



FEBRUARY 11, 2008

MORNING NOTE

RUTHANNE WILLIAMS ROUSSEL  
[Ruthanne@catalystresearch.com](mailto:Ruthanne@catalystresearch.com)  
503-241-1880

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**ZAGG, INC.**

(OTC-BB: ZAGG: \$0.80, BUY)  
INDUSTRY: SPECIALTY RETAIL

Disclosures: 1, 5, 10

FY: Dec	2006A	2007E	2008E
EPS	(\$0.42)	(\$0.01)	\$0.05

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**ZAGG Pre-Announces Highlights Of 4Q07 Results**

- ZAGG announced February 8, 2008 that the company will be operationally profitable in 4Q07 on revenue of approximately \$2 million. Our estimate was for revenues of \$1.7 million and EPS of \$0.01.
- Revenues for the year 2007 were over \$5 million, representing over an 80% increase from 2006 and in line with management's targets. This compares favorably with our revenue estimate of \$4.8 million and puts ZAGG on track to meet our estimate for the year of a \$(0.01) loss per share.

If and when ZAGG penetrates a big-box retailer, we consider that this would be a catalyst. We expect ZAGG to report fourth quarter and 2007 results in February. We maintain our BUY rating.

#### DISCLOSURES:

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<b>Buy</b>	Immediate purchase is recommended. The security expected to outperform the market over the next 12 to 18 months.
<b>Accumulate</b>	Purchase of the stock is recommended for above average appreciation over the next 12 to 18 months, but the buyer may have an opportunity to acquire the stock within a 10% trading range.
<b>Hold</b>	Holding the stock is recommended because the share price has moved above the specific "Buy" range and, therefore, appreciation potential is less than or equal to the market.
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