THE SHARESPOST PRIVATE STOCK LOAN PROGRAM

Private companies are staying private for longer than ever. As a result, shareholders increasingly look for liquidity prior to a company sale or IPO. However, employees' cash needs are often out of sync with a company's exit plans and underwriting calendars.

As a shareholder in a private growth company, it's important for you to understand the different paths available to generate liquidity. The path you take—and when you take it—can significantly impact the future value of your equity. At SharesPost, we encourage our clients to explore all available liquidity alternatives so that they can make informed decisions to borrow against their shares, sell their shares, or do nothing at all.

GET TO KNOW YOUR ALTERNATIVES

SharesPost can help you navigate the complex world of secondary market transactions and take informed action based on your unique situation. Our experienced team will assist you in understanding your liquidity alternatives and their financial implications so you can maximize the value of your equity.

SHAREPOST PRIVATE STOCK LOAN—GET LIQUIDITY WHILE HOLDING ON TO YOUR EQUITY UPSIDE

The SharesPost Private Stock Loan Program helps shareholders get liquidity without selling their shares. By borrowing against their equity, shareholders can obtain cash today while maintaining more equity upside than they would through a sale. This strategy is particularly important for employees in promising, high-growth private companies. Additionally, because the loan is a non-recourse loan, shareholders' repayment responsibility is limited to the shares backing the loan. The risk of company failure is transferred to the lender.

A SharesPost Private Stock Loan can provide two key benefits:

1. **Increase the long-term value of your equity in companies that continue to appreciate in value.**
2. **Reduce your risk by using a non-recourse loan so you do not risk other personal assets.**

DON'T UNDERESTIMATE THE POWER OF GROWTH

Once you sell your shares, the upside is gone. Lacking any other alternative, many shareholders resort to selling their stock to get liquidity. In promising, high-growth private companies, this often means leaving significant upside on the table.

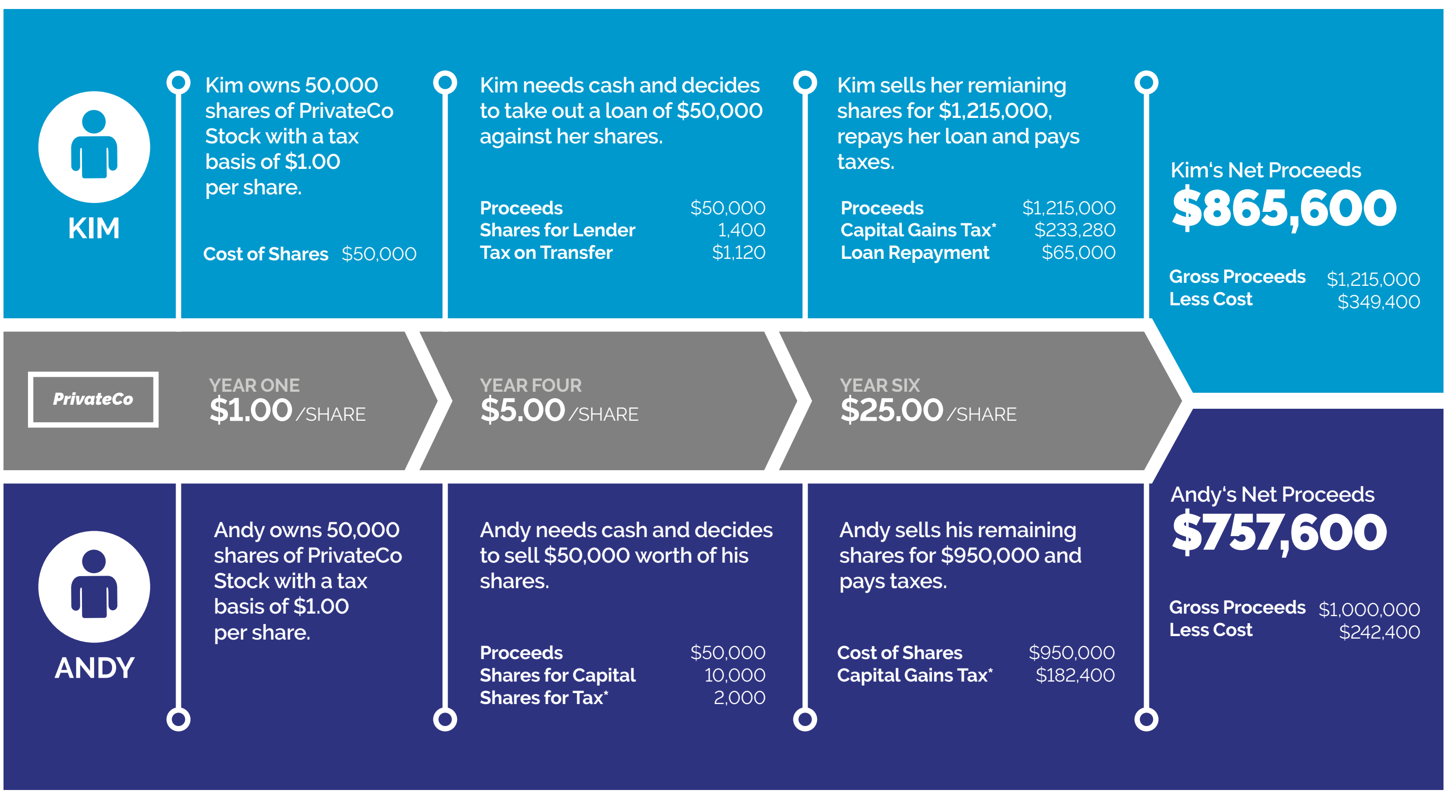
In lieu of a sale, borrowing against your private shares can help preserve their future value. As long as the company continues to appreciate in value, you can pay back the loan in the future with highly appreciated shares. The result is cash today and higher equity value in the future.

NOW VERSUS LATER: THE BENEFITS OF A PROACTIVE APPROACH

To illustrate this trade-off, consider the following hypothetical example. Kim and Andy both work for a rapidly growing private technology firm and hold 50,000 shares with a current value of $5.00 per share and a tax basis of $1.00 per share.

Kim and Andy are both looking to raise $50,000 in cash. Kim is optimistic about the company's prospects and decides to borrow against her shares. Her loan has a 10 percent interest rate, and the lender requires 1,400 shares. She uses the remaining shares as collateral for the loan.

Andy, believing he has no other way to get cash, decides to sell his shares today at $5.00 per share. To achieve his liquidity goal, Andy has to sell 12,000 shares: 10,000 shares to raise $50,000 and another 2,000 shares to cover the taxes on the sale.



**Estimated combined federal and state income tax rate of 45%.*

***Estimated long-term capital gains tax rate of 20%. The above graphic is used for illustrative purposes only and is not meant to be a guarantee of future events.*

Fast-forward three more years to the IPO. The company now trades for $25.00 per share, and Andy and Kim both sell their shares.

By borrowing, Kim was able to obtain cash and participate in the upside on 48,600 shares. However, Andy, having sold his shares to raise cash, was only able to participate in the upside on 38,000 shares. After accounting for the cost of the loan, Kim received an additional $108,000 in net proceeds, with her proceeds exceeding Andy's by 14.26 percent.

A SharesPost Private Stock Loan is a creative product that enables you to raise cash without having to sell your shares. It gives you the ability sell shares when you think the time is right, not just when you need the cash.

TAKE CONTROL OF YOUR FINANCIAL FUTURE

The first step in maximizing your potential equity upside is to talk to a SharesPost representative, who can assess your situation and explain your alternatives.

To get started, register or logon to

sharespost.com/lending

Or email us at Loans@sharespost.com

* For non-qualified stock options (NSO), the "spread" or value of the stock at the time of exercise in excess of the exercise price is taxed as compensation income at the highest tax rates.

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