



MAY 15, 2008

MORNING NOTE

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ZAGG, INC.

(OTC-BB: ZAGG: \$0.68, BUY)
INDUSTRY: SPECIALTY RETAIL

Disclosures: 1, 5, 10

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

**Under Review*

ZAGG Beats Revenues Estimate In 1Q08, Not Yet Breaking Even

ZAGG reported net sales for 1Q08 of \$2.8 million, a nearly fourfold increase from \$0.8 million in 1Q07 and a sequential increase of 35% from \$2.1 in net sales in 4Q07.

Net loss was (\$0.01) per share in the first quarter of 2008 compared to (\$0.02) per share in 1Q07. We had projected \$0.01 in profit on \$1.8 million of revenues. We underestimated SG&A and marketing expense as the Invisible Shield ramped up international sales.

The company will host a conference call Thursday, May 15, 2008 at 1:00 PM EDT. The call-in number is (877) 407-9210. No passcode was given.

Our estimates are under review.

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