

LOOP LOOPNET INC

Current Price \$23.65

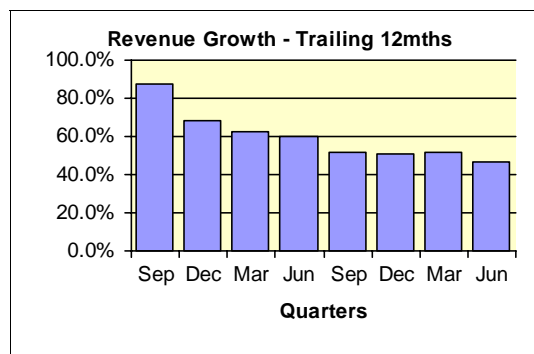
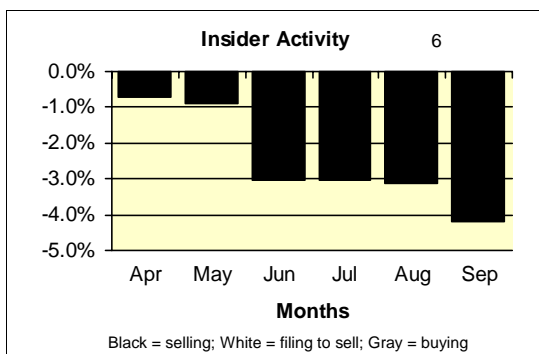
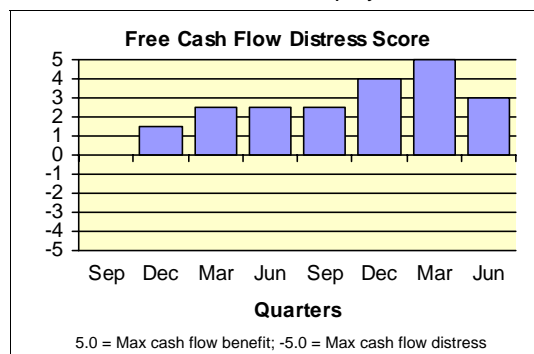
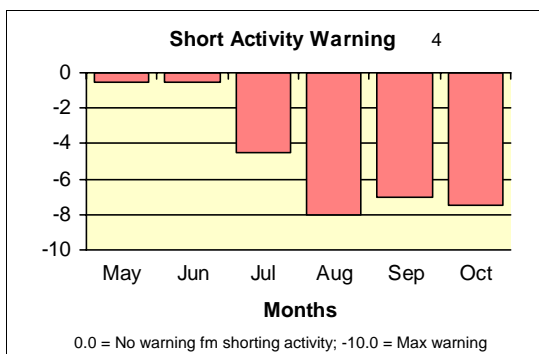
Market cap \$917

Price, 52-wk Hi/Lo \$26.37 / \$12.67

LoopNet Inc. operates an online marketplace for commercial real estate in the United States.



Options?	No	Recent convertible	No	Convertible debts and pfd ¹	\$0
PE TTM	51.4x	Insider ownership	9 %	Next earnings due:	10/24/2007
Estimated PE	NEG x	Potential dilution ²	10 %	Bankruptcy Z-Score ³	35.4



RED FLAGS

<p><i>Ability to meet expectations</i></p> <p>High P/S ratio TTM ⁷ <input checked="" type="checkbox"/></p> <p>Negative free cash flow ⁸ <input type="checkbox"/></p> <p>Sales growth slowdown ⁹ <input type="checkbox"/></p> <p><i>Accounting issues</i></p> <p>Change in actg principles ¹⁰ <input type="checkbox"/></p> <p>Qualified audit language ¹¹ <input type="checkbox"/></p>	<p><i>Early balance sheet warnings</i></p> <p>Rising inventory to sales ¹² <input type="checkbox"/></p> <p>Rising accounts receivable ¹³ <input type="checkbox"/></p> <p>High long-term debt to capital ¹⁴ <input type="checkbox"/></p> <p><i>Stock and debt ratings</i></p> <p>Recent downward earns ests ¹⁵ <input type="checkbox"/></p> <p>S+P Debt Downgrade ¹⁶ <input type="checkbox"/></p>	<p><i>Stock selling signals</i></p> <p>High insider selling ¹⁷ <input type="checkbox"/></p> <p>Large institutional ownership ¹⁸ <input type="checkbox"/></p> <p>Co sales of common stock ¹⁹ <input type="checkbox"/></p>
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INVESTMENT CONCERNS

LoopNet's core commercial real estate market now shows signs of slowing. Rentals of retail space are off in areas with weak housing as consumers reign in spending. Strip mall vacancies recently hit 7.4%, a 5 year high. Office rent increases are expected to slow from 6.1% to 3.1% in 2008. Problems in credit markets are also causing postponements with commercial transactions. After a significant price increase, LoopNet now spends much more to acquire new subscribers. Meanwhile the company faces considerable competition in an industry with low barriers to entry. Insiders are persistent sellers with outsiders looking at 19% dilution.