Zacks Small-Cap Research

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Ian Gilson PhD, MBA, CFA
312-265-9496
igilson@zacks.com

scr.zacks.com

111 North Canal Street, Chicago, IL 60606

# Command Center Inc. (CCNI-OTCBB)

**CCNI: February revenue up 11% Y/Y. New President and CEO named.**

| | |
|---|---|
| **Current Recommendation** | **Outperform** |
| Prior Recommendation | Neutral |
| Date of Last Change | 10/28/2012 |
| Current Price (02/28/13) | $0.23 |
| **Six- Month Target Price** | **$1.00** |

## OUTLOOK

Command Center is a fast growing company in the on-demand labor industry. Founded by the leading veterans in the industry the company is profitable and has a good balance sheet.

The company has a significant presence in the Williston Basin with services tailored to the unique requirements of the oil industry.

Our rating is Outperform with a price target of $1.00 a share.

## SUMMARY DATA

| | |
|---|---|
| **52-Week High** | **$0.49** |
| **52-Week Low** | **$0.19** |
| **One-Year Return (%)** | **-26.6** |
| **Beta** | **0.2** |
| **Average Daily Volume (sh)** | **32,041** |
| **Shares Outstanding (mil)** | **59.2** |
| **Market Capitalization ($mil)** | **$11.8** |
| **Short Interest Ratio (days)** | **N/A** |
| **Institutional Ownership (%)** | **3** |
| **Insider Ownership (%)** | **23.6** |
| **Annual Cash Dividend** | **$0.00** |
| **Dividend Yield (%)** | **0.00** |
| **5-Yr. Historical Growth Rates** | |
| **Sales (%)** | **-0.3** |
| **Earnings Per Share (%)** | **N/A** |
| **Dividend (%)** | **N/A** |
| **P/E using TTM EPS** | **5.1** |
| **P/E using 2013 Estimate** | **4.4** |
| **P/E using 2014 Estimate** | **2.4** |

| | |
|---|---|
| **Risk Level** | **High,** |
| **Type of Stock** | **Small-Growth** |
| **Industry** | **Business Svcs** |

## ZACKS ESTIMATES

**Revenue**
(in millions of $)

| | Q1 (Mar) | Q2 (Jun) | Q3 (Sep) | Q4 (Dec) | Year (Dec) |
|---|---|---|---|---|---|
| **2011** | **$16.4 A** | **$20.3 A** | **$25.0 A** | **$20.3 A** | **$81.9 A** |
| **2012** | **$19.1 A** | **$24.3 A** | **$28.4 E** | **$26.7 E** | **$98.4 E** |
| **2013** | **$21.0 E** | **$30.0 E** | **$31.0 E** | **$28.0 E** | **$110.0 E** |
| **2014** | **$24.0 E** | **$34.0 E** | **$37.0 E** | **$30.0 E** | **$125.0 E** |

**Earnings per Share**
(EPS is operating earnings before non recurring items)

| | Q1 (Mar) | Q2 (Jun) | Q3 (Sep) | Q4 (Dec) | Year (Dec) |
|---|---|---|---|---|---|
| **2011** | **-$0.03A** | **$0.00A** | **$0.02A** | **$0.02A** | **$0.01A** |
| **2012** | **$0.00A** | **$0.01A** | **$0.02E** | **$0.01E** | **$0.04E** |
| **2013** | **$0.00E** | **$0.02E** | **$0.02E** | **$0.01E** | **$0.05E** |
| **2014** | **$0.01E** | **$0.03E** | **$0.03E** | **$0.02E** | **$0.10E** |

Zacks Projected EPS Growth Rate - Next 5 Years % **25**

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## RECENT NEWS

On March 1, 2013 the company announced it store revenue for February, 2013. Total revenue increased by 11% on 58 store. One store closed due to weak seasonal demand (it could reopen later this year) and a new store opened. This biased revenue per store downward so that on a average store basis revenue declined by 0.47% as shown below. We have adjusted our estimates to reflect the lower revenue per store.

| **Command Center, Inc** | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Fiscal Year Dec 31. | | | | | | | | | | | | | | |
| $ Millions | | | | | | | | | | | | | | |
| Monthly revenue and store count | | | | | | | | | | | | | | |
| **2011** | | | | | **2012** | | | | | **2013** | | | | |
| | Revenue | Stores | R/Store | | | Revenue | Stores | R/Store | % change | | Revenue | Stores | R/Store | % change |
| January | $4.35 | 50 | $0.087 | | January | $5.21 | 52 | $0.101 | 16.28% | January | $5.61A | 58 | $0.096 | -5.21% |
| February | $5.04 | 51 | $0.100 | | February | $5.63 | 52 | $0.108 | 8.48% | February | $6.25A | 58 | $0.108 | -0.47% |
| March | $6.99 | 53 | $0.134 | | March | $8.25 | 51 | $0.160 | 19.19% | March | $9.50E | 58 | $0.164 | 2.25% |
| April | $5.83 | 53 | $0.110 | | April | $7.19 | 51 | $0.141 | 28.16% | April | $9.20E | 59 | $0.157 | 11.55% |
| May | $6.59 | 53 | $0.124 | | May | $7.67 | 52 | $0.149 | 19.78% | May | $9.60E | 59 | $0.163 | 9.25% |
| June | $7.88 | 54 | $0.147 | | June | $9.41 | 53 | $0.179 | 21.71% | June | $11.50E | 59 | $0.195 | 8.75% |
| July | $7.17 | 54 | $0.133 | | July | $8.34 | 55 | $0.154 | 16.32% | July | $10.00E | 60 | $0.168 | 8.82% |
| August | $7.64 | 54 | $0.141 | | August | $8.85 | 57 | $0.158 | 11.70% | August | $10.00E | 60 | $0.167 | 5.46% |
| September | $10.16 | 54 | $0.188 | | September | $11.16 | 58 | $0.194 | 3.16% | September | $12.00E | 60 | $0.200 | 3.05% |
| October | $7.36 | 53 | $0.138 | | October | $9.35A | 58 | $0.161 | 17.18% | October | $9.80E | 61 | $0.162 | 0.48% |
| November | $6.05 | 52 | $0.115 | | November | $8.34A | 59 | $0.143 | 23.71% | November | $8.70E | 61 | $0.143 | 0.04% |
| December | $6.86 | 51 | $0.133 | | December | $8.90A | 59 | $0.151 | 13.25% | December | $9.30E | 61 | $0.152 | 1.07% |
| * Revenue per store is based on average store count per quarters. | | | | | | | | | | | | | | |

Command Center has appointed Frederick Sandford as CEO.

Glenn Welstad has resigned as president, CEO and Director to pursue other interests. As far as we know there are no financial or operational problems that has caused the change.

January revenue increased by 7.7% on a store count of 58. One store was closed due to lack of profits at that location. The weather in Montana and N. Dakota was terrible during the month (but January 2012 was a very good month) and this was the major factor in an average sales per store decline of 5.2%. However, since the six stores in the Bakken formation did little business for most of the month (not much manual labor is possible at $-50^0$ F) if we adjust the store count to 52 then the 7% plus gain would be an above average increase for January. Since the work still has to be done there is a potential backlog for the next two months.

The disaster work from the impact of Sandy has ended. Command Center has learned a lot about the allocation of resources after disasters and this will better prepare the company in the future when disasters occur.

December revenue was $8.9 million, below our estimate of $9.8. On an annualized basis December did not show the increase per store that occurred in October and November. This suggests to us that the clean-up after hurricane Sandy is essentially over. Revenue per store increased by 13.5% from last year. Fourth quarter revenue was $26.68 million and there were 59 stores at the end of December.

## KEY POINTS

- The on-demand labor industry is a well established business that serves the need for flexible short term staffing options.
- Employers can fill positions that become vacant in a speedy and cost effective manner.
- Command Center provides several industries with labor that is focused on the needs of that industry.
- The company has experienced management that founded the largest company in its industry.

## COMPANY BACKGROUND

*We do it all so you can keep command of your business.*

It's not unusual for an employer to be left short-handed. Finding a quick, reliable solution to the problem can often be time consuming and expensive. Command Center provides on-demand, dependable and cost-effective solutions to a client's everyday employment challenges. Their needs are met with a single phone call. No administrative hassles. No payroll or tax complications. No unemployment forms or worker's compensation issues.

In 2011 Command Center issued 33,000 W-2s and the average temporary employment was 3,000 workers a day.

The largest company in the semi-skilled and unskilled on demand labor industry is TrueBlue Inc., which was started in 1989 as Labor Ready by Glenn Welstad in Kent, WA. After retiring from Labor Ready in 2000 Mr. Welstad formed Command Staffing LLC in 2003 as a franchising operation, and this grew too

close to 70 franchisees. However, this did not work out, so Mr. Welstad bought back the franchised operations, closed many of them, and repositioned the company as Command Center. Inc.

Technical skills, prior work history, duration of assignment, and background check requirements vary among industries and employers. Command Center operates primarily within the short-term, semi-skilled and unskilled segments of the on-demand labor industry. Management oversees the operation of multiple locations from a single corporate office striving to customize services according to the unique opportunities and assets presented by each of the locations while leveraging the company's overall size. This approach reduces overhead costs, improves economies of scale, establishes procedural uniformity and internal controls, and creates a predictable internal environment for temporary staff members, referred to as Field Team Members.

The company has segmented its operations into a number of verticals and a comprehensive division in the Williston Basin.

**Command Labor**

**Construction • Manufacturing • Production Warehouse • Assembly • Moving • Maintenance • Demolition**

**Banquet Staff • Servers • Server Assistants • Bartenders •Cooks • Front Desk Staff • Hosts/Hostesses • Housekeeper**s

**Command Staffing**

**Administrative • Clerical • Mail Services • Filing •Front Office Accounting • Telemarketing •Personal Assistance**

Command Center began with mostly labor-related positions. Today, the company still prides itself in providing clients with hardworking people to get the job done right.

As Command has grown, the labor division continues to be the foundation on which the company was built. This division accounts for about 75%  of total revenue.

The company knows these positions are just as important as any other. The workers are paid a competitive wage and are properly skilled for every job they are sent out on.

**Command Hospitality**

Staffing positions can range from basic clerical to advanced accounting professionals. Command Center can provide professional employees for each project in front of the client.

Command is committed to learning about the client's needs and business before selecting the right candidates and will provide the client with the most qualified personnel based on the type of job and skill level needed. Developing a trusting relationship is always an important first step at Command.

Businesses focused on hospitality have to be devoted to providing excellent service to their guests. They must present the right image of their brand at all times. Restaurants and catering companies need experienced servers who make their customers feel welcome. Hotels and resorts always need housekeeping and banquet staff who are reliable and consistent.

In an industry where many businesses are constantly under-staffed, Command Center provides a reliable selection of candidates for positions within the hospitality industry. Providing the right people to present a specific image can still be difficult. Command is willing to work with training personnel to ensure the staff is fully qualified.

**Command Event Services**.

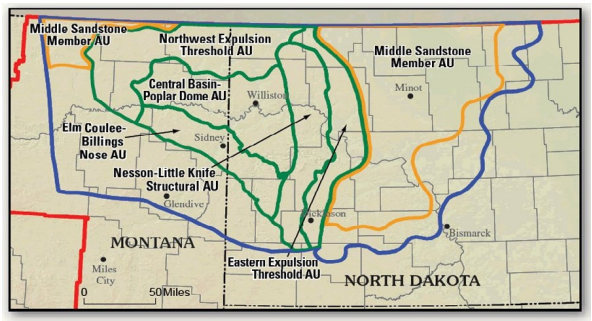
**Ushers • Security • Ticket Takers • Checkers**
**Breakdown • Setup • Vending • Cleanup**

.
Command Center knows that preparation, execution and precise timing are the hallmarks of a smooth-running event and that it requires a staff who can work as a team.

Command's Event Services Division is known for reliability and quality. It makes sure that it takes all measures to be prepared and make sure the Field Team Members are informed of every detail, before they arrive at the event.

**Bakken Staffing℠**

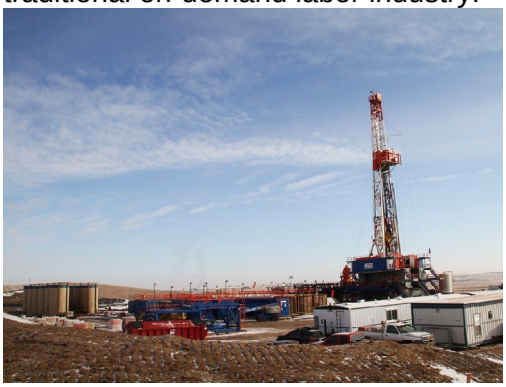
- **Nation-Wide Workforce Recruiting**
- **Williston Basin Housing Options**
- **Direct Hire**
- **Temp-to-Hire**
- **Temporary and Day Labor**
- **Candidate Evaluation**
- **Testing, Training and Other Service**
- **Employer Portal**
- **Customized Training**
- **Safety Training**
- **Payroll**
- **On Site Management**
- **Job Match Assessments**
- **Skills Testing**
- **Personality Testing**
- **Background Checks**
- **Drug Screening**



Williston, North Dakota is the center of the large Bakken oil formation — 640 square miles holding up to 34 billion barrels or more of oil.

Bakken Staffing℠ was created to address the unique workforce and staffing challenges in the Williston Basin and Bakken Shale play. The significant investment of the energy (and other industries) and the in staffing challenges in this area has led to the lowest unemployment rate in the country, a shortage of local infrastructure and a shortage of workers and employees.

The rapid growth in areas that lack infrastructure requires a different approach from those of the traditional on-demand labor industry.



**Disaster Recovery Services, Inc.**

- **Nation-wide coverage on disasters.**
- **Rapid response model.**
- **Uses labor tied into Command Center's access to on-demand labor.**
- **Handles projects of all sizes.**

In January 2012 Command Center acquired DR Services of Louisiana, LLC., which will operated by Disaster Recovery Services, Inc., a newly formed wholly owned subsidiary of Command Center.

## Command Labor

Historically, temporary and on-demand employees were treated as second class workers. Command Center has focused on changing this by addressing the real needs of such individuals. The company has put in place a program for Field Team Members (the part time employees) whereby they can obtain the benefits of full time employees. This program also provides the company with the potential benefits of a more stable, more motivated and more productive work force that will deliver a better service to the customer.

The program provides employees with a number of benefits. The member can obtain health insurance and benefits at a low cost for themselves and their families. This makes Command Center a preferred employer when compared to other on-demand labor companies.

Command Center provides team members with pay cards, either an ATM card or debit MasterCard. The workers compensation can be directly deposited into an account that can be immediately, at no cost, accessed by the member, or used to buy goods and pay for services. The team member can obtain cash through a variety of institutions. This reduces the need for paper checks and cuts the payroll cost of the company.

A loyalty bonus program is in place that rewards the team member for working through Command Center. After 1,500 hours (37.5 weeks at 40 hours per week) of work in a given year a team member a bonus equivalent to 40 hours of work, based on the team members average wage earnings over the 1,500 hours, is paid into the members account. This is an incentive to the worker to work for Command Center and increases the size of the available workforce.

Team members are rated by the companies they work at. After each assignment the customer rates each worker on their performance. These ratings are updated and used to determine the hiring order in future assignments. Good customer ratings mean the team member does not have to stand in line at five am for a job starting at seven or eight. This ensures that the better employees get better jobs and increases the satisfaction of the customer, which increases the market share of Command Center.

Employees can earn safety points at the rate of one point per hour worked. These points can be used to acquire merchandise such as safe work boots, sportswear and power tools. If the team member is seen or reported as working in an unsafe manner they will lose all of their safety points. Fewer work accidents lowers the cost of workers' compensation to Command Center.

## Bakken Staffing℠

The Bakken operating area presents a unique set of workforce challenges. Bakken Staffing℠ offers solutions to these challenges. With access to over 55 markets in the US Command Center, can leverage its presence to recruit for Bakken Staffing with a wide variety of services from a nationwide workforce. The potential employee, temporary or otherwise can be evaluated, screened, tested and even trained for a large number of jobs without having to move to Montana or North Dakota at the expense of a prospective employer.

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The shortage of basic infrastructure discourages potential employees, especially a lack of housing throughout the region. Bakken Staffing provides access to housing options through relationships with local housing and lodging providers. The marriage of housing options and recruiting services is a strong positive for Command Center. This applies not only to part-time or day labor, who are employees of Bakken Staffing, but also potential full time employees, where Bakken Staffing acts as a full service employment agency.

Many companies worldwide hire such firms a PayChex Inc. and Insperity, Inc to provide payroll and HR services. Command Center offers, on a contract basis, payroll processing, W-2 handling and other payroll tasks at a lower cost than the competition

Bakken Staffing also offers the usual Command Center services, such as temporary staffing (including temp-to-hire), on-demand labor and the full range of hospitality and event staffing services. It has an Employer Portal where the employer can access balances, invoices, time sheets on an easy to navigate bill pay website.

## Disaster Recovery Inc.

In January 2012 Command Center acquired the operating assets of DR Services LLC which ran a disaster recovery service. DR Services had worked with Command Center as a customer for labor on several disaster recovery projects. In 2011 DR Services generated more the $5 million in revenue. Existing senior management (co-founders) will be retained under contract to manage the new company.

DR Services specializes in providing disaster relief and recovery solutions in the lower 48 states following such disasters as floods and wind damage, fires, oil spills and earthquakes. It employs a rapid response "Branch in a Box" business model whereby it can immediately open a branch office at any remote location in or near the disaster area.

## OVERVIEW

The on-demand labor industry developed based on the business need for flexible staffing options. Many businesses operate in a cyclical production environment and find it difficult to staff according to their changing production cycles. Companies also desire a way to temporarily replace full-time employees when absent due to illness, vacation, or unplanned termination. On-demand labor offers employers the opportunity to immediately respond to changes in staffing needs, reduce the costs associated with recruitment and interviewing, eliminate unemployment and workers' compensation exposure, and draw from a larger employment pool of tried and tested temporary staff members.

The on-demand labor industry continues to develop specialized market segments that reflect the diverse needs of the businesses it serves.

## INDUSTRY OUTLOOK

The on-demand labor industry is a growth industry as it offers employers outsourcing capabilities without the expenses of finding and training employees. The larger companies will increase market share as the cost of meeting federal, state and local regulations are spread over a larger base of clients and available services. The overall staffing market is estimated to be close to $122 billion, up from $113.5 in 2010. About 33% of the gains in employment in 2010 was in the temporary services industry and the penetration of temporary services into total employment grew from 1.47% to 1.69%, the largest gain in history.

## INDUSTRY POSITION

Command Center is probably the second largest public company with close to 60 locations.

The temp and casual employment industry is highly fragmented with many privately owned small family run agencies. The largest company in the semi-skilled and unskilled on-demand labor industry is TrueBlue Inc. that was started in 1989 as Labor Ready by Glen Welstad in Kent, WA. The company grew and expanded into Canada in 1994 and acquired other companies. The name was changed to TrueBlue Inc. in 2007, and it currently has over 600 locations.

## VALUATION

| COMPARISON TABLE | Ticker | Price | Mkt | ROE | P/E | P/E | P/B | P/S | EV/Sales | EV/EBITDA | PEG | Inst. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| (Source: Yahoo Finance) | | 3/1/13 | Cap | (%) | L4Q | N4Q | LQ | L4Q | L4Q | L4Q | | Ownership |
| | | | (in million) | | | | | | | | | |
| **Command Center Inc.** | **CCNI** | **$0.23** | **$14** | **92.23%** | **5.82** | **5.13** | **5.37** | **0.15** | **0.15** | **4.04** | **0.26** | **NA** |
| | | | | | | | | | | | | |
| Insperity Inc. | NSP | $28.45 | $731 | 16.62 | 18.24 | 15.46 | 3.02 | 0.34 | 0.21 | 4.11 | 0.96 | 82% |
| Kelly Services Inc. | KELYA | $17.73 | $659 | 7.02 | 13.44 | 10.94 | 0.89 | 0.12 | 0.12 | 6.64 | 0.78 | 71% |
| Manpower Group | MAN | $53.77 | $4,130 | 7.93 | 21.77 | 14.77 | 1.67 | 0.20 | 0.21 | 7.59 | 1.43 | 7% |
| TrueBlue Inc. | TBI | $19.78 | $767 | 10.72 | 23.50 | 16.21 | 2.25 | 0.54 | 0.44 | 8.55 | 2.11 | 94% |
| | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| Data from Yahoo Finance and Zacks Investment Research | | | | | | | | | | | | |
| **Mean** | | | | 8.64 | 16.55 | 12.50 | 2.64 | 0.27 | 0.23 | 6.19 | 1.11 | |
| **Median** | | | | 7.93 | 18.24 | 14.77 | 2.25 | 0.20 | 0.21 | 6.64 | 0.96 | |

The most consistent measure of value is the Enterprise Value to EBITDA ratio, although the sample size is small. On the basis of our estimates for 2013 and 2014 and a EV/EBITDA ratio of 7, our price target is $1.00.

The leverage in earnings for Command Center is a reduction in cost of staffing expenses as a proportion of revenue. As shown below, S.G.& A. for Command Center and TrueBlue (Command Centers closest

competitor) are similar so the leverage would appear to be in the cost of revenue. The leverage in the operating margins is significant.

| TrueBlue Inc. | 2009 | 2010 | 2011 |
|---|---|---|---|
| | | | |
| Cost of Revenue | 71.4% | 73.6% | 73.6% |
| S.G.& A. | 25.7% | 22.5% | 21.5% |
| Operating income | 1.2% | 2.5% | 3.6% |

| Command Center | 2010 | 2011 | 2012 E |
|---|---|---|---|
| | | | |
| Cost of Revenue | 70.3% | 77.8% | 75.2% |
| S.G.& A. | 21.6% | 21.1% | 20.3% |
| Operating inc. | 2.2% | 1.1% | 4.5% |

## RISKS

- The on-demand market is subject to economic conditions and the availability of labor. The construction industries are significant users of casual labor. Business cycles are lengthy. At the peaks reliable labor is in short supply and at the troughs clients are not hiring.
- Command Center is capital constrained and may need financing to meet Zack's projections. At the current stock price this could result in significant dilution of the current stockholders. Without sufficient capital the company may not be able to open new stores.
- The growth of the company depends on relatively few senior executives and the company's ability to recruit and retain good management at the local and regional level.
- Worker's compensation insurance is required by law in most states. Very few insurance carriers will cover staffing companies in the manual labor market. Without insurance on reasonable terms Command Center would not be able to be profitable or, at the extreme, could not do business.
- The temporary staffing industry is highly fragmented, with many local firms that have less than five locations and a few very large firms. Price competition is intense. These competitive factors are unlikely to change. Competitive pricing in local markets could have a significant impact on profitability and the ability to increase prices.
- Health care reform may impose significant cost on the corporation that cannot be passed onto the customer or be paid for by the labor.
- Companies in the part-time and casual labor industries have a higher risk of employment related claims related to discrimination, harassment, immigration status and undocumented workers and workers' compensation. The risk is increased because Command Center does not have control of its clients workplace.

## INSIDER TRADING AND OWNERSHIP

No transactions over the past 12 months

# PROJECTED INCOME STATEMENT & BALANCE SHEET

| **Command Center, Inc** | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Consolidated Statements of Operations | | | | | | | | | | | | | | | | | |
| $ Millions | | | | | | | | | | | | | | | | | |
| Fiscal Year Dec 31. | **2010A** | **1Q11** | **2Q11** | **3Q11** | **4Q11** | **2011A** | **1Q12** | **2Q12** | **3Q12** | **4Q12** | **2012 E** | **1Q13** | **2Q13** | **3Q13** | **4Q13** | **2013 E** | **2014 E** |
| | | | | | | | | | | | | | | | | | |
| Average number of stores | | 53.0 | 53.3 | 53.7 | 54.0 | | 51.7 | 52.0 | 56.7 | 58.7 | | 58.0 | 59.0 | 60.0 | 61.0 | | |
| Revenue per store | | $0.31 | $0.38 | $0.47 | $0.38 | | $0.37 | $0.47 | $0.50 | $0.45 | | $0.37 | $0.51 | $0.53 | $0.46 | | |
| | | | | | | | | | | | | | | | | | |
| | | | | | | | | Act. | Est. | | | | | | | | |
| **Net sales** | **$69.44** | **$16.38** | **$20.30** | **$24.97** | **$20.27** | **$81.92** | **$19.09** | **$24.27** | **$28.40** | **$26.68** | **$98.44** | **$21.00** | **$30.00** | **$31.00** | **$28.00** | **$110.00** | **$125.00** |
| % Change | | | | | | 17.98% | 16.57% | 19.56% | 13.73% | 31.62% | 20.17% | 9.99% | 23.61% | 9.15% | 4.95% | 11.74% | 13.64% |
| Cost Goods ex Workmans Comp. | 48.21 | 12.04 | 14.67 | 17.83 | 14.57 | 59.11 | 13.79 | 17.02 | 20.00 | 19.00 | 69.81 | 15.00 | 21.60 | 21.70 | 19.88 | 78.18 | 85.00 |
| G & A | 15.02 | 4.38 | 4.22 | 4.56 | 4.15 | 17.31 | 4.27 | 5.04 | 5.20 | 5.00 | 19.51 | 5.00 | 5.00 | 5.10 | 5.10 | 20.20 | 22.40 |
| Workmans Comp Exp. | 4.08 | 1.13 | 0.91 | 1.23 | 0.90 | 4.18 | 0.66 | 1.23 | 1.30 | 1.50 | 4.69 | 1.00 | 1.50 | 1.55 | 1.40 | 5.45 | 6.25 |
| R&D | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Depr. & Amort. | 0.57 | 0.13 | 0.13 | 0.10 | 0.09 | 0.44 | 0.12 | 0.08 | 0.05 | 0.05 | 0.30 | 0.05 | 0.10 | 0.10 | 0.05 | 0.30 | 1.00 |
| Op Income GAAP | 1.56 | (1.31) | 0.37 | 1.26 | 0.56 | 0.88 | 0.25 | 0.90 | 1.85 | 1.13 | 4.13 | (0.05) | 1.80 | 2.55 | 1.57 | 5.87 | 10.35 |
| Interest Expenses | 1.01 | 0.21 | 0.17 | 0.23 | 0.51 | 1.12 | 0.20 | 0.19 | 0.20 | 0.20 | 0.79 | 0.30 | 0.30 | 0.30 | 0.30 | 1.20 | 0.00 |
| Interest Income | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Non Op Income | (0.84) | (0.78) | 0.46 | 0.40 | 0.09 | 0.18 | (0.62) | 0.43 | 0.00 | 0.00 | (0.18) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Other | (1.26) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Calc.Pretax | (1.56) | (2.30) | 0.67 | 1.43 | 0.14 | (0.06) | (0.56) | 1.14 | 1.65 | 0.93 | 3.16 | (0.35) | 1.50 | 2.25 | 1.27 | 4.67 | 10.35 |
| Taxes | 0.00 | 0.00 | 0.00 | 0.00 | (0.91) | (0.91) | 0.00 | 0.29 | 0.33 | 0.17 | 0.79 | (0.09) | 0.38 | 0.56 | 0.32 | 0.75 | 1.66 |
| Tax Rate | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 25.53 | 20.00 | 18.00 | 24.94 | 25.00 | 25.00 | 25.00 | 25.00 | 16.00 | 16.00 |
| Other Income | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Pro-forma adj. | 2.77 | 0.78 | (0.46) | (0.40) | (0.09) | (0.18) | 0.62 | (0.43) | 0.00 | 0.00 | 0.18 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Net Income | (1.56) | (2.30) | 0.67 | 1.43 | 1.06 | 0.85 | (0.56) | 0.85 | 1.32 | 0.76 | 2.37 | (0.26) | 1.13 | 1.69 | 0.95 | 3.50 | 6.73 |
| Costs and expenses are on a pro-forma basis | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | |
| Net For Common | (1.56) | (2.30) | 0.67 | 1.43 | 1.06 | 0.85 | (0.56) | 0.85 | 1.32 | 0.76 | 2.37 | (0.26) | 1.13 | 1.69 | 0.95 | 3.50 | 6.73 |
| | | | | | | | | | | | | | | | | | |
| **Shares Used, millions** | 45.49 | 55.05 | 61.77 | 61.22 | 63.00 | 61.37 | 59.04 | 63.99 | 65.00 | 65.00 | 65.00 | 66.00 | 67.00 | 68.00 | 68.00 | 67.50 | 69.00 |
| | | | | | | | | | | | | | | | | | |
| Earnings Per Share | | | | | | | | | | | | | | | | | |
| **EPS** | **(0.03)** | **(0.04)** | **0.01** | **0.02** | **0.02** | **0.01** | **(0.01)** | **0.01** | **0.02** | **0.01** | **0.04** | **(0.00)** | **0.02** | **0.02** | **0.01** | **0.05** | **0.10** |
| **Pro Forma EPS** | **0.03** | **(0.03)** | **0.00** | **0.02** | **0.02** | **0.01** | **0.00** | **0.01** | **0.02** | **0.01** | **0.04** | **(0.00)** | **0.02** | **0.02** | **0.01** | **0.05** | **0.10** |
| | | | | | | | | | | | | | | | | | |
| **EBITDA** | 2.13 | (1.18) | 0.50 | 1.35 | 0.65 | 1.32 | 0.37 | 0.98 | 1.90 | 1.18 | 4.44 | 0.00 | 1.90 | 2.65 | 1.62 | 6.17 | 11.35 |

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| Command Center, Inc | | | |
|---|---|---|---|
| Consolidated Balance Sheet (in $ millions) | | | |
| Fiscal Year Dec 31. | | | |
| | 2010A | 2011A | 2Q12 |
| **ASSETS** | | | |
| Cash & Equiv. | 1.82 | 1.13 | 0.41 |
| A/R | 1.89 | 2.16 | 4.34 |
| Workmens comp | 1.43 | 0.03 | 0.87 |
| Other | 0.36 | 2.12 | 1.19 |
| Total current assets | 5.49 | 5.44 | 6.81 |
| Gross Plant | 0.41 | 0.38 | 0.47 |
| Workmens comp. | 0.72 | 0.13 | 0.57 |
| Investments | 0.00 | 0.00 | 0.00 |
| Intangibles | 2.68 | 2.55 | 3.89 |
| Other | 0.00 | 0.26 | 1.15 |
| **All Assets** | 9.30 | 8.50 | 11.75 |
| | | | |
| **LIABILITIES AND NET WORTH** | | | |
| Debt Due 1 Yr | 0.00 | 0.00 | 0.03 |
| Notes Payable | 0.07 | 0.17 | 0.35 |
| A/P | 2.08 | 0.90 | 0.60 |
| Workmans Comp Claims | 1.68 | 1.19 | 1.79 |
| Other | 0.94 | 1.34 | 2.57 |
| Total current liabilities | 4.76 | 3.60 | 5.33 |
| Conv. Debt | 0.00 | 0.00 | 0.00 |
| L.T.Debt | 0.00 | 0.00 | 0.01 |
| Other LT | 1.84 | 0.98 | 1.17 |
| Workmans Comp claims | 2.88 | 2.15 | 2.39 |
| Other | 0.00 | 0.00 | 0.32 |
| All Liabilities | 9.47 | 6.73 | 9.21 |
| Pref.Stock | 0.00 | 0.00 | 0.00 |
| Common Stock | 0.06 | 0.06 | 0.06 |
| Surplus | 53.87 | 54.95 | 55.44 |
| Retained Earnings | -54.10 | -53.25 | -52.97 |
| Other | 0.00 | 0.00 | 0.00 |
| Treasury Stock | 0.00 | 0.00 | 0.00 |
| Net Worth | -0.18 | 1.77 | 2.54 |
| **Total liabilities & stockholders' equity** | 9.30 | 8.50 | 11.75 |

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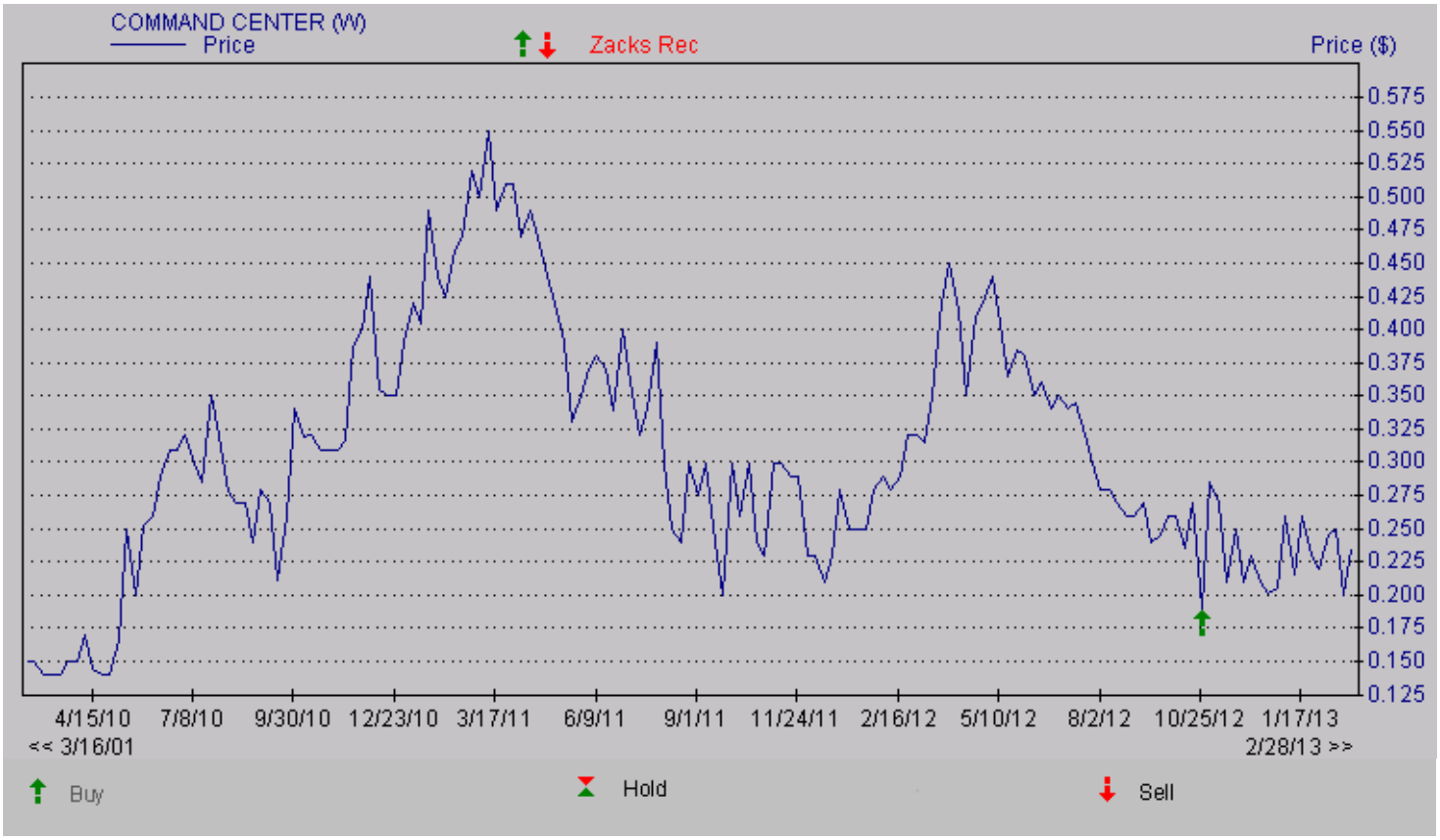
| **Command Center, Inc** | | | |
|---|---|---|---|
| Condensed Consolidated Statements of Cash Flows | | | |
| $ Millions | | | 6 months |
| Fiscal Year Dec 31. | **2010A** | **2011A** | **2012 E** |
| Cash flow from operations: | | | |
| Net (Loss) Income | -1.56 | 0.85 | |
| Depreciation & amortization | 0.57 | 0.43 | |
| Amortization of goodwill | | | |
| | | | |
| Stock issued for services | 0.16 | 0.07 | |
| Stock based compensation | 0.15 | 0.11 | |
| Impairment of machinery | | | |
| Misc. | | | |
| Other | 3.32 | -2.08 | |
| **Net cash provided by (used in) operating activites** | **$2.64** | **($0.63)** | **$0.00** |
| | | | |
| Acquisitions | | | |
| Purchase of PP&E | (0.08) | (0.28) | |
| Proceeds from disposal of PP&E | 0.16 | | |
| Other | (0.16) | 0.15 | |
| **Net cash provided by (used in) investing activities** | **($0.08)** | **($0.13)** | **$0.00** |
| | | | |
| Cash flow from financing activities: | | | |
| Proceeds from issuance of common stock | 0.41 | 0.22 | |
| Proceeds (payment) on lines of credit, net | (1.38) | | |
| Proceeds from debt - related parties | | | |
| Proceeds from debt | | | |
| Payment on debt - related parties | | | |
| Payment on debt | | | |
| Other | 0.01 | 0.01 | |
| **Net cash provided by (used in) financing activities** | **($0.97)** | **$0.23** | **$0.00** |
| | | | |
| **Increase (decrease) in cash and equivalents** | **$1.59** | **($0.53)** | **$0.00** |
| **Cash & equivalents at beginning of period** | **$0.07** | **$1.66** | **$0.02** |
| **Cash & equivalents at end of period** | **$1.66** | **$1.13** | **$0.02** |
| | | | |

## HISTORICAL ZACKS RECOMMENDATIONS

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