

January 29, 2010

Price (as of close on
January 28, 2010)

\$2.23

Rating
BUY

12- Month Target Price
\$5.75

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ZAGG Incorporated (ZAGG)

Management lowered Q4:09 revenue and EPS guidance. Long-term growth story remains intact, despite near-term issues. Maintain coverage with BUY rating.

52-Week Range	\$0.65 – \$7.91	Total Debt (million)	\$0
Shares Outstanding	24.3 million	Total Debt/Equity	0%
Insider/Institutional	33.4% / 5.7%	ROE (TTM)	56.5%
Public Float	14.8 million	Book Value/Share	\$0.55
Market Capitalization	\$54.2 million	Daily Volume	215,978

FYE DEC	2008A	2009E		2010E	
EPS (\$)	ACTUAL	CURRENT	PREVIOUS	CURRENT	PREVIOUS
Q1 Mar	(0.01)A	0.05A		0.05E	0.07E
Q2 Jun	0.01A	0.05A		0.06E	0.08E
Q3 Sep	0.05A	0.04A		0.06E	0.09E
Q4 Dec	0.06A	0.03E	0.06E	0.07E	0.11E
Year*	\$0.11A	\$0.17.E	\$0.20E	\$0.23E	\$0.35E
P/E Ratio	20.2x	13.1x		9.7x	
Change	NM	59.5%		34.2%	

FYE DEC	2008A	2009E		2010E	
Revenue (\$ mil.)	ACTUAL	CURRENT	PREVIOUS	CURRENT	PREVIOUS
Q1 Mar	2.9A	8.1A	8.1A	10.9E	13.0E
Q2 Jun	2.7A	9.2A	9.2E	12.4E	14.7E
Q3 Sep	6.9A	9.7E	9.7E	13.6E	15.6E
Q4 Dec	7.4A	10.2E	11.6E	15.2E	18.6E
Year*	\$19.8A	\$37.2E	\$38.7E	\$52.2E	\$61.8E
Change	285.4%	87.9%		40.4%	

* Numbers may not add up due to rounding.

REVISED GUIDANCE

- After the close on January 26, ZAGG reduced its guidance for 2009.
- Management reduced its 2009 revenue guidance from \$38 million to \$37 million.
- Its lower revenue guidance reflects a delay in the release of ZAGGskins, ZAGGbuds, and other accessories, as well as the change in product and channel mix as a percentage of total sales for Q4:09.
- ZAGG also lowered its 2009 EPS guidance from \$0.22 to \$0.15-\$0.17.
- Its lower EPS outlook was due to a higher percentage of sales from its indirect distribution channel. Also, ZAGG expects to incur charges related to inventory and reserves against accounts receivable and notes receivable.
- We are reducing our estimates accordingly. We now expect revenues to grow 87.9% in 2009, and 40.4% in 2010. Our 2009 EPS estimate is \$0.17, and our 2010 EPS estimate is \$0.23.
- This is the second consecutive quarter that ZAGG has disappointed investors, and its stock has dropped 60% since the beginning of November.
- We recognize the company's near-term problems, but we think the market has taken the stock to a level that reflects continued problems and limited growth potential. As a result, much of the price risk has been taken out of the stock.

Company Description

ZAGG designs, manufactures, and distributes protective coverings, audio accessories and power solutions for consumer electronic and hand-held devices.

Please refer to the end of this report to obtain important disclosure information.

- **Innovative product.** ZAGG's invisibleSHIELD film material was originally developed to protect helicopter blades from high friction, high velocity damage. ZAGG's patented and proprietary urethane polymer is ultra-thin, virtually unseen, and protects electronic devices from scratches and normal wear and tear. The company also has a patent-pending application process for wrapping electronic devices with protective film.
- **Complementary product lines.** ZAGG is building on the success of its invisibleSHIELD by rolling out new products. These products include ZAGGskins, ZAGGbuds, ZAGGsparq, and ZAGGfoam. ZAGGskins allow users to customize their electronics devices with graphics printed on the invisibleSHIELD. ZAGGbuds are ear buds (head phones that fit in the ear) that won the coveted CES, Design and Innovation award. ZAGGsparq is a universal charger for electronics devices. ZAGGfoam is a cleaner and disinfectant for the invisibleSHIELD. ZAGG has already launched AppSpace.com, an online destination for mobile application users. Also, ZAGG acquired the worldwide license for HzO technology, which protects consumer products from water damage.
- **Huge market potential.** ZAGG is positioned to serve all of the major market segments of handheld electronic devices. The company has over 3,000 invisibleSHIELD products including product configurations available for iPods (over 220 million units sold worldwide), iPhones (over 21 million sold), cell phones (1.2 billion units sold in 2008), digital cameras (over 119 million units sold in 2008), Sony's PSP (over 50 million units) and Nintendo's DS Lite (over 96 million).
- **Valuation.** We lower our price target to \$5.75 based on a 50/50 blend of our DCF and PE analysis. Our DCF assumes a 12.8% increase in after tax operating profit driven by a 51% ROC, a 25% reinvestment rate, and a 8.7% cost of capital. Our assumptions describe a price target of \$8.05. What's more, we believe ZAGG will be able to achieve 5-year earnings per share growth of at least 20% due to strong demand for electronics devices and an increasing interest in protecting those devices. We purposely keep our estimates conservative due to the company's small size and recent disappointments. We believe a PE ratio of 15x is reasonable for a small company that is expected to have long-term EPS growth of 20%. Applying a 15x PE multiple to our 2010 EPS estimate results in a price target of \$3.45. Our equally weighted blended DCF / PE price target is \$5.75. Based on the current stock price, we rate the shares of ZAGG a BUY.

Table 1: Scenario Analysis; Return on Capital Vs. Discount rate

	Discount Rate													
	30.0%	28.0%	26.0%	24.0%	22.0%	20.0%	18.0%	16.0%	14.0%	12.0%	10.0%	8.0%	6.0%	
ROC	19.0%	\$ 1.49	\$ 1.66	\$ 1.85	\$ 2.08	\$ 2.33	\$ 2.62	\$ 2.96	\$ 3.35	\$ 3.80	\$ 4.32	\$ 4.93	\$ 5.64	\$ 6.48
	22.0%	\$ 1.54	\$ 1.72	\$ 1.92	\$ 2.15	\$ 2.42	\$ 2.72	\$ 3.07	\$ 3.47	\$ 3.94	\$ 4.49	\$ 5.12	\$ 5.86	\$ 6.74
	25.0%	\$ 1.60	\$ 1.78	\$ 1.99	\$ 2.23	\$ 2.50	\$ 2.82	\$ 3.18	\$ 3.60	\$ 4.09	\$ 4.66	\$ 5.32	\$ 6.09	\$ 7.00
	28.0%	\$ 1.65	\$ 1.84	\$ 2.06	\$ 2.31	\$ 2.60	\$ 2.92	\$ 3.30	\$ 3.74	\$ 4.25	\$ 4.84	\$ 5.52	\$ 6.33	\$ 7.27
	31.0%	\$ 1.71	\$ 1.91	\$ 2.14	\$ 2.39	\$ 2.69	\$ 3.03	\$ 3.43	\$ 3.88	\$ 4.41	\$ 5.02	\$ 5.74	\$ 6.57	\$ 7.56
	34.0%	\$ 1.77	\$ 1.98	\$ 2.21	\$ 2.48	\$ 2.79	\$ 3.14	\$ 3.55	\$ 4.03	\$ 4.57	\$ 5.21	\$ 5.95	\$ 6.82	\$ 7.85
	37.0%	\$ 1.83	\$ 2.05	\$ 2.29	\$ 2.57	\$ 2.89	\$ 3.26	\$ 3.68	\$ 4.17	\$ 4.74	\$ 5.41	\$ 6.18	\$ 7.09	\$ 8.15
	40.0%	\$ 1.90	\$ 2.12	\$ 2.37	\$ 2.66	\$ 3.00	\$ 3.38	\$ 3.82	\$ 4.33	\$ 4.92	\$ 5.61	\$ 6.41	\$ 7.35	\$ 8.46
	43.0%	\$ 1.96	\$ 2.19	\$ 2.46	\$ 2.76	\$ 3.10	\$ 3.50	\$ 3.96	\$ 4.49	\$ 5.10	\$ 5.82	\$ 6.65	\$ 7.63	\$ 8.78
	46.0%	\$ 2.03	\$ 2.27	\$ 2.54	\$ 2.86	\$ 3.22	\$ 3.63	\$ 4.10	\$ 4.65	\$ 5.29	\$ 6.04	\$ 6.90	\$ 7.92	\$ 9.11
	49.0%	\$ 2.10	\$ 2.35	\$ 2.63	\$ 2.96	\$ 3.33	\$ 3.76	\$ 4.25	\$ 4.82	\$ 5.49	\$ 6.26	\$ 7.16	\$ 8.22	\$ 9.46
	52.0%	\$ 2.18	\$ 2.43	\$ 2.73	\$ 3.06	\$ 3.45	\$ 3.89	\$ 4.41	\$ 5.00	\$ 5.69	\$ 6.49	\$ 7.43	\$ 8.52	\$ 9.81
	55.0%	\$ 2.25	\$ 2.52	\$ 2.82	\$ 3.17	\$ 3.57	\$ 4.03	\$ 4.57	\$ 5.18	\$ 5.90	\$ 6.73	\$ 7.70	\$ 8.84	\$ 10.18

As the table above shows, the necessary combinations of assumptions for ROC and discount rates required to find ZAGG Incorporated overvalued seem unrealistic.

Table 2: Scenario Analysis; Forward PE Ratio Vs. Forward EPS

	Forward EPS													
	\$ 0.13	\$ 0.15	\$ 0.17	\$ 0.19	\$ 0.21	\$ 0.23	\$ 0.25	\$ 0.27	\$ 0.29	\$ 0.31	\$ 0.33	\$ 0.35	\$ 0.37	
Forward PE Ratio	8.0	\$ 1.04	\$ 1.20	\$ 1.36	\$ 1.52	\$ 1.68	\$ 1.84	\$ 2.00	\$ 2.16	\$ 2.32	\$ 2.48	\$ 2.64	\$ 2.80	\$ 2.92
	9.0	\$ 1.17	\$ 1.35	\$ 1.53	\$ 1.71	\$ 1.89	\$ 2.07	\$ 2.25	\$ 2.43	\$ 2.61	\$ 2.79	\$ 2.97	\$ 3.15	\$ 3.29
	10.0	\$ 1.30	\$ 1.50	\$ 1.70	\$ 1.90	\$ 2.10	\$ 2.30	\$ 2.50	\$ 2.70	\$ 2.90	\$ 3.10	\$ 3.30	\$ 3.50	\$ 3.65
	11.0	\$ 1.43	\$ 1.65	\$ 1.87	\$ 2.09	\$ 2.31	\$ 2.53	\$ 2.75	\$ 2.97	\$ 3.19	\$ 3.41	\$ 3.63	\$ 3.85	\$ 4.02
	12.0	\$ 1.56	\$ 1.80	\$ 2.04	\$ 2.28	\$ 2.52	\$ 2.76	\$ 3.00	\$ 3.24	\$ 3.48	\$ 3.72	\$ 3.96	\$ 4.20	\$ 4.38
	13.0	\$ 1.69	\$ 1.95	\$ 2.21	\$ 2.47	\$ 2.73	\$ 2.99	\$ 3.25	\$ 3.51	\$ 3.77	\$ 4.03	\$ 4.29	\$ 4.55	\$ 4.75
	14.0	\$ 1.82	\$ 2.10	\$ 2.38	\$ 2.66	\$ 2.94	\$ 3.22	\$ 3.50	\$ 3.78	\$ 4.06	\$ 4.34	\$ 4.62	\$ 4.90	\$ 5.11
	15.0	\$ 1.95	\$ 2.25	\$ 2.55	\$ 2.85	\$ 3.15	\$ 3.45	\$ 3.75	\$ 4.05	\$ 4.35	\$ 4.65	\$ 4.95	\$ 5.25	\$ 5.48
	16.0	\$ 2.08	\$ 2.40	\$ 2.72	\$ 3.04	\$ 3.36	\$ 3.68	\$ 4.00	\$ 4.32	\$ 4.64	\$ 4.96	\$ 5.28	\$ 5.60	\$ 5.84
	17.0	\$ 2.21	\$ 2.55	\$ 2.89	\$ 3.23	\$ 3.57	\$ 3.91	\$ 4.25	\$ 4.59	\$ 4.93	\$ 5.27	\$ 5.61	\$ 5.95	\$ 6.21
	18.0	\$ 2.34	\$ 2.70	\$ 3.06	\$ 3.42	\$ 3.78	\$ 4.14	\$ 4.50	\$ 4.86	\$ 5.22	\$ 5.58	\$ 5.94	\$ 6.30	\$ 6.57
19.0	\$ 2.47	\$ 2.85	\$ 3.23	\$ 3.61	\$ 3.99	\$ 4.37	\$ 4.75	\$ 5.13	\$ 5.51	\$ 5.89	\$ 6.27	\$ 6.65	\$ 6.94	
20.0	\$ 2.60	\$ 3.00	\$ 3.40	\$ 3.80	\$ 4.20	\$ 4.60	\$ 5.00	\$ 5.40	\$ 5.80	\$ 6.20	\$ 6.60	\$ 7.00	\$ 7.30	

The table above shows how current PE multiples based on our earnings estimates of \$0.23 for 2010 are conservative given the strong demand for consumer electronic devices and the company's growth prospects. We expect the multiple to move higher as investors recognize the growth potential of the company's invisibleSHIELD product line and its expansion into new geographical markets. Given the upside projected by our price target, we rate the shares BUY.

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Rating Definitions

BUY, 30% or greater increase in the next 12 months.

HOLD, perform in line with the market.

SELL, 30% or more declines in the next 12 months.

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ZAGG INC
Quarterly Results & Estimates
\$ in Millions

	2008 Actual	2009 Estimated				Fiscal 2009E	2010 Estimated				Fiscal 2010E
	Fiscal 2008A	1QA Mar09	2QA Jun09	3QA Sep09	4QE Dec09		1QE Mar10	2QE Jun10	3QE Sep10	4QE Dec10	
Sales	\$ 19.79	\$ 8.09	\$ 9.22	\$ 9.73	\$ 10.15	\$ 37.18	\$ 10.92	\$ 12.44	\$ 13.62	\$ 15.22	\$ 52.20
Revenue Growth	285.4%	184.4%	236.4%	41.9%	38.0%	87.9%	35.0%	35.0%	40.0%	50.0%	40.4%
Cost of Goods Sold	\$ 6.59	\$ 2.90	\$ 3.70	\$ 4.52	\$ 4.67	\$ 15.78	\$ 4.59	\$ 5.35	\$ 6.27	\$ 6.85	\$ 23.05
Gross Profit	\$ 13.20	\$ 5.20	\$ 5.52	\$ 5.21	\$ 5.48	\$ 21.40	\$ 6.34	\$ 7.09	\$ 7.35	\$ 8.37	\$ 29.15
Gross margin	66.7%	64.2%	59.8%	53.5%	54.0%	57.5%	58.0%	57.0%	54.0%	55.0%	55.8%
Advertising and marketing	\$ 3.98	\$ 1.46	\$ 1.39	\$ 1.33	\$ 1.57	\$ 5.75	\$ 1.81	\$ 1.78	\$ 1.74	\$ 2.13	\$ 7.47
Selling, general and administrative	\$ 6.84	\$ 2.14	\$ 2.26	\$ 2.41	\$ 2.59	\$ 9.39	\$ 2.69	\$ 2.92	\$ 3.21	\$ 3.35	\$ 12.17
Total Operating Expenses	\$ 10.82	\$ 3.59	\$ 3.65	\$ 3.74	\$ 4.16	\$ 15.14	\$ 4.50	\$ 4.70	\$ 4.96	\$ 5.48	\$ 19.64
Total Operating Expense Margin	54.7%	44.4%	39.6%	38.4%	41.0%	40.7%	41.2%	37.8%	36.4%	36.0%	37.6%
EBITDA	\$ 2.54	\$ 1.66	\$ 1.92	\$ 1.53	\$ 1.37	\$ 6.48	\$ 1.90	\$ 2.45	\$ 2.46	\$ 2.95	\$ 9.76
Depreciation, Depletion, & Amortization	\$ 0.16	\$ 0.05	\$ 0.06	\$ 0.06	\$ 0.06	\$ 0.22	\$ 0.06	\$ 0.06	\$ 0.06	\$ 0.06	\$ 0.25
Operating Profit	\$ 2.38	\$ 1.60	\$ 1.86	\$ 1.47	\$ 1.32	\$ 6.26	\$ 1.84	\$ 2.39	\$ 2.40	\$ 2.89	\$ 9.51
Operating Margin	12.0%	19.8%	20.2%	15.1%	13.0%	16.8%	16.8%	19.2%	17.6%	19.0%	18.2%
Interest Expense	\$ 0.01	\$ 0.00	\$ 0.00	\$ 0.01	\$ 0.00	\$ 0.02	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Non-Operating Income/Expense	\$ 0.23	\$ 0.04	\$ 0.05	\$ 0.00	\$ 0.00	\$ 0.09	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Pretax Income	\$ 2.60	\$ 1.64	\$ 1.91	\$ 1.46	\$ 1.32	\$ 6.33	\$ 1.84	\$ 2.39	\$ 2.40	\$ 2.89	\$ 9.51
Total Income Taxes	\$ 0.50	\$ 0.62	\$ 0.72	\$ 0.55	\$ 0.49	\$ 2.38	\$ 0.69	\$ 0.90	\$ 0.90	\$ 1.08	\$ 3.57
Net Income	\$ 2.10	\$ 1.03	\$ 1.19	\$ 0.91	\$ 0.82	\$ 3.95	\$ 1.15	\$ 1.49	\$ 1.50	\$ 1.81	\$ 5.95
Shares for Diluted EPS	19.13	19.87	22.61	24.253	25.000	23.956	25.000	25.200	25.300	25.500	25.333
EPS Diluted from Ops	\$ 0.11	\$ 0.05	\$ 0.05	\$ 0.04	\$ 0.03	\$ 0.17	\$ 0.05	\$ 0.06	\$ 0.06	\$ 0.07	\$ 0.23
Earnings Growth	-322.0%	-949.5%	474.6%	-18.2%	-44.8%	59.5%	-11.4%	12.2%	58.2%	115.4%	34.2%

ZAGG INC
Balance Sheet
\$ in Millions

	2008 Actual	2009 Estimated				2010 Estimated					
	Fiscal 2008A	1QA Mar09	2QA Jun09	3QA Sep09	4QE Dec09	Fiscal 2009E	1QE Mar10	2QE Jun10	3QE Sep10	4QE Dec10	Fiscal 2010E
Cash & Equivalents	\$ 1.07	\$ 1.03	\$ 3.33	\$ 2.10	\$ 3.24	\$ 3.24	\$ 4.11	\$ 5.27	\$ 6.67	\$ 6.12	\$ 6.12
Net Receivables	\$ 3.59	\$ 4.27	\$ 5.09	\$ 5.88	\$ 4.87	\$ 4.87	\$ 5.76	\$ 6.51	\$ 8.23	\$ 7.30	\$ 7.30
Inventories	\$ 1.91	\$ 3.13	\$ 4.18	\$ 3.49	\$ 3.55	\$ 3.55	\$ 4.22	\$ 5.64	\$ 4.88	\$ 5.33	\$ 5.33
Other Current Assets	\$ 1.27	\$ 1.95	\$ 1.78	\$ 4.52	\$ 4.06	\$ 4.06	\$ 4.37	\$ 4.98	\$ 4.77	\$ 6.09	\$ 6.09
Total Current Assets	\$ 7.84	\$ 10.38	\$ 14.38	\$ 15.99	\$ 15.72	\$ 15.72	\$ 18.46	\$ 22.39	\$ 24.55	\$ 24.84	\$ 24.84
Net Plant, Property & Equipment	\$ 0.55	\$ 0.64	\$ 0.69	\$ 0.81	\$ 0.97	\$ 0.97	\$ 1.15	\$ 1.36	\$ 1.58	\$ 1.82	\$ 1.82
Other Assets	\$ 0.06	\$ 0.06	\$ 0.09	\$ 0.11	\$ 0.11	\$ 0.11	\$ 0.11	\$ 0.11	\$ 0.11	\$ 0.25	\$ 0.25
TOTAL ASSETS	\$ 8.45	\$ 11.07	\$ 15.16	\$ 16.90	\$ 16.80	\$ 16.80	\$ 19.72	\$ 23.86	\$ 26.24	\$ 26.92	\$ 26.92
Debt In Current Liabilities	\$ 0.02	\$ 0.01	\$ 0.01	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Accounts Payable	\$ 1.63	\$ 2.30	\$ 2.32	\$ 2.47	\$ 2.54	\$ 2.54	\$ 3.11	\$ 3.13	\$ 3.43	\$ 3.83	\$ 3.83
Other Current Liabilities	\$ 0.99	\$ 1.55	\$ 2.27	\$ 2.13	\$ 0.51	\$ 0.51	\$ 1.09	\$ 3.06	\$ 2.98	\$ 0.76	\$ 0.76
Total Current Liabilities	\$ 2.64	\$ 3.87	\$ 4.60	\$ 4.60	\$ 3.04	\$ 3.04	\$ 4.20	\$ 6.19	\$ 6.41	\$ 4.59	\$ 4.59
Long Term Debt	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Deferred Taxes and Investment Tax Credits	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Other Liabilities	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
TOTAL LIABILITIES	\$ 2.64	\$ 3.87	\$ 4.60	\$ 4.60	\$ 3.04	\$ 3.04	\$ 4.20	\$ 6.19	\$ 6.41	\$ 4.59	\$ 4.59
Common Stock	\$ 0.76	\$ 0.75	\$ 0.45	\$ 0.48	\$ 0.51	\$ 0.51	\$ 0.51	\$ 0.52	\$ 0.53	\$ 0.54	\$ 0.54
Additional Paid-In Capital	\$ 3.70	\$ 4.07	\$ 6.54	\$ 7.34	\$ 7.94	\$ 7.94	\$ 8.56	\$ 9.20	\$ 9.86	\$ 10.54	\$ 10.54
Retained Earnings	\$ 1.36	\$ 2.38	\$ 3.58	\$ 4.49	\$ 5.31	\$ 5.31	\$ 6.46	\$ 7.95	\$ 9.45	\$ 11.25	\$ 11.25
TOTAL EQUITY	\$ 5.82	\$ 7.20	\$ 10.57	\$ 12.30	\$ 13.76	\$ 13.76	\$ 15.52	\$ 17.67	\$ 19.83	\$ 22.33	\$ 22.33
TOTAL LIABILITIES & EQUITY	\$ 8.45	\$ 11.07	\$ 15.16	\$ 16.91	\$ 16.80	\$ 16.80	\$ 19.72	\$ 23.86	\$ 26.24	\$ 26.92	\$ 26.92

ZAGG INC
Cash Flow Statement
\$ in Millions

	2008 Actual	2009 Estimated					2010 Estimated				
	Fiscal 2008A	1QA Mar09	2QA Jun09	3QA Sep09	4QE Dec09	Fiscal 2009E	1QE Mar10	2QE Jun10	3QE Sep10	4QE Dec10	Fiscal 2010E
Income Before Extraordinary Items	\$ 2.10	\$ 1.03	\$ 1.19	\$ 0.91	\$ 0.82	\$ 3.96	\$ 1.15	\$ 1.49	\$ 1.50	\$ 1.81	\$ 5.95
Depreciation and Amortization	\$ 0.16	\$ 0.13	\$ 0.18	\$ 0.06	\$ 0.07	\$ 0.45	\$ 0.07	\$ 0.07	\$ 0.07	\$ 0.07	\$ 0.29
Non-cash Exp - Stock-Based Comp	\$ 0.41	\$ 0.05	\$ 0.06	\$ 0.19	\$ 0.12	\$ 0.42	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Deferred Taxes	\$ 0.37	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Funds from Operations - Other	\$ 0.05	\$ 0.06	\$ (0.10)	\$ 0.09	\$ 0.04	\$ 0.10	\$ 0.18	\$ 0.18	\$ 0.18	\$ 0.03	\$ 0.56
Receivables - Decrease (Increase)	\$ (3.35)	\$ (0.73)	\$ (0.82)	\$ (0.82)	\$ 1.01	\$ (1.37)	\$ (0.89)	\$ (0.74)	\$ (1.72)	\$ 0.92	\$ (2.43)
Inventory - Decrease (Increase)	\$ (1.47)	\$ (1.22)	\$ (1.05)	\$ 0.69	\$ (0.06)	\$ (1.63)	\$ (0.67)	\$ (1.42)	\$ 0.76	\$ (0.44)	\$ (1.78)
Accounts Payable and Accrued Liabs - Inc (Dec)	\$ 1.30	\$ 0.65	\$ (0.03)	\$ 0.15	\$ 0.06	\$ 0.83	\$ 0.57	\$ 0.02	\$ 0.30	\$ 0.40	\$ 1.29
Income Taxes - Accrued - Increase (Decrease)	\$ 0.00	\$ 0.00	\$ 0.00	\$ 1.32	\$ 0.00	\$ 1.32	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Other Assets and Liabilities - Net Change	\$ 0.24	\$ (0.09)	\$ 0.93	\$ (3.04)	\$ (1.16)	\$ (3.36)	\$ 0.27	\$ 1.36	\$ 0.13	\$ (3.54)	\$ (1.78)
Operating Activities - Net Cash Flow	\$ (0.20)	\$ (0.12)	\$ 0.36	\$ (0.44)	\$ 0.90	\$ 0.71	\$ 0.68	\$ 0.97	\$ 1.21	\$ (0.75)	\$ 2.10
Investments - Increase	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Sale of Investments	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Short-Term Investments - Change	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Capital Expenditures	\$ (0.38)	\$ (0.14)	\$ (0.11)	\$ (0.18)	\$ (0.24)	\$ (0.66)	\$ (0.26)	\$ (0.28)	\$ (0.30)	\$ (0.32)	\$ (1.15)
Sale of Property, Plant, and Equipment	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Acquisitions	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Investing Activities - Other	\$ (0.51)	\$ 0.00	\$ (0.03)	\$ (1.18)	\$ (0.18)	\$ (1.38)	\$ (0.18)	\$ (0.18)	\$ (0.18)	\$ (0.18)	\$ (0.70)
Investing Activities - Net Cash Flow	\$ (0.90)	\$ (0.14)	\$ (0.14)	\$ (1.35)	\$ (0.41)	\$ (2.04)	\$ (0.43)	\$ (0.45)	\$ (0.47)	\$ (0.49)	\$ (1.85)
Sale of Common and Preferred Stock	\$ 0.05	\$ 0.23	\$ 2.09	\$ 0.56	\$ 0.60	\$ 3.48	\$ 0.62	\$ 0.64	\$ 0.66	\$ 0.68	\$ 2.60
Purchase of Common and Preferred Stock	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.03	\$ 0.03	\$ -	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.03
Long-Term Debt - Issuance	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Long-Term Debt - Reduction	\$ (0.02)	\$ (0.01)	\$ (0.00)	\$ 0.01	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Financing Activities - Other	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Financing Activities - Net Cash Flow	\$ 0.03	\$ 0.22	\$ 2.08	\$ 0.57	\$ 0.63	\$ 3.51	\$ 0.62	\$ 0.65	\$ 0.67	\$ 0.69	\$ 2.63
Exchange Rate Effect	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Cash and Equivalents - Change	\$ (1.06)	\$ (0.04)	\$ 2.31	\$ (1.22)	\$ 1.12	\$ 2.17	\$ 0.87	\$ 1.16	\$ 1.40	\$ (0.55)	\$ 2.88
Cash Beginning	\$ 2.13	\$ 1.07	\$ 1.03	\$ 3.33	\$ 2.12	\$ 1.07	\$ 3.24	\$ 4.11	\$ 5.27	\$ 6.67	\$ 3.24
Cash End	\$ 1.07	\$ 1.03	\$ 3.33	\$ 2.12	\$ 3.24	\$ 3.24	\$ 4.11	\$ 5.27	\$ 6.67	\$ 6.12	\$ 6.12

ZAGG Inc.: Valuation

