Package and where such income may often be reported on a federal Form 1040. Your circumstances may be different.

1099 MISC			
Information	Box	Form 1040 Tax Return	Explanation
Other Income	3	Report as other income on Form 1040	Other payments from Lending Club such as incentives or referral bonuses will be reported as other taxable income.

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## Information Reported by Lending Club

This table describes where to find certain tax information in the Consolidated 1099 Package and where such income may often be reported on a federal Form 1040. Your circumstances may be different.

1099 B – Recoveries and Sales on Charged Off Loans			
Information	Box	Form 1040 Tax Return	Explanation
Date of Sale or Exchange	1a	Form 8949 and/or Schedule D	Trade date of the sale or exchange.
Date of Acquisition	1b	Form 8949 and/or Schedule D	Date you acquired the security. Left blank if securities were acquired on a variety of dates.
Type of Gain or Loss	1c	Form 8949 and/or Schedule D	Only completed if information is available.
Sales Price of Stocks, Bonds, Etc. Less Commissions & Option Premiums	2a	Report as short or long term gains/losses on Form 8949 and/or Schedule D.	If you received recoveries of principal amounts of previously charged-off loans, the net result of recoveries less applicable collections and servicing fees will be reported in Box 2a of form 1099-B.
Loss Not Allowed	2b	Determine if you may take a loss on proceeds reported in Box 2a	If Box 2b is checked, you cannot take a loss on your tax return based on gross proceeds reported in Box 2a
Cost or Other Basis	3	Report the cost or other basis for securities sold on Form 8949 and/or Schedule D.	Lending Club does not provide the cost or other basis of any Notes. See Form 8949, Schedule D, or Pub. 550 for details. See section 5 of this document for more information.
Basis Reported to the IRS	6	Indicates whether Lending Club has reported the cost or basis to the IRS.	Lending Club does not report the cost or basis to the IRS. See section 5 of this document for more information.

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## Information Reported by FOLIOfn

This table describes where to find certain tax information in the Consolidated 1099 Package and where such income may often be reported on a federal Form 1040. Your circumstances may be different.

1099 B – Proceeds from Sales on FOLIOfn			
Information	Box	Form 1040 Tax Return	Explanation
Date of Sale or Exchange	1a	Form 8949 and/or Schedule D	Trade date of the sale or exchange.
Date of Acquisition	1b	Form 8949 and/or Schedule D	Date you acquired the security. Left blank if securities were acquired on a variety of dates.
Type of Gain or Loss	1c	Form 8949 and/or Schedule D	Short or long term gain/loss. Only completed if information is available.
Sales Price of Stocks, Bonds, Etc. Less Commissions & Option Premiums	2a	Report as short or long term gains/losses on Form 8949 and/or Schedule D.	If you sold Notes on the trading platform operated by FOLIOfn during the tax year, the sales proceeds net of any trading fees will be show in Box 2a. FOLIOfn does not report this information to the IRS.
Loss Not Allowed	2b	Determine if you may take a loss on proceeds reported in Box 2a	If Box 2b is checked, you cannot take a loss on your tax return based on gross proceeds reported in Box 2a.
Cost or Other Basis	3	Report the cost or other basis for securities sold on Form 8949 and/or Schedule D.	FOLIOfn does not provide the cost or other basis of any Notes. See Form 8949, Schedule D, or Pub. 550 for details. See section 5 of this document for more information.
Basis Reported to the IRS	6	Indicates whether FOLIOfn has reported the cost or basis to the IRS.	FOLIOfn does not report the cost or basis to the IRS. See section 5 of this document for more information.

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Charge-Off Information

If you held Notes for which the corresponding loans were charged-off in 2013, you may be able to claim losses on your tax return. The Investor Schedule of Charged-Off Loans provides you with the information to claim such losses. Lending Club recommends that you consult your financial or tax advisor if you have any tax questions.

This table describes where to find certain tax information in the Consolidated 1099 Package and where such income may often be reported on a federal Form 1040. Your circumstances may be different.

Investor Schedule of Charged-Off Loans for 2013 (information not reported to the IRS)		
Information	Manner Typically Reported on Form 1040 Tax Return	Explanation
Date of Sale or Exchange	Form 8949 and/or Schedule D	Date security was charged-off.
Date of Acquisition	Form 8949 and/or Schedule D	Date you acquired the security.
Loan Principal Balance at Charge-Off Date (A)		Loan balance at the date security was charged-off
New Issue or Secondary Market		Whether security was purchased at initial issuance or on the secondary market
Original Purchase Price		Cost of security at purchase date
Secondary Market Purchase Premium / (Discount) (B)		(Discount) or Premium paid for security on the secondary market (N/A if security was purchased at initial issuance)
Loan Principal Balance at Charge-Off Date Net of (Discount) / Premium (A+B)	Report on Form 8949 and / or Schedule D	Lending Club does not provide the cost or other basis of any Notes. See Form 8949, Schedule D, or Pub. 550 for details. See section 5 of this document for more information. However, if alternative treatment has NOT been taken with regard to secondary market discount or premium, cost basis should be Loan Principal Balance less discount or plus premium. If the security was purchased at initial issuance, cost basis should be the Loan Principal Balance.

5. Discussion of cost basis

Lending Club does not provide the cost basis for any Notes because the cost basis of each Note depends on how much you paid for the Note. The price you paid for a Note may vary, depending on whether you purchased the Note at original issuance or on the FOLIOfn Note Trading Platform.

Generally, the cost basis for a Note purchased at original issue is the remaining outstanding principal of the Note at the sale or charge-off date.

With regard to a Note purchased on the FOLIOfn Note Trading Platform, a discount or a premium may be imbedded in the purchase price of the Notes. Typically, the cost basis for such Notes may be the remaining outstanding principal of such Note less embedded discount or plus the embedded premium of such Note. However, there are multiple approaches available to taxpayers to treat such discounts and premium. Some taxpayers may have elected to take an alternative treatment to the embedded Note discount or premium. In any circumstance, we recommend that you consult with your tax advisor to determine your specific tax basis in such a Note.

For specific tax-treatment questions, please discuss with your financial advisor or refer to the Lending Club Prospectus in the section titled “Material U.S. Federal Income Tax Considerations,” which can be found at <https://www.lendingclub.com/info/prospectus.action>.

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