UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year Ended December 28, 2012

OR

¨ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File Number: 000-31715

Jagged Peak, Inc.

(Exact name of registrant as specified in its charter)

Nevada **(State or other jurisdiction of incorporation or organization)**	**91-2007478** **(I.R.S. Employer Identification No.)**
3000 Bayport Drive, Suite 250, Tampa Florida **(Address of principal executive offices)**	**33607** **(Zip Code)**

Registrant's telephone number, including area code: (813) 637-6900

Securities registered pursuant to Section 12(b) of the Act: NONE

Securities registered pursuant to Section 12(g) of the Act:

Title of each class:
Common Stock, par value $.001 per share

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. o YES x NO

Indicate by check mark whether the issuer is not required to file reports pursuant to section 13 or 15(d) of the Exchange Act. ¨

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. x YES ¨ NO

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). x YES ¨ NO

Indicate by check mark if disclosure of delinquent filers to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer [ ]	Accelerated filer [ ]
Non-accelerated filer (Do not check if a smaller reporting company) [ ]	Smaller reporting company [X]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). o YES x NO

Aggregate market value of the voting and non-voting common stock held by non-affiliates of the registrant was $4,786,438 based on a closing pric of $0.40 per share of the registrant’s common stock on June 29, 2012.

There were 16,279,074 shares of the registrant’s common stock outstanding as of March 5, 2013.

Jagged Peak, Inc.

ANNUAL REPORT ON FORM 10-K
FOR THE FISCAL YEAR ENDED
DECEMBER 28, 2012

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PART I

This Annual Report on Form 10-K includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The Company has based these forward-looking statements on the Company's current expectations and projections about future events. These forward-looking statements are subject to known and unknown risks, uncertainties and assumptions about the Company and the Company's subsidiaries that may cause the Company's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "could," "would," "expect," "plan," "anticipate," "believe," "estimate," "continue" or the negative of such terms or other similar expressions. Factors that might cause or contribute to such a material difference include, but are not limited to, those discussed elsewhere in this Annual Report, including the section entitled "Risks Factors" and the risks discussed in the Company's other Securities and Exchange Commission ("SEC") filings. The following discussion should be read in conjunction with the Company's audited Financial Statements and related Notes thereto included elsewhere in this report.

Item 1. Business

OVERVIEW

Jagged Peak, Inc. (the "Company" or "Jagged Peak") is an e-commerce software and services company headquartered in Tampa, Florida, providing enterprise e-commerce technology and related fulfillment services. The Company's flagship product, EDGE™ (EDGE, Enterprise Dynamic Global Engine), is a web-based software application that enables companies to control and coordinate multi-channel orders, catalogs, multi-warehouse inventories, and fulfillment across multiple customers, suppliers, employees, and partners in real-time. The Company enables clients to build and operate custom branded portals such as e-commerce, incentive and rebate programs, customer service, repair and reverse logistics, and marketing materials management, and automate other business processes through the use of the EDGE application and its related tools. The EDGE platform has been deployed in multiple vertical markets such as consumer goods, financial services, healthcare, distribution, travel and tourism and manufacturing.

Jagged Peak has continued to market the launch of TotalCommerce™ (TotalCommerce), an end-to-end solution that enables a company to quickly and cost effectively launch a fully operational, best practices, e-commerce online channel direct to its consumers. TotalCommerce is an outsourced "managed services" solution that leverages Jagged Peak's extensive technology and supply chain infrastructure and provides manufacturers with a turnkey, rapidly deployable solution including e-commerce webstore(s); order, inventory and transportation management software; a nationwide network of fulfillment centers; back office program management; and a range of online marketing services.

Jagged Peak operates two warehouses in Florida and a network of 20 independently owned fulfillment warehouses throughout North America that enable its clients to provide faster delivery to their customers, while lowering overall delivery costs. The EDGE application is able to automatically route the orders to the optimal warehouse based on an established set of factors such as service, cost and priority. This enables the Company's clients to achieve their customer service goals while reducing cost and internal infrastructure.

In July 2009, Jagged Peak began operations in Canada through its wholly owned subsidiary, Jagged Peak Canada, Inc. The operations provide similar services as in the United States through a network of independently owned fulfillment warehouses, which are managed through technology provided by Jagged Peak, Inc.

There are a variety of risks associated with the Company's ability to achieve strategic objectives, including the ability to increase market penetration and acquire and profitably manage additional businesses, current reliance on key customers, the risks inherent in expanding, and the intense competition in the industry. For a more detailed discussion of these risks, see Item 1A entitled "Risk Factors."

INDUSTRY OVERVIEW

According to most market indicators, e-commerce sales continue to grow at a rapid pace. Many industry analysts predict strong e-commerce growth rates to continue in the U.S., with even higher expected growth rates in European and Asia-Pacific markets. There are a number of growth factors to be considered: (i) continued adoption of the Internet as a means of commerce; (ii) increased users of high speed internet connections, which enables sellers to create more interactive and customer specific web portals; (iii) the convenience of buying products online and the ability to have products delivered to the customer's destination of choice; (iv) enhancements to online store functionality, providing the customer additional purchase options, as well as enabling sellers to quickly take advantage of market fluctuations through immediate price changes and adjustments to sales promotions; (v) improved sellers tracking of customer buying habits and Internet activity, which enables sellers to focus marketing efforts and costs on the ideal customer group; and (vi) increased emphasis by sellers on their online businesses.

Despite the fact that large companies have become more reliant on sophisticated software applications to run their businesses, many enterprises have become dissatisfied with the return on their investments. Deploying and maintaining new business applications has taken them more time, effort and costs than anticipated. Most companies today have a variety of order management systems, which are segregated based on different channels, verticals, and/or lines of business. Each system typically has different workflows and order cycles to accomplish the requirements of the business. This leads to a lack of visibility into customer interactions across the enterprise, and an inability to optimize orders across multiple order systems. For most companies, managing order-to-delivery is largely a manual process that requires numerous staff to pull information from multiple systems and coordinate order fulfillment with suppliers and logistics providers using phone, fax, e-mail, and Electronic Data Interchange (EDI) messages. These manual systems are expensive to manage, error-prone, not scalable, and typically break down under the real-time demands and compressed business cycles of today's environment.

COMPETITIVE ADVANTAGES

The Company provides a suite of services to help businesses worldwide grow their revenues and avoid the costs and risks associated with running a global technology operation in-house. The Company provides vertically integrated e-commerce solutions that include e-commerce, order management, CRM, digital and physical product fulfillment, e-mail marketing and business process automation. At the core of these services is the Company's proprietary EDGE software. The EDGE application provides a complete multi-channel, multi-distribution center, multi-enterprise, highly functional software solution that can be deployed in minimal time, requires a lower upfront purchase cost or activation fee, and is easy to use and maintain. As a result, Jagged Peak believes it is able to deliver a complete enterprise commerce management software solution faster and at a lower cost than the competition. Jagged Peak offers its clients an end-to-end web based order management software solution that has a compelling return-on-investment proposition that is the result of an attractive and flexible transaction-based pricing model coupled with reduced implementation requirements. The Company believes its EDGE application maintains additional advantages relative to the competition such as complete web-native architecture, platform or vendor independence, highly scalable solution, role-based hierarchical security, real-time order visibility and ease of use. We believe that we are uniquely positioned to assist our clients to accelerate and manage their growth.

Jagged Peak's web to fulfillment service is what makes the Company unique. Orders captured through the order portal may be processed directly through the EDGE application (no FTP process) and transmitted to Jagged Peak's warehouse management system in real time for order processing. Transaction data contains all necessary information and instructions to facilitate a fully 'executable' order. This 'frictionless' processing environment ensures prompt and accurate order fulfillment and data integrity. Order status, inventory activity and carrier shipping manifest data will be automatically uploaded from Jagged Peak's Warehouse and Transportation management systems to EDGE.

GROWTH STRATEGY

The Company's growth strategy includes:

• ***Increasing Market Share -*** Jagged Peak believes that it can leverage its success with existing clients to obtain new clients. The Company can add new client relationships by utilizing its scalable business model to increase its client base while maintaining its ability to provide a high quality software product.

In addition, the Company believes that current clients will continue to increase their spending on technology solutions in an effort to update legacy order capture and order management applications that are no longer efficient and will ultimately become obsolete. Jagged Peak expects that its growing number of new client relationships, combined with its proven ability to expand its revenue base with existing clients, will enable the Company to capture a greater portion of its clients' global outsourced e-commerce related expenditures.

Jagged Peak believes that significant opportunities exist to leverage its current client base to increase its penetration in attractive end markets such as consumer retail, financial services & insurance, healthcare & pharmaceutical, travel & tourism, general manufacturing, and government.

• ***Developing Brand Recognition -*** The Company must continue to incur expenses to develop the brand of "Jagged Peak" and "EDGE". The Company intends to leverage the Company's broader set of capabilities with the goal of capturing business opportunities, which would not normally be available to smaller companies.

• ***Expanding EDGE Application Offerings -*** Jagged Peak has a proven ability to identify and develop new applications for its EDGE product offering to meet the needs of the marketplace. The Company plans to continue to diversify its EDGE software platform by adding capabilities such as demand forecasting, marketing data mining, analytical tools and communications, as well as multi-vendor selection and permissions for purchasing and procurement.

• ***Developing Future Software Products -*** The EDGE application was first released in 2000 and has been under continual development. Significant functionality has been added over the years and the current product is highly functional and robust, yet easy to use and rapidly deployed. Features have been added based on real world demand from clients. The Company plans to continuously invest in and enhance the EDGE product.

• ***Identifying Mergers and Acquisitions –*** Jagged Peak has a strong management team with extensive experience in mergers and acquisitions. The Company is looking for strategic acquisitions that will expand Jagged Peak's web-based technology services and its clientele.

OPERATIONS AND SERVICES

Software Product and Technology

Jagged Peak's proprietary EDGE application is a highly scalable e-commerce platform that empowers companies to effectively conduct business and communicate with their customers, on-line business, suppliers, employees and distribution partners. The EDGE application is a web-based, end-to-end transaction processing and information management system that enables companies to achieve complete automation and total integration of their demand management, e-commerce and related processes. EDGE is comprised of integrated modules that work together seamlessly in real-time.

Custom Software Development

Jagged Peak offers proficiency and demonstrated capability in all aspects of custom software development, which typically is integrated into its EDGE application. We can confidently provide consulting, analysis, design and architecture, computer programming and development, installation and long-term technical support.

Fulfillment Services

Jagged Peak offers customers a complete turnkey solution, if desired, which can include both physical and digital fulfillment services through warehouses across North America. EDGE is used for our fulfillment, which includes reporting, warehouse optimization, order fulfillment, return authorizations, back order processing, and full transaction auditing capabilities.

SEASONALITY

Historically, the Company's revenues and profitability have been subject to moderate quarterly seasonal trends. The first quarter has traditionally been the weakest and the fourth quarter has traditionally been the strongest. Typically, this pattern has been the result of factors such as, national holidays, customer demand and economic conditions. Additionally, significant portions of the Company's revenues are from clients whose business levels are impacted by seasonality and the economy.

PERSONNEL

At December 28, 2012, the Company had 146 full time employees. At this time, none of the Company's employees is covered by a collective bargaining agreement. The Company recognizes its employees as one of its most valuable assets and provides above industry average compensation and benefits. The recruitment, training and retention of qualified employees are essential to support continued growth and to meet the service requirements of our clients.

RISK MANAGEMENT

The Company maintains general liability, errors and omissions, property, property of others and workers' compensation insurance with limits and deductibles it deems are appropriate. Notwithstanding such coverages, the Company could incur claims in excess of the policy limits or incur claims not covered by the insurance policy.

CORPORATE INFORMATION

Jagged Peak was formed in 1990 as Compass Marketing Services, Inc. ("Compass"), a Florida corporation. On August 22, 2000, IBIS Business Internet Solutions, Inc., a Florida corporation, was merged into Compass in a merger of equals and changed its name to Jagged Peak, Inc. In July 2005, Jagged Peak, Inc. was merged with a subsidiary of Absolute Glass Inc., which was incorporated in Nevada in November of 1999. Absolute Glass, Inc. subsequently amended its articles of incorporation and changed its name to Jagged Peak, Inc.. The Company's principal executive offices are located at 3000 Bayport Drive, Suite 250, Tampa, Florida 33607. Its telephone number is (813) 637-6900 and its Internet website address is www.JaggedPeak.com.

Item 1A. Risk Factors

WE HAVE EXPERIENCED LOSSES FROM OPERATIONS AND MAY NOT BE PROFITABLE IN THE FUTURE

Jagged Peak experienced net losses every year, except for 2010 and 2012, since completing its reverse merger in 2005. There can be no assurance that the Company will not incur losses in the future. The Company's operating expenses have increased as the business has grown and can be expected to increase significantly because of expansion efforts. There is no assurance that the Company will be able to generate sufficient revenue to meet its operating expenditures or continue to operate profitably.

WE ARE DEPENDENT ON A SMALL NUMBER OF CLIENTS FOR A LARGE PORTION OF OUR SALES AND A LOSS OF ANY CLIENT THAT ACCOUNTS FOR A LARGE PORTION OF OUR REVENUE WOULD CAUSE OUR REVENUE TO DECLINE SUBSTANTIALLY

Sales to one of our clients accounted for approximately 85% of our revenue in 2012, and approximately 83% in 2011. Contracts with our clients are generally one to three years in length. If any key contract is not renewed or otherwise terminates, particularly this contract, or if revenues from this or other key clients decline for any other reason (such as competitive developments), our revenue would decline and our ability to maintain profitability would be impaired. It is important to our ongoing success that we maintain these key client relationships and at the same time develop new client relationships.

OUR ABILITY TO COMPETE AND PURSUE STRATEGIC ALTERNATIVES COULD BE JEOPARDIZED IF WE ARE UNABLE TO PROTECT OUR INTELLECTUAL PROPERTY RIGHTS OR INFRINGE ON INTELLECTUAL PROPERTY RIGHTS OF OTHERS

We rely on a combination of copyright, trademark and trade secret laws and restrictions on disclosure to protect our intellectual property rights. We also enter into confidentiality or license agreements with our employees, consultants and corporate partners and control access to and distribution of our products, documentation and other proprietary information. Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to copy or otherwise obtain and use our products or technology. Monitoring unauthorized use of our products is difficult and we cannot be certain that the steps we have taken will prevent unauthorized use of our technology, particularly in foreign countries where the laws may not protect our proprietary rights as fully as in the United States. If competitors are able to use our technology, our ability to compete and pursue strategic alternatives effectively could be harmed. Litigation may be necessary to enforce our intellectual property rights. Any such litigation could result in substantial costs and diversion of resources and could have a material adverse affect on our business, operating results and financial condition.

Our industry is characterized by the existence of intellectual property rights and frequent claims and related litigation regarding these intellectual property rights. In the course of our business, we may receive claims of infringement or otherwise become aware of potentially relevant intellectual property rights held by other parties. We evaluate the validity and applicability of these intellectual property rights, and determine in each case whether we must negotiate licenses or cross-licenses to incorporate or use the proprietary technologies in our products.

Any parties asserting that our products infringe upon their proprietary rights would require us to defend ourselves, and possibly our customers, manufacturers or suppliers against the alleged infringement. Regardless of their merit, these claims could result in costly litigation and subject us to the risk of significant liability for damages. Such claims would likely be time consuming and expensive to resolve, would divert management time and attention and would put us at risk to:

- Stop selling, incorporating or using our products that incorporate the challenged intellectual property;
- Obtain from the owner of the intellectual property right, a license to sell or use the relevant technology, which license may not be available on reasonable terms, or at all;
- Redesign those products that use such technology; or
- Accept a return of products that use such technologies.

If we are forced to take any of the foregoing actions, our business may be seriously harmed.

In addition, we license public domain software and proprietary technology from third parties for use in our existing products, as well as new product development and enhancements. We cannot be assured that such licenses will be available to us on commercially reasonable terms in the future, if at all. The inability to maintain or obtain any such license required for our current or future products and enhancements could require us to substitute technology of lower quality or performance standards or at greater cost, either of which could adversely impact the competitiveness of our products.

RECENT GLOBAL TRENDS IN THE FINANCIAL MARKETS COULD ADVERSELY AFFECT OUR BUSINESS, LIQUIDITY AND FINANCIAL RESULTS

Recent global economic conditions, including disruption of financial markets, could adversely affect our business and results of operations, primarily through limiting our access to credit, our ability to refinance debt and disrupting our customers' businesses, which are heavily dependent on retail and e-commerce transactions. Although we currently believe that we will be able to obtain the necessary financing in the future, there is no assurance that these institutions will be able to loan us the necessary capital, which could have a material adverse impact on our business. In addition, continuation or worsening of general market conditions in the United States economy or other national economies important to our businesses may adversely affect our customers' level of spending, ability to obtain financing for purchases and ability to make timely payments to us for our services, which could require us to increase our allowance for doubtful accounts, negatively impact our days sales outstanding and adversely affect our results of operations.

WE MAY NOT BE ABLE TO EFFECTIVELY EXPAND AND TRANSITION TO A MATURE BUSINESS

The Company is in the expansion stage and accordingly, the Company's business is subject to the risks inherent in the transition to a mature business. Failure by the Company to develop the ability to consistently provide high quality products and services to its clients would have a material adverse effect on the Company's business, operating results and financial condition. To address these risks, the Company must, among other things, respond to competitive developments, attract and motivate qualified personnel, develop market acceptance for its products, establish effective distribution channels, effectively manage growth and continue to improve its proprietary technologies and successfully commercialize products incorporating such technologies.

OUR OFFICERS AND DIRECTORS OWN A CONTROLLING INTEREST IN OUR STOCK AND INVESTORS HAVE A LIMITED VOICE IN OUR MANAGEMENT

The Company's executive officers and directors and their affiliates together control more than 70% of the Company's voting shares outstanding. As a result, these stockholders, if they act together, will be able to control all matters requiring the Company's stockholders' approval, including the election of directors and approval of significant corporate transactions. This concentration of ownership may delay, prevent or deter a change in control, and could deprive the Company's stockholders of an opportunity to receive a premium for their common stock as part of a sale of the Company or its assets.

WE MAY NOT BE ABLE TO COMPETE EFFECTIVELY

Competition in the market for providing transaction management software is intense. The Company's software products face competition from many larger, more established companies. In addition, other companies could seek to introduce competing products or services and increased competition could result in a decrease in the price charged by the Company's competitors for their products and services or reduce demand for the Company's products and services, which would have a material adverse effect on the Company's business, operating results and financial condition. Our primary public company competitors are IBM, Oracle (Art Technology Group), eBay, Magento and PFSweb. There can be no assurance that the Company will be able to compete successfully with its existing or potential competitors, which may have substantially greater financial, technical, and marketing resources, longer operating histories, greater name recognition or more established relationships in the industry than the Company. If any of these competitors provides competitive software products and services to the marketplace in the future, the Company cannot be sure that it will have the resources or expertise to compete successfully.

LACK OF MARKET ACCEPTANCE FOR PRODUCTS MAY IMPEDE OUR GROWTH

The market for the Company's software may develop at a slower pace than expected as a result of lack of acceptance by companies involved in implementing a supply-chain execution software system for their business processes. If the market develops more slowly than expected, or if the Company's software products do not achieve significant market acceptance, the Company's business, operating and financial condition would be materially adversely affected.

IF WE ARE UNABLE TO DEVELOP FURTHER PRODUCT ENHANCEMENTS, OUR RESULTS FROM OPERATIONS MAY SUFFER

Although the Company currently has the capability to achieve installation of its software products for enterprise initiatives, additional ongoing development is necessary to continue to enhance the quality, efficiency and reliability of the Company's software product offerings. If the Company were unable to continue to develop and install market leading software products, then the Company's business, operating results and financial condition would be materially adversely affected.

WE MAY BECOME LIABLE TO CLIENTS FOR ANY DEFECTS IN OUR SOFTWARE OR SERVICES

We design, develop, implement and manage e-commerce solutions that are crucial to the operation of our clients' businesses. Defects in the solutions we develop could result in delayed or lost revenue, adverse end-user reaction, and/or negative publicity, which could require expensive corrections. As a result, clients who experience these adverse consequences either directly or indirectly as a result of our services could bring claims against us for substantial damages. Any claims asserted could exceed the level of any insurance coverage that may be available to us. Moreover, the insurance we carry may not continue to be available on economically reasonable terms, or at all. The successful assertion of one or more large claims that are uninsured, that exceed insurance coverage or that result in changes to insurance policies (including premium increases) could adversely affect our operating results or financial condition.

CHANGES IN GOVERNMENT REGULATION COULD LIMIT OUR INTERNET ACTIVITIES OR RESULT IN ADDITIONAL COSTS OF DOING BUSINESS OVER THE INTERNET

We are subject to the same federal, state and local laws as other companies conducting business over the Internet. Today, there are relatively few laws specifically directed towards conducting business over the Internet. The adoption or modification of laws related to the Internet could harm our business, operating results and financial condition by increasing our costs and administrative burdens. Due to the increasing popularity and use of the Internet, many laws and regulations relating to the Internet are being debated at the international, federal and state levels.

Applicability to the Internet of existing laws governing issues such as property ownership, copyrights and other intellectual property issues, taxation, libel, obscenity and personal privacy could also harm our operating results and substantially increase the cost to us of doing business.

LAWS RELATING TO USER INFORMATION AND ONLINE PRIVACY MAY LIMIT THE COLLECTION AND USE OF END-USER DATA FOR OUR CLIENTS

We collect and maintain end-user data for our clients, which subjects us to increasing international, federal and state regulation related to online privacy and the use of personal user information. For instance Congress has enacted anti-SPAM legislation with which we must comply when providing e-mail campaigns for our clients. Bills are pending in Congress and in various states that address online privacy protections. Several states have proposed, and some have enacted, legislation that would limit the use of personal user information or require online services to establish privacy policies. In addition, the U.S. Federal Trade Commission, or FTC, has urged Congress to adopt legislation regarding the collection and use of personal identifying information obtained from individuals when accessing Web sites.

Even in the absence of laws requiring companies to establish these procedures, the FTC has settled several proceedings resulting in consent decrees in which Internet companies have been required to establish programs regarding the manner in which personal information is collected from users and provided to third parties. We could become a party to a similar enforcement proceeding. These regulatory and enforcement efforts could limit our collection of demographic and personal information from end-users, which could adversely affect our ability to comprehensively serve our clients.

INTERNET-RELATED STOCK PRICES ARE ESPECIALLY VOLATILE AND THIS VOLATILITY MAY DEPRESS OUR STOCK PRICE OR CAUSE IT TO FLUCTUATE SIGNIFICANTLY

The stock market and the trading prices of Internet-related companies in particular, have been notably volatile. This volatility is likely to continue in the short-term and is not necessarily related to the operating performance of affected companies. This broad market and industry volatility could significantly reduce the price of our common stock at any time, without regard to our operating performance.

INTERRUPTION OF THE COMPANY'S BUSINESS COULD RESULT FROM INCREASED SECURITY MEASURES IN RESPONSE TO TERRORISM

The continued threat of terrorism within the United States and the ongoing military action and heightened security measures in response to such threat has and may cause significant disruption to commerce. The U.S. economy in general is being adversely affected by terrorist activities and potential activities. Any economic downturn could adversely impact the Company's results of operations, impair the Company's ability to raise capital or otherwise adversely affect the Company's ability to grow the business. It is impossible to predict how this may affect the Company's business or the economy in the U.S. and in the world, generally. In the event of further threats or acts of terrorism, the Company's business and operations may be severely and adversely affected or destroyed.

SUBSTANTIAL ALTERATION OF THE COMPANY'S CURRENT BUSINESS AND REVENUE MODEL COULD HURT SHORT-TERM RESULTS

The Company's present business and revenue model represents the current view of the optimal business and revenue structure, which is to derive revenues and achieve profitability in the shortest period. There can be no assurance that current models will not be altered significantly or replaced with an alternative model that is driven by motivations other than near-term revenues and/or profitability (for example, building market share before the Company's competitors). Any such alteration or replacement of the business and revenue model may ultimately result in the deferring of certain revenues in favor of potentially establishing larger market share. The Company cannot assure that any adjustment or change in the business and revenue model will prove to be successful.

DEPENDENCE ON KEY MANAGEMENT; LOSS OF KEY MANAGEMENT COULD HAVE A MATERIAL ADVERSE EFFECT ON OPERATIONS

The Company's success depends in part upon retaining the services of certain executive officers, software developers and other key employees. In addition, because of the Company's growth, the Company is also dependent on its ability to recruit, retain and motivate personnel with technical, marketing, sales and managerial skills. If the Company loses key personnel or is unable to recruit qualified personnel, the ability to manage the day-to-day aspects of the business will be weakened. The Company's operations and prospects depend in large part on the performance of the senior management team. The loss of the services of one or more members of the senior management team could have a material adverse effect on the business, financial condition and results of operation. Because the senior management team has exceptional experience with the Company and in the industry, it would be difficult to replace them without adversely effecting the Company's business operations.

WE ARE NOT REQUIRED TO MEET OR MAINTAIN ANY LISTING STANDARDS FOR OUR COMMON STOCK TO BE QUOTED ON THE OTC BULLETIN BOARD, WHICH COULD AFFECT OUR STOCKHOLDERS' ABILITY TO ACCESS TRADING INFORMATION ABOUT OUR COMMON STOCK

The OTCBB market is separate and distinct from the Nasdaq Stock Market and any national stock exchange, such as the New York Stock Exchange or the American Stock Exchange. Although the OTC Bulletin Board is a regulated quotation service operated by the Financial Industry Regulatory Authority ("FINRA"), that displays real-time quotes, last sale prices, and volume information in over-the-counter ("OTC") equity securities like our common stock, we are not required to meet or maintain any qualitative or quantitative standards for our common stock to be quoted on the OTCBB. Our common stock does not presently meet the minimum listing standards for listing on the Nasdaq Capital Market or any national securities exchange, which could affect our stockholders' ability to access trading information about our common stock.

IF WE FAIL TO REMAIN CURRENT ON OUR REPORTING REQUIREMENTS, WE COULD BE REMOVED FROM THE OTC BULLETIN BOARD, WHICH WOULD LIMIT THE ABILITY OF BROKER–DEALERS TO SELL OUR SECURITIES AND THE ABILITY OF STOCKHOLDERS' TO SELL THEIR SECURITIES IN THE SECONDARY MARKET

Companies trading on the OTC Bulletin Board, such as us, must be reporting issuers under Section 12 of the Securities Exchange Act of 1934, as amended, and must be current in their reports under Section 13, in order to maintain price quotation privileges on the OTC Bulletin Board. If we fail to remain current on our reporting requirements, we could be removed from the OTC Bulletin Board. As a result, the market liquidity for our securities could be severely adversely affected by limiting the ability of broker–dealers to sell our securities and the ability of stockholders to sell their securities in the secondary market.

VOLATILITY OF THE MARKET PRICE OF THE COMPANY'S STOCK IS LIKELY TO OCCUR DUE TO THE LOW TRADING VOLUME OF OUR STOCK

The market price of the Company's common stock may be volatile, which could cause the value of your investment to decline. Any of the following factors could affect the market price of our common stock:

- Changes in earnings estimates and outlook by financial analysts;
- Our failure to meet investors' performance expectations;
- General market and economic conditions;
- Our small trading volume.

ACCORDING TO THE SEC, THE MARKET FOR PENNY STOCKS HAS SUFFERED FROM PATTERNS OF FRAUD AND ABUSE

Such patterns include:

- Control of the market for the security by one or a few broker–dealers that are often related to the promoter or issuer;
- Manipulation of prices through prearranged matching of purchases and sales and false and misleading press releases;
- "Boiler room" practices involving high-pressure sales tactics and unrealistic price projections by inexperienced sales persons;
- Excessive and undisclosed bid–ask differentials and markups by selling broker–dealers; and
- The wholesale dumping of the same securities by promoters and broker–dealers after prices have been manipulated to a desired level, along with the inevitable collapse of those prices with consequent investor losses.

In addition, many of the risks described elsewhere in this "Risk Factors" section could adversely affect the Company's stock price. The stock markets have experienced price and volume volatility that have affected many companies' stock prices. Stock prices for many companies have experienced wide fluctuations that have often been unrelated to the operating performance of those companies. These types of fluctuations may affect the market price of our common stock.

APPLICABILITY OF LOW PRICED STOCK RISK DISCLOSURE REQUIREMENTS COULD DISCOURAGE BROKERS FROM MAKING A MARKET IN OUR STOCK

The Company's common stock may be considered a low priced security under rules promulgated under the Securities Exchange Act of 1934 ("Exchange Act"). Under these rules, broker-dealers participating in transactions in low priced securities must first deliver a risk disclosure document which describes that risks associated with such stock, the broker-dealer's duties, the customer's rights and remedies, and certain market and other information, and make a suitability determination approving the customer for low priced stock transactions based on the customer's financial situation, investment experience and objectives. Broker-dealers must also disclose these restrictions in writing and provide monthly account statements to the customer, and obtain specific written consent of the customer. With these restrictions, the likely effect of designation as a low price stock would be to decrease the willingness of broker-dealers to make a market for the stock, to decrease the liquidity of the stock and to increase the transaction costs of sales and purchase of such stocks compared to other securities.

NO DIVIDENDS ANTICIPATED

The Company intends to retain all future earnings for use in the development of the Company's business and does not anticipate paying any cash dividends on the Common Stock in the near future.

IF AN EVENT OF DEFAULT OCCURS UNDER THE SECURITY AND PURCHASE AGREEMENT, OUR LENDER COULD TAKE POSSESSION OF ALL OUR ASSETS

In connection with our new credit facility with Fifth Third Bank ("Fifth Third"), we granted to Fifth Third a first priority security interest in all of our assets. The loan agreement provides that upon the occurrence of an event of default under the agreement, Fifth Third shall have the right to take possession of the collateral, to operate our business using the collateral, and have the right to assign, sell, lease or otherwise dispose of and deliver all or any part of the collateral, at public or private sale or otherwise to satisfy our obligations under these agreements. Any attempt by Fifth Third to foreclose on our assets could likewise cause us to curtail our current operations. The new credit facility contains customary covenants, including, among other things, the maintenance of certain minimum EBITDA levels and fixed coverage ratios. Our ability to satisfy the financial covenants related to our existing or future indebtedness can be affected by events beyond our control, and there is a risk that we will not meet those covenants. A breach of any such covenants could result in a default under our credit facility or under any other debt instrument that we may enter into in the future.

OUR BUSINESS IS SUBJECT TO ONLINE SECURITY RISKS, INCLUDING SECURITY BREACHES, WHICH COULD RESULT IN LIABILITY BY THE COMPANY TO THIRD PARTIES

Our businesses involve the storage and transmission of users' proprietary information, and security breaches could expose us to a risk of loss or misuse of this information, litigation and potential liability. An increasing number of websites, including several other large Internet companies, have recently disclosed breaches of their security, some of which have involved sophisticated and highly targeted attacks on portions of their sites. Because the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems, change frequently and often are not recognized until launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures. If an actual or perceived breach of our security occurs, public perception of the effectiveness of our security measures could be harmed and we could lose users. A party that is able to circumvent our security measures could misappropriate our or our users' proprietary information, cause interruption in our operations, damage our computers or those of our users, or otherwise damage our reputation and business. Any compromise of our security could result in a violation of applicable privacy and other laws, significant legal and financial exposure, damage to our reputation and a loss of confidence in our security measures, which could harm our business. Data security breaches may also result from non-technical means, for example, actions by a suborned employee.

Our clients and their customers may authorize us to bill their payment card accounts directly for all transaction fees charged by us. We rely on encryption and authentication technology licensed from third parties to provide the security and authentication to effectively secure transmission of confidential information, including customer payment card numbers. Advances in computer capabilities, new discoveries in the field of cryptography or other developments may result in the technology used by us to protect transaction data being breached or compromised.

Under payment card rules and our contracts with our card processors, if there is a breach of payment card information that we store, we could be liable to the payment card issuing banks for their cost of issuing new cards and related expenses. In addition, if we fail to follow payment card industry security standards, even if customer information has not been compromised, we could incur significant fines or lose our ability to give customers the option of using payment cards to fund their payments or pay their fees. If we were unable to accept payment cards, our businesses would be seriously damaged.

Our servers are also vulnerable to computer viruses, physical or electronic break-ins and similar disruptions, and we have experienced "denial-of-service" type attacks on our system that have, in certain instances, made all or portions of our websites unavailable for periods of time. Security breaches, including any breaches of our security measures or those of parties with which we have commercial relationships (e.g., our clients and third-party service providers) that result in the unauthorized release of users' personal information, could damage our reputation and expose us to a risk of loss or litigation and possible liability. Our insurance policies carry low coverage limits, which may not be adequate to reimburse us for losses caused by security breaches.

Item 1B. Unresolved Staff Comments

Not Applicable

Item 2. Properties

The Company's leases approximately 12,000 square feet of office space for its executive offices at 3000 Bayport Drive, Suite 250, Tampa, Florida 33607. Monthly rent expense is approximately $22,000 under a lease that expires February of 2016.

In addition, the Company owns approximately 93,000 square feet of warehouse space at 1701 3rd Ave. South, St. Petersburg, Florida. On June 25 2012, the Company purchased this previously leased warehouse for $3.0 million. The purchase was financed with a $2,388,000 5-year Term Loan (the "Term Loan") amortized over 20 years and an approximately $612,000 down payment provided by its revolving line of credit. Principal and interest on the Term Loan are due monthly. Concurrent with the Term Loan, the Company entered into an interest rate swap thereby fixing its effective rate on the Term Loan at 3.93%. The Term Loan, revolving line of credit and interest rate swap are agreements entered into with Fifth Third Bank and are explained further in the Liquidity and Capital Resources section of Item 7. At the date of purchase, the recorded values of the warehouse building and related land were approximately $1,433,000 and $1,567,000, respectively. The 5-year term loan balance was approximately $2,328,300 as of December 28, 2012.

The Company leases approximately 36,000 square feet of warehouse space at 3001 Gateway Center Parkway, Pinellas Park, Florida 33782. This is a month-to-month lease. Rent is approximately $15,000 per month.

The following is an annual schedule of approximate future minimum rental payments required under operating facilities leases that have an initial or remaining non-cancelable lease term in excess of one year as of December 28, 2012:

Year Ending	**Minimum Rental Payments**
2013	$ 261,800
2014	276,200
2015	289,800
2016	48,700
Total	$ 876,500

The Company believes the facilities are in reasonable condition, the correct size, adequately insured and adequately provide for the Company's immediate and foreseeable needs.

Item 3. Legal Proceedings

None.

Item 4. Mine Safety Disclosures

Not Applicable

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

The Company's common stock is traded on the OTC bulletin board under the symbol "JGPK." The table below sets forth the high and low bid prices for the Company's common stock for the quarters within 2011 and 2012. Quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission, and may not represent actual transactions.

Period			High		Low	
January 1, 2011	-	April 1, 2011	$	0.14	$	0.07
April 2, 2011	-	July 1, 2011	$	0.26	$	0.12
July 2, 2011	-	September 30, 2011	$	0.36	$	0.20
October 1, 2011	-	December 30, 2011	$	0.75	$	0.20
December 31, 2011	-	March 30, 2012	$	0.14	$	0.07
March 31, 2012	-	June 29, 2012	$	0.55	$	0.15
June 30, 2012	-	September 28, 2012	$	0.54	$	0.24
September 29, 2012	-	December 28, 2012	$	0.34	$	0.23

The Company had approximately 79 stockholders of record as of March 5, 2013 . The Company has never paid cash dividends on the Company's common stock. The Company intends to retain future earnings, if any, to finance the expansion of the Company's business, and the Company does not anticipate that any cash dividends will be paid in the near future. The Company's future payment of dividends will depend on the Company's earnings, capital requirements, expansion plans, financial condition and other relevant factors.

In 2011, the Company's Board of Directors granted stock option awards to 5 officers to purchase up to 2,150,000 shares of Jagged Peak common stock with an exercise price of $0.13 per common share, which also approximates the fair market value of the common stock on the date of grant. The options have a term of five years and vested ratably on a monthly basis over a one year period.

In 2012, the Company's Board of Directors granted stock option awards to an officer to purchase up to 100,000 shares of Jagged Peak common stock with an exercise price of $0.25 per common share, which also approximates the fair market value of the common stock on the date of granted and an aggregate market value of approximately $25,000. The options have a term of nine years and eleven months and vested ratably on a monthly basis over a nine-month period.

Both the 2011 and 2012 grants of options were exempt from the registration provisions of the Securities Act of 1933, as amended, because they were made in private offerings under Section 4(2) thereof.

In 2009, the Company issued 775,000 restricted common shares as partial consideration for a loan obtained from Moriah Capital L.P. ("Moriah"). Pursuant to the terms and conditions of the governing Securities Issuance Agreement, the holder of such shares had the right, but not the obligation, to put the shares back to the Company at a fixed price of $0.21 per common share on March 18, 2011. The Company accounted for these shares as a reclassification of the value of the shares from permanent to temporary equity. Pursuant to the 2010 amendment to the Securities Issuance Agreement, Moriah put the 775,000 shares of common stock back to Jagged Peak for the redemption price of $162,750 at a fixed price of $0.21 per common share in March 2011.

In 2011, the Company amended its agreement with Moriah and issued Moriah 1,000,000 restricted common shares as collateral for the redemption premium Moriah received related to the refinancing of the loan. Moriah had the option until March 31, 2012 to retain the collateral shares or put the shares to Jagged Peak for the redemption price of $170,000. On March 31, 2012, Moriah chose to retain the 1,000,000 collateral shares and the put option expired. On March 31, 2012, the Company accounted for these shares as a reclassification of the value of the shares from temporary to permanent equity.

The grants of common stock to and repurchases of common stock from Moriah were exempt from the registration provisions of the Securities Act of 1933, as amended, because they were made in private offerings under section 4(2) thereof.

Item 6. Selected Financial Data

Not Applicable

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

This discussion is intended to further the reader's understanding of the Company's financial condition and results of operations and should be read in conjunction with the Company's financial statements and related notes included elsewhere herein. This discussion also contains forward-looking statements. The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of the risks and uncertainties set forth elsewhere in this Annual Report and in the Company's other SEC filings. Readers are cautioned not to place undue reliance on any forward-looking statements, which speak only as of the date hereof. The Company is not party to any transactions that would be considered "off balance sheet" pursuant to disclosure requirements under the SEC's Item 303(c) of Regulation S-K.

OVERVIEW

Jagged Peak, Inc. is an e-commerce software and services company headquartered in Tampa, Florida, providing enterprise e-commerce technology and related fulfillment services. The Company's flagship product, EDGE™ (EDGE, Enterprise Dynamic Global Engine), is a web-based software application that enables companies to control and coordinate multi-channel orders, catalogs, multi-warehouse inventories, and fulfillment across multiple customers, suppliers, employees, and partners in real-time. The Company enables clients to build and operate custom branded portals such as e-commerce, incentive and rebate programs, customer service and repair, reverse logistics and marketing materials management, and automate other business processes through the use of the EDGE application and its related tools. The EDGE platform has been deployed in multiple vertical markets such as consumer goods, financial services, healthcare, distribution, travel and tourism and manufacturing.

Jagged Peak has continued to market the launch of TotalCommerce™ (TotalCommerce), an end-to-end solution that enables a company to quickly and cost effectively launch a fully operational, best practices, e-commerce online channel direct to its consumers. TotalCommerce is an outsourced “managed services” solution that leverages Jagged Peak’s extensive technology and supply chain infrastructure and provides manufacturers with a turnkey, rapidly deployable solution including e-commerce webstore(s); order, inventory and transportation management software; a nationwide network of fulfillment centers; back office program management; and a range of online marketing services.

Jagged Peak operates two warehouses in Florida and a network of 20 independently owned fulfillment warehouses throughout North America that enable its clients to provide faster delivery to their customers, while lowering overall delivery costs. The EDGE application is able to automatically route the orders to the optimal warehouse based on an established set of factors such as service, cost and priority. This enables the Company’s clients to achieve their customer service goals while reducing cost and internal infrastructure.

In July 2009, Jagged Peak began operations in Canada through its wholly owned subsidiary, Jagged Peak Canada, Inc. The operations provide similar services as in the United States through a network of independently owned fulfillment warehouses, which are managed through technology provided by Jagged Peak, Inc.

The Company operates on a 52/53 week reporting year. Therefore, the period ended December 28, 2012 and the period ended December 30, 2011 each consist of 52 weeks.

CRITICAL ACCOUNTING POLICIES

Use of Estimates

The Company prepares its financial statements in conformity with accounting principles generally accepted in the United States of America. These principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The Company reviews its estimates, including but not limited to, capitalization of software, work in process, recoverability of long-lived assets, recoverability of prepaid expenses, valuation of deferred tax assets and allowance for doubtful accounts, on a regular basis and makes adjustments based on historical experiences and existing and expected future conditions. These evaluations are performed and adjustments are made, as information is available. Management believes that these estimates are reasonable however; actual results could differ from these estimates.

Revenue Recognition

There are multiple components in Jagged Peak’s TotalCommerce solution, which are sold through a master agreement where each individual component is priced separately and distinctly from the other components, based on market prices at which we sell those services individually. The client is able to choose which services it wishes to purchase. The separate components can be added or deleted at any time during the contract period at pre-determined prices. The Company has a history of selling each element separately to establish the market price of each element.

Software development services include activation, e-commerce site development, application and e-commerce site enhancements, consulting services and other development activities. Additional technology revenue is derived from help desk support, maintenance, general support, active monitoring and training.

Revenue from software development and technology services is recognized as services are provided or on the percentage of completion method for those arrangements with specified milestones. The percentage of completion is based on labor hours incurred to total labor hours expected to be incurred. Additional technology revenues are either paid monthly or on an annual basis. If paid on an annual basis, the revenue is recognized over the year, and if paid on a monthly basis, the revenue is recognized in the month in which the service was provided.

Hosting and managed services contracts range in length from one to three years, and are typically renewed annually after the initial term for subsequent one year periods. Revenue from hosting and managed services is recognized ratably over the period for which the services are provided. In most cases the fees are either a flat monthly fee or based on the client’s use of the system (transactions).

The Company's EDGE software is a web-based product and is typically provided to its customers in a Software as a Service ("SaaS") model. Revenues are recognized ratably over the period the service is provided. The method of payment can be based on the clients' use of the system (transactions), a flat monthly fee or an annual fee. Revenue for all methods of payment is recognized over the period the software is available to the client and the Company is responsible for providing software updates.

The Company has established vendor specific objective evidence for the individually priced elements in its contracts through the use of the market as each element in its contracts is sold both as a package and individually with the same pricing. For any element delivered for which vendor specific objective evidence ("VSOE") is not available it uses the residual method. When applying the residual method, VSOE of fair value is allocated to each of the undelivered elements and the remaining consideration is allocated to the delivered elements.

Revenue is also derived from fulfillment service arrangements. Services included under fulfillment arrangements include account services, handling, order processing, packaging, storage and reporting. These services are based on established monthly charges as well as handling fees based on volume. These revenues are recognized based on the net value of the services provided.

Certain order processing services are contracted out by the Company to optimized independent distribution warehouses in North America. All of these services are managed by the Company through its order management platform. Because the company has the exclusive responsibility to contract and to manage the services provided to its clients by these independent warehouses and the related transportation, the revenue and expenses are recognized based on the amount of services charged to the client and the related expenses are part of the Company's cost of services.

Work in process represents costs and services which have been provided and properly recognized based on the above policy, however have not been billed to the client.

Shipping and handling costs are classified as cost of revenues.

Change in Accounting Estimate

Effective October 1, 2011, the Company changed its estimate of the useful life of its capitalized software (which is amortized on a straight-line basis) from three years to seven years. This change in estimate resulted from the evaluation of the life cycles of the Company's developed software and the conclusion that its software products consistently have a longer life than previously estimated. We believe that this change in estimate more accurately reflects the productive life of these assets. The change in useful life has been accounted for as a change in accounting estimate on a prospective basis from October 1, 2011.

As a result of the change in the estimated life of capitalized software, profit before tax and net profit were approximately $64,000 and $40,000 higher, respectively, for both the fourth quarter and the full year ended December 30, 2011. The per-share effect of this change is $0.00.

Concentration of Risk

Financial instruments, which potentially subject the Company to concentrations of credit risk, are cash and cash equivalents and accounts receivable.

Cash is maintained with one major financial institution in the United States and Canada. Deposits with this bank may exceed the amount of insurance provided on such deposits. Generally, these deposits may be redeemed upon demand, and, therefore, bear minimal risk.

Sales to a single, multi-national customer with several brands amounted to approximately $31.7 million or approximately 85% of total revenue, and amounted to approximately $25.5 million, or approximately 83% of total revenue, during the 52-week periods ended December 28, 2012 and December 30, 2011, respectively. Accounts receivable from this customer was approximately $2.5 million, or approximately 61% of total accounts receivable and approximately $1.9 million, or approximately 61% of total accounts receivable at December 28, 2012 and December 30, 2011, respectively. The risk of this concentration is mitigated as the deferred revenue and customer deposits from this customer at December 28, 2012 and at December 30, 2011 was approximately $1.5 million.

The Company extends credit to its various customers based on evaluation of the customer's financial condition and ability to pay the Company in accordance with the payment terms. The Company provides for estimated losses on accounts receivable considering a number of factors, including the overall aging of accounts receivable, the customer's payment history and the customer's current ability to pay its obligations. Based on management's review of accounts receivable and other receivables, an allowance for doubtful accounts of approximately $432,000 and $298,000 is considered necessary as of December 28, 2012 and December 30, 2011, respectively. The Company charges uncollectible accounts against the allowance account once the invoices are deemed unlikely to be collectible. The Company does not accrue interest on past due receivables.

Income Taxes

Deferred income taxes reflect the net tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and tax return purposes. Deferred tax assets and liabilities are determined based on the differences between the book values and the tax bases of particular assets and liabilities and the tax effects of net operating loss and capital loss carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in the tax rate is recognized as income or expense in the period that included the enactment date.

The Company periodically assesses the recoverability of its deferred tax assets, as necessary, when the Company experiences changes that could materially affect its determination of the recoverability of its deferred tax assets. In conducting this assessment, management considered a variety of factors, including the Company's operating profits, the reasons for the Company's operating losses in prior years, management's judgment as to the likelihood of profitability and expectations of future performance, and other factors. Management does not believe that a valuation allowance is necessary; however, the amount of deferred tax asset realizable could be reduced in the near term if estimates of future taxable income during the carryforward period are reduced. Net loss carryforwards do not begin to expire until 2024.

Put Options

In 2009, the Company issued 775,000 restricted common shares as partial consideration for a loan obtained from Moriah. Pursuant to the terms and conditions of the governing Securities Issuance Agreement, the holder of such shares had the right, but not the obligation, to put the shares back to the Company at a fixed price of $0.21 per common share on March 18, 2011. The Company accounted for these shares as a reclassification of the value of the shares from permanent to temporary equity. Pursuant to the 2010 amendment to the Securities Issuance Agreement, Moriah put the 775,000 shares of common stock back to Jagged Peak for the redemption price of $162,750 at a fixed price of $0.21 per common share in March 2011.

In 2011, the Company amended its agreement with Moriah and issued Moriah 1,000,000 restricted common shares as collateral for the redemption premium Moriah received related to the refinancing of the loan. Moriah had the option until March 31, 2012 to retain the collateral shares or put the shares to Jagged Peak for the redemption price of $170,000. On March 31, 2012, Moriah chose to retain the 1,000,000 collateral shares and the put option expired. On March 31, 2012, the Company accounted for these shares as a reclassification of the value of the shares from temporary to permanent equity.

RESULTS OF OPERATIONS

For the 52-week period ended December 28, 2012 compared to the 52-week period ended December 30, 2011.

The following table summarizes selected financial data of the Company:

	2012	2011	Change	Percent
Net revenue	$ 37,232,700	$ 30,534,000	$ 6,698,700	22%
Cost of revenue	29,567,400	24,808,600	4,758,800	19%
Gross profit	7,665,300	5,725,400	1,939,900	34%
Selling, general and administrative expenses	6,418,100	5,674,500	743,600	13%
Income from operations	$ 1,247,200	$ 50,900	$ 1,196,300	2,350%

The following table sets forth the Company's capitalization as of December 28, 2012. The table should be read in conjunction with the Company's financial statements and related notes included elsewhere in this Form 10-K filing.

Total current liabilities	$	7,664,100
Long-term liabilities		2,728,900
Common stock; $.001 par value; 70,000,000 shares authorized; 16,279,074 shares issued and 16,156,583 outstanding at December 28, 2012		16,400
Additional paid-in capital		3,764,100
Treasury stock, 122,491 shares		(9,000)
Accumulated deficit		(2,854,900)
Accumulated other comprehensive loss		(44,500)
Total stockholders' equity		872,100
Total liabilities and stockholders' equity	$	11,265,100

Revenues increased approximately $6,698,700, or 22%, to approximately $37,232,700 for the 52-week period ended December 28, 2012, as compared to approximately $30,534,000 for the 52-week period ended December 30, 2011. Greater e-commerce order volume for existing customers and the addition of new customers resulted in increases in the Company's primary sources of revenue: fulfillment, technology fees, and new client implementations.

Cost of revenue, which consists primarily of labor, fulfillment operations and facilities costs and freight, increased by approximately $4,758,800 or 19%, to approximately $29,567,400 for the 52-week period ended December 28, 2012, as compared to approximately $24,808,600 for the 52-week period ended December 30, 2011. As a percentage of revenues, cost of revenue was approximately 79% for the 52-week period ended December 28, 2012, as compared to approximately 81% for the 52-week period ended December 30, 2011. The decrease in cost of revenue as a percentage of revenue was primarily the result of improved management of fulfillment operations and client e-commerce platform implementations.

Selling, general and administrative expense increased by approximately $743,600, or 13%, to approximately $6,418,100 for the 52-week period ended December 28, 2012, as compared to approximately $5,674,500 for the 52-week period ended December 30, 2011. This increase was primarily related to additional employees hired to manage the increase in client orders processed.

Interest expense decreased by approximately $136,700 to approximately $281,600 for the 52-week period ended December 28, 2012, as compared to approximately $418,300 for the 52-week period ended December 30, 2011, due to the new, lower cost, credit facility from Fifth Third Bank, which bears interest at LIBOR plus 3.00%. This compares to the Moriah Loan and Security Agreement utilized in 2011, which had an interest rate of six percent (6%) above prime with a floor of ten percent (10%). The cost savings from the new credit facility were partially offset by the interest on the new $2.388 million, 3.93% 5-year Term Loan, entered into on June 25, 2012 to finance the purchase of the Company's previously leased warehouse facility in St. Petersburg, Florida.

The Company realized a profit from continuing operations before provision for income taxes of approximately $961,400 for the 52-week period ended December 28, 2012, compared with a loss from continuing operations before provision for income taxes of approximately $362,200 for the 52-week period ended December 30, 2011 as a result of the above-mentioned items.

Income tax expense was approximately $428,000 for the 52-week period ended December 28, 2012 compared to an income tax benefit of approximately $112,200 for the 52-week period ended December 30, 2011. Differences between the taxable income and the effective tax rate used for 2012 and 2011, as compared to the U.S. federal statutory rate, are primarily due to permanent differences and taxes on foreign operations. At December 28, 2012, the Company had estimated federal and state net operating loss carryforwards totaling approximately $3,055,000, which begin to expire in 2024. Management believes that there will be sufficient future earnings to support the more than likely realization of deferred tax assets in excess of existing taxable temporary differences. The amount of deferred tax assets considered realizable, however, could be reduced in the near-term if estimates of future taxable income are reduced.

The Company realized net income of approximately $533,400 for the 52-week period ended December 28, 2012, compared with a net loss of approximately $250,000 for the 52-week period ended December 30, 2011.

Basic income per share from continuing operations for the 52-week period ended December 28, 2012 was $0.03 per weighted average share, compared with a basic loss of $0.02 per weighted average share for the 52-week period ended December 30, 2011.

USE OF GAAP AND NON-GAAP MEASURES

In addition to results presented in accordance with generally accepted accounting principles ("GAAP"), the Company has included in this report "Adjusted EBITDA". The Company defines Adjusted EBITDA as earnings before interest, taxes, and depreciation and amortization, and stock option expense. For each non-GAAP financial measure, the Company has presented the most directly comparable GAAP financial measure and has reconciled the non-GAAP financial measure with such comparable GAAP financial measure.

These non-GAAP financial measures provide useful information to investors to assist in understanding the underlying operational performance of the Company. Specifically, Adjusted EBITDA is a useful measure of operating performance before the impact of investing and financing transactions, making comparisons between companies' earnings power more meaningful and providing consistent period-over-period comparisons of the Company's performance. In addition, the Company uses this non-GAAP financial measure internally to measure its on-going business performance and in reports to bankers to permit monitoring of the Company's ability to pay outstanding liabilities.

ADJUSTED EBITDA

Adjusted EBITDA for the 52-week period ended December 28, 2012, was approximately $1,773,600 compared to approximately $601,300 in the prior year. The increase in the Adjusted EBITDA primarily relates to the increase in sales, improved operating margins from improved management of fulfillment operations and client implementation of customers' e-commerce platforms. The Company defines Adjusted EBITDA as earnings before interest, taxes, and depreciation and amortization, and stock option expense. The Company believes Adjusted EBITDA is a useful measure of operating performance before the impact of investing and financing transactions, making comparisons between companies' earnings power more meaningful and providing consistent comparisons of the Company's performance. In order to provide consistent comparisons of year-over-year Adjusted EBITDA, the following reconciliation is provided.

	For the period ended	
	December 28, 2012	December 30, 2011
Net income (loss) as reported	$ 533,400	$ (250,000)
Income tax expense (benefit)	428,000	(112,200)
Interest expense	281,600	418,300
Depreciation and software amortization	455,400	467,200
Stock option expense	75,200	78,000
Adjusted EBITDA	$ 1,773,600	$ 601,300

Liquidity and Capital Resources

The Company's cash needs consist of working capital, capital expenditures and debt service. The Company's working capital needs primarily depend on the timing of collections from customers and payments to vendors. Capital expenditures consist of building, computer, and warehouse equipment purchases and developer salaries for EDGE enhancements. The Company reduces capital expenditure requirements by utilizing independent fulfillment warehouses. Independent fulfillment warehouses typically provide their own equipment, which reduces capital investment requirements.

For the 52-week period ended December 28, 2012, the Company's operations provided cash of approximately $1,486,700 compared to $1,752,000 for the 52-week period ended December 30, 2011. The $265,300 decrease in cash provided by operating activities primarily reflects changes in the various operating assets and liabilities, primarily deferred revenue and customer deposits.

Net cash used in the Company's investing activities totaled $1,673,800 for the 52-week period ended December 28, 2012 consisting of equipment and improvements for the Company's warehouses, the purchase of the St. Petersburg warehouse as well as the development of the Company's software. The Company expects total capital expenditures for the year 2013 to be approximately $1,000,000 to $1,500,000.

The Company's financing activities utilized cash of $1,340,000 for the 52-week period ended December 28, 2012 consisting of net payments on its line of credit and payments on its term loan and capital lease of warehouse equipment. This lease was paid out and the equipment purchased by the Company.

The Company's primary sources of cash flow after March 2012 were from operations and borrowings under the Fifth Third credit facility. The Secured Revolving Term Note with Moriah Capital (the "Moriah Note") was the primary source of cash flow for 2011 and the first quarter of 2012.

The Moriah Note was entered into in December 2009 and amended in March 2011. The note had up to $1,500,000 of availability based on eligible assets. Availability under the loan was based on 85% of eligible accounts receivable, in addition to other collateral. The interest rate on the note was 10% and was paid on a monthly basis. Principal payments were not required until the final balloon payment was paid in March 2012.

On March 23, 2012, the Company entered into a Senior Credit Facility with Fifth Third Bank (the "Facility"). The Facility provides for a revolving line of credit with a maturity of two years and a maximum borrowing capacity of $3.0 million. The proceeds of the Facility were used to repay all outstanding indebtedness under the Moriah note payable, and to pay related fees and expenses. The Facility is available for general corporate purposes. The Facility is secured by a first priority lien on substantially all of the Company's assets. The Facility contains customary events of default and covenants including among other things, covenants that restrict but do not prevent the ability of the Company to incur certain additional indebtedness, create or permit liens on assets, pay dividends and repurchase stock, engage in mergers or acquisitions and make investments and loans.

Borrowings under the Facility bear interest at a rate equal to an applicable margin of LIBOR plus 3.00%. LIBOR was approximately 0.21% as of December 28, 2012. In addition to paying monthly interest on outstanding principal under the Facility, the Company is required to pay a quarterly unutilized 0.25% commitment fee to the lender, based on the average daily unused balance of the Facility. The Company may voluntarily repay outstanding loans under the Facility at any time without premium or penalty.

The Company believes that, based on current operations and anticipated growth, cash flow from operations, together with the Facility, will be sufficient to fund anticipated capital expenditures, operating expenses and other anticipated liquidity needs for the next twelve months. Anticipated debt maturity in 2014, and other unforseen events may require the Company to seek alternative financing, such as restructuring or refinancing of its long-term debt, selling assets or operations or selling debt or equity securities. If these alternatives were not available in a timely manner or on satisfactory terms or are not permitted under the the Facility and the Company defaulted on obligations, its debt could be accelerated and its lender may forclose on its assets.

On June 25, 2012, the Company purchased a previously leased warehouse facility for $3.0 million. The purchase was financed with a $2,388,000 5-year Term Loan (the "Term Loan") amortized over 20 years and an approximately $612,000 down payment provided by the Facility. Principal and interest are due monthly. Concurrent with the Term Loan, the Company entered into an interest rate swap thereby fixing its effective rate on the Term Loan at 3.93%.

At December 28, 2012, the balance outstanding on the Facility and the Term Loan were approximately $520,000 and $2,328,300, respectively.

NEW ACCOUNTING PRONOUNCEMENTS

In June 2011, the Financial Accounting Standards Board ("FASB") issued ASU 2011-05, *Comprehensive Income, Presentation of Comprehensive Income* (ASU 2011-05), which eliminates the option of presenting other comprehensive income as part of the statement of changes in stockholders' equity and instead requires the entity to present other comprehensive income as either a single statement of comprehensive income combined with net income or as two separate but continuous statements. The amendments in this standard are to be applied retrospectively and are effective for fiscal years, and interim periods within those years beginning after December 15, 2011. The Company adopted ASU 2011-05 in the second quarter of fiscal 2012. The adoption of ASU 2011-05 did not have a material impact on the Company's consolidated financial position, results of operations or cash flows.

In February 2013, , the Financial Accounting Standards Board ("FASB") issued ASU 2013-02, *Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income* (ASU 2013-02), which requires an entity to provide information about the amounts reclassified out of accumulated other comprehensive income by component. In addition, an entity is required to present, either on the face of the statement where net income is presented or in the notes, significant amounts reclassified out of accumulated other comprehensive income by the respective line items of net income but only if the amount reclassified is required under U.S. GAAP to be reclassified to net income in its entirety in the same reporting period. For other amounts that are not required under U.S. GAAP to be reclassified in their entirety to net income, an entity is required to cross-reference to other disclosures required under U.S. GAAP that provide additional details about those amounts. For public entities, the amendments are effective prospectively for fiscal years, and interim periods within those years, beginning after December 15, 2012.

Other recent accounting pronouncements issued by the FASB, including its Emerging Issues Task Force ("EITF"), the American Institute of Certified Public Accountants ("AICPA"), and the SEC did not or are not believed by management to have a material impact on the Company's present or future financial statements.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

Not Applicable

Item 8. Financial Statements and Supplementary Data

Consolidated Financial Statements

Jagged Peak, Inc.

For the Fiscal Years Ended December 28, 2012 and December 30, 2011
Report of Independent Registered Public Accounting Firm

Contents

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders
Jagged Peak, Inc.

We have audited the accompanying consolidated balance sheets of Jagged Peak, Inc. and Subsidiary (the Company) as of December 28, 2012 and December 30, 2011, and the related consolidated statements of comprehensive operations, changes in stockholders' equity, and cash flows for the 52-week periods then ended, respectively. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Jagged Peak, Inc. and Subsidiary as of December 28, 2012 and December 30, 2011, and the results of their operations and cash flows for the 52-week periods ended December 28, 2012 and December 30, 2011 in conformity with accounting principles generally accepted in the United States of America.

Gregory, Sharer & Stuart, P.A.

St. Petersburg, Florida
March 5, 2013

Jagged Peak, Inc.
Consolidated Balance Sheets

	December 28, 2012	December 30, 2011
Assets		
Current assets:		
Cash	$ 15,200	$ 1,542,300
Accounts receivable, net of allowance for doubtful accounts of $432,000 and $298,000 at December 28, 2012 and December 30, 2011, respectively	4,185,400	2,825,700
Other receivables, net of allowance of $0 and $35,000 at December 28, 2012 and December 30, 2011, respectively	584,800	468,200
Work in process, net of allowance of $0 and $30,000 at December 28, 2012 and December 30, 2011, respectively	71,300	120,400
Deferred tax asset	462,400	423,000
Other current	321,500	358,400
Total current assets	5,640,600	5,738,000
Property and equipment, net of accumulated depreciation of $1,963,300 and $1,932,300 at December 28, 2012 and December 30, 2011, respectively	3,807,400	631,900
Other assets:		
EDGE applications, net of accumulated amortization of $2,025,300 and $1,864,800 at December 28, 2012 and December 30, 2011, respectively	1,057,900	627,000
Deferred tax asset	689,500	1,129,800
Capitalized debt issuance costs	69,700	0
Total long-term assets	5,624,500	2,388,700
Total assets	$ 11,265,100	$ 8,126,700
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable, trade	$ 4,725,300	$ 3,731,100
Accrued payroll and bonuses	556,200	608,900
Other accrued expenses	286,100	67,400
Deferred rent	18,800	22,800
Deferred revenue and customer deposits	1,958,300	1,799,000
Notes Payable, current portion	119,400	1,350,000
Capital Lease	0	239,500
Total current liabilities	7,664,100	7,818,700
Long-term liabilities:		
Notes Payable	2,728,900	0
Total long-term liabilities	2,728,900	0
Temporary equity – Common stock, subject to put rights on 0 and 1,000,000 shares at December 28, 2012 and December 30, 2011, respectively	0	170,000
Stockholders' equity:		
Preferred stock, $.001 par value; 5,000,000 shares authorized; no shares issued or outstanding at December 28, 2012 and December 30, 2011		
Common stock, $.001 par value; 70,000,000 shares authorized; 16,279,074 shares issued and 16,156,583 outstanding at December 28, 2012, 16,305,961 shares issued and 16,183,470 outstanding at December 30, 2011	16,400	16,400
Additional paid-in capital	3,764,100	3,518,900
Treasury Stock, 122,491 shares	(9,000)	(9,000)
Accumulated deficit	(2,854,900)	(3,388,300)
Accumulated other comprehensive loss	(44,500)	0
Total stockholders' equity	872,100	138,000
Total liabilities and equity	$ 11,265,100	$ 8,126,700

The accompanying notes are an integral part of the consolidated financial statements.

Jagged Peak, Inc.
Consolidated Statements of Comprehensive Operations
52-Week Periods Ended

	December 28, 2012	December 30, 2011
Revenue	$ 37,232,700	$ 30,534,000
Cost of revenue	29,567,400	24,808,600
Gross profit	7,665,300	5,725,400
Selling, general and administrative expenses	6,418,100	5,674,500
Income from operations	1,247,200	50,900
Other (expense) income, net	(4,200)	5,200
Interest expense	(281,600)	(418,300)
Profit (loss) before tax expense (benefit)	961,400	(362,200)
Provision for income tax expense (benefit)	428,000	(112,200)
Net income (loss)	$ 533,400	$ (250,000)
Other Comprehensive income (loss):		
Change in fair value of interest rate swap	(71,400)	0
Tax Benefit	26,900	0
Other comprehensive loss, net of tax benefit	(44,500)	0
Comprehensive income (loss)	$ 488,900	$ (250,000)
Weighted average number of common shares outstanding- basic	16,182,873	16,197,003
Net income (loss) per share - basic	$ 0.03	$ (0.02)
Weighted average number of common shares and common equivalent shares outstanding	17,314,856	16,197,003
Diluted income (loss) per common share	$ 0.03	$ (0.02)

The accompanying notes are an integral part of the consolidated financial statements.

Jagged Peak, Inc.
Consolidated Statements of Changes in Stockholders' Equity
52-Week Periods Ended December 28, 2012 and December 30, 2011

	Common Stock Shares		Common Stock Amount		Additional Paid in Capital		Treasury Stock		Accumulated Deficit		Accumulated Other Compre-hensive Loss		Total
Balance, December 30, 2010	16,020,961	$	16,100	$	3,426,200	$	(9,000)	$	(3,138,300)	$	0	$	295,000
Redemption of Shares	(775,000)		(800)		800								0
Issuance of Shares	1,000,000		1,000		169,000								170,000
Reclassified to Temporary Equity					(170,000)								(170,000)
Issuance of Shares	60,000		100		14,900								15,000
Stock option expense					78,000								78,000
Net loss for the period									(250,000)				(250,000)
Balance, December 30, 2011	16,305,961	$	16,400	$	3,518,900	$	(9,000)	$	(3,388,300)	$	0	$	138,000
Reclassification of temporary equity					170,000								170,000
Stock option expense					75,200								75,200
Shares retired	(26,887)												
Change in fair value of interest rate swap											(44,500)		(44,500)
Net income for the period									533,400				533,400
Balance, December 28, 2012	16,279,074	$	16,400	$	3,764,100	$	(9,000)	$	(2,854,900)	$	(44,500)	$	872,100

The accompanying notes are an integral part of the consolidated financial statements.

Jagged Peak, Inc.
Consolidated Statements of Cash Flows
52-Week Periods Ended

	December 28, 2012	December 30, 2011
Operating activities		
Net income (loss)	$ 533,400	$ (250,000)
Adjustments to reconcile net income (loss) to net cash provided in operating activities:		
Depreciation and software amortization	455,400	467,200
Stock option expense	75,200	78,000
Issuance of stock to lender for debt fees	0	15,000
Amortization of debt costs	105,900	327,900
Bad debt expense	133,800	400,100
Changes in:		
Accounts receivable	(1,493,600)	(1,312,100)
Work-in-process	49,100	74,200
Other receivables	(116,600)	(269,100)
Deferred tax asset	400,900	(111,300)
Other assets	72,200	(119,200)
Accounts payable and accrued expenses	1,115,700	1,458,900
Deferred rent	(4,000)	7,900
Deferred revenue and customer deposits	159,300	984,500
Net cash flows provided by operating activities	1,486,700	1,752,000
Investing activities		
Acquisition of property and equipment	(1,082,300)	(330,100)
Acquisition/development of software - EDGE applications	(591,500)	(357,700)
Cash flows used in investing activities	(1,673,800)	(687,800)
Financing activities		
Payments to redeem shares held by lender	0	(162,800)
Payments made on term loan	(69,600)	0
Payments made for debt issuance costs	(210,800)	0
Net (payments) proceeds on line of credit	(820,100)	100,000
Payments on capital lease obligation	(239,500)	(9,900)
Cash flows used in financing activities	(1,340,000)	(72,700)
Net (decrease) increase in cash	(1,527,100)	991,500
Cash, beginning of period	1,542,300	550,800
Cash, end of period	$ 15,200	$ 1,542,300
Supplemental disclosure of cash flow information:		
Cash paid during the period for interest	$ 165,400	$ 156,100
Supplemental disclosure of noncash investing and financing information:		
Equipment obtained through capital lease	$ 0	$ 249,400
Purchase of building with term note	$ 2,388,000	$ 0

The accompanying notes are an integral part of the financial statements.

1. General Background Information

Jagged Peak, Inc. (the "Company" or "Jagged Peak") is an e-commerce software and services company headquartered in Tampa, Florida, providing enterprise e-commerce technology and related fulfillment services. The Company's flagship product, EDGE™ (EDGE, Enterprise Dynamic Global Engine), is a web-based software application that enables companies to control and coordinate multi-channel orders, catalogs, multi-warehouse inventories, and fulfillment across multiple customers, suppliers, employees, and partners in real-time. The Company enables clients to build and operate custom branded portals such as e-commerce, incentive and rebate programs, customer service and repair, reverse logistics, and marketing materials management, and automate other business processes through the use of the EDGE application and its related tools. The EDGE platform has been deployed in multiple vertical markets such as consumer goods, financial services, healthcare, distribution, travel and tourism and manufacturing.

Jagged Peak has continued to market the launch of TotalCommerce™ (TotalCommerce), an end-to-end solution that enables a company to quickly and cost effectively launch a fully operational, best practices, e-commerce online channel direct to its consumers. TotalCommerce is an outsourced "managed services" solution that leverages Jagged Peak's extensive technology and supply chain infrastructure and provides manufacturers with a turnkey, rapidly deployable solution including e-commerce webstore(s); order, inventory and transportation management software; a nationwide network of fulfillment centers; back office program management; and a range of online marketing services.

Jagged Peak operates two warehouses in Florida and a network of 20 independently owned fulfillment warehouses throughout North America that enable its clients to provide faster delivery to their customers, while lowering overall delivery costs. The EDGE application is able to automatically route the orders to the optimal warehouse based on an established set of factors such as service, cost and priority. This enables the Company's clients to achieve their customer service goals while reducing cost and internal infrastructure.

In July 2009, Jagged Peak began operations in Canada through its wholly owned subsidiary, Jagged Peak Canada, Inc. The operations provide similar services as in the United States through a network of independently owned fulfillment warehouses, which are managed through technology provided by Jagged Peak, Inc.

The Company operates on a 52/53 week reporting year. Therefore, the period ended December 28, 2012 and the period ended December 30, 2011 consists of 52 weeks.

2. Significant Accounting Policies

Use of Estimates

The Company prepares its financial statements in conformity with accounting principles generally accepted in the United States of America. These principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The Company reviews its estimates, including but not limited to, capitalization of software, work in process, recoverability of long-lived assets, recoverability of prepaid expenses, valuation of deferred tax assets and allowance for doubtful accounts, on a regular basis and makes adjustments based on historical experiences and existing and expected future conditions. These evaluations are performed and adjustments are made, as information is available. Management believes that these estimates are reasonable however; actual results could differ from these estimates.

Revenue Recognition

There are multiple components in Jagged Peak's TotalCommerce solution, which are sold through a master agreement where each individual component is priced separately and distinctly from the other components, based on market prices at which we sell those services individually. The client is able to choose which services it wishes to purchase. The separate components can be added or deleted at any time during the contract period at pre-determined prices. The Company has a history of selling each element separately to establish the market price of each element.

Software development services include activation, e-commerce site development, application and e-commerce site enhancements, consulting services and other development activities. Additional technology revenue is derived from help desk support, maintenance, general support, active monitoring and training.

Revenue from software development and technology services is recognized as services are provided or on the percentage of completion method for those arrangements with specified milestones. The percentage of completion is based on labor hours incurred to total labor hours expected to be incurred. Additional technology revenues are either paid monthly or on an annual basis. If paid on an annual basis, the revenue is recognized over the year, and if paid on a monthly basis, the revenue is recognized in the month in which the service was provided.

Hosting and managed services contracts range in length from one to three years, and are typically renewed annually after the initial term for subsequent one year periods. Revenue from hosting and managed services is recognized ratably over the period for which the services are provided. In most cases the fees are either a flat monthly fee or based on the client's use of the system (transactions).

The Company's EDGE software is a web-based product and is typically provided to its customers in a Software as a Service ("SaaS") model. Revenues are recognized ratably over the period the service is provided. The method of payment can be based on the clients' use of the system (transactions), a flat monthly fee or an annual fee. Revenue for all methods of payment is recognized over the period the software is available to the client and the Company is responsible for providing software updates.

The Company has established vendor specific objective evidence for the individually priced elements in its contracts through the use of the market as each element in its contracts is sold both as a package and individually with the same pricing. For any element delivered for which vendor specific objective evidence ("VSOE") is not available it uses the residual method. When applying the residual method, VSOE of fair value is allocated to each of the undelivered elements and the remaining consideration is allocated to the delivered elements.

Revenue is also derived from fulfillment service arrangements. Services included under fulfillment arrangements include account services, handling, order processing, packaging, storage and reporting. These services are based on established monthly charges as well as handling fees based on volume. These revenues are recognized based on the net value of the services provided.

Certain order processing services are contracted out by the Company to optimized independent distribution warehouses in North America. All of these services are managed by the Company through its order management platform. Because the company has the exclusive responsibility to contract and to manage the services provided to its clients by these independent warehouses and the related transportation, the revenue and expenses are recognized based on the amount of services charged to the client and the related expenses are part of the Company's cost of services.

Work in process represents costs and services which have been provided and properly recognized based on the above policy, however have not been billed to the client.

Shipping and handling costs are classified as cost of revenues.

Software and Development Enhancements

Software and development enhancement expenses include costs such as payroll and employee benefit costs associated with product development. The EDGE product platform, including the e-commerce, order management, warehouse management and transportation management systems, are continually being enhanced with new features and functions. Once technological feasibility of new features and functions is established, the costs incurred until release to production are capitalized and were amortized over their useful life. Prior to September 30, 2011, the Company applied a three-year useful life. Beginning on October 1, 2011, the Company amortized these costs over a seven-year useful life. The Company capitalized approximately $591,500 and $358,000 during the 52-week periods ended December 28, 2012 and December 30, 2011, respectively. Amortization expenses related to capitalized software and charged to operations were approximately $160,600 and $255,000 for the 52-week periods ended December 28, 2012 and December 30, 2011, respectively.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand with high quality financial institutions. The Company considers all highly liquid instruments purchased with a remaining maturity of less than three months at the time of purchase as cash equivalents.

Concentration of Risk

Financial instruments, which potentially subject the Company to concentrations of credit risk, are cash and cash equivalents and accounts receivable.

Cash is maintained with one major financial institution in the United States and Canada. Deposits with this bank may exceed the amount of insurance provided on such deposits. Generally, these deposits may be redeemed upon demand, and, therefore, bear minimal risk.

Sales to a single, multi-national customer with several brands amounted to approximately $31.7 million, or approximately 85% of total revenue, and approximately $25.5 million, or approximately 83% of total revenue, during the 52-week periods ended December 28, 2012 and December 30, 2011, respectively. Accounts receivable from this customer was approximately $2.5 million, or approximately 61% of total accounts receivable, and approximately $1.9 million, or approximately 61% of total accounts receivable, at December 28, 2012 and December 30, 2011, respectively. The risk of this concentration is mitigated as the deferred revenue and customer deposits from this customer at December 28, 2012 and at December 30, 2011 was approximately $1.5 million.

The Company extends credit to its various customers based on evaluation of the customer's financial condition and ability to pay the Company in accordance with the payment terms. The Company provides for estimated losses on accounts receivable considering a number of factors, including the overall aging of accounts receivables, the customer's payment history and the customer's current ability to pay its obligations. Based on management's review of accounts receivable and other receivables, an allowance for doubtful accounts of approximately $432,000 and $298,000 is considered necessary as of December 28, 2012 and December 30, 2011, respectively. The Company charges uncollectible accounts against the allowance account once the invoices are deemed unlikely to be collectible. The Company does not accrue interest on past due receivables.

Identified Intangible Assets

The Company reviews identified intangible assets and long-lived assets to be held-and-used for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. If the sum of the undiscounted expected future cash flows over the remaining useful life of a long-lived asset is less than its carrying amount, the asset is considered to be impaired. Impairment losses are measured as the amount by which the carrying amount of the asset exceeds the fair value of the asset. When fair values are not available, the Company estimates fair value using the expected future cash flows discounted at a rate commensurate with the risks associated with the recovery of the asset. For the 52-week period ended December 28, 2012 and the 52-week period ended December 30, 2011, there were no impairments of intangible assets.

Property and Equipment

Property and equipment are recorded at cost and depreciated on a straight-line basis over their estimated useful lives, principally one to ten years. Accelerated methods are used for tax depreciation. Maintenance and repairs are charged to operations when incurred. Betterments and renewals are capitalized. When property and equipment are sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved, and any gain or loss is included in operations. Equipment held under capital leases is stated at the present value of the minimum lease payments and amortized on a straight-line basis over the estimated useful life of the asset.

Depreciation is calculated by the straight-line method over the following estimated useful lives of the related assets:

	Years		
Building		20	
Warehouse equipment	3	-	10
Furniture and equipment	3	-	7
Computer equipment and software	1	-	7
Leasehold improvements		Lease term	

On June 25, 2012, the Company purchased its previously leased warehouse located in St. Petersburg, Florida for $3.0 million with the proceeds of a 5-year term loan. At the date of purchase, the recorded values of the warehouse building and related land were approximately $1,433,000 and $1,567,000, respectively. The 5-year term loan balance was approximately $2,328,300 as of December 28, 2012.

Estimated Fair Value of Financial Instruments

The aggregated net fair value estimates discussed herein are based upon certain market assumptions and pertinent information available to management. The respective carrying value of certain on-balance-sheet financial instruments approximated their fair values. These financial instruments include cash and cash equivalents, receivables, payables, accrued expenses and short-term borrowings. Fair values were assumed to approximate carrying values for these financial instruments since they are short-term in nature and their carrying amounts approximate fair values or they are receivable or payable on demand. The fair value of the Company's debt is estimated based upon the quoted market prices for the same or similar issues or on the current rates offered to the Company for debt of the same remaining maturities.

Uncertain Tax Positions

The Company periodically assesses its tax positions taken for all open tax years and has not identified any uncertain tax positions. The Company is not subject to examination by taxing authorities for years prior to 2009.

Income Taxes

Deferred income taxes reflect the net tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and tax return purposes. Deferred tax assets and liabilities are determined based on the differences between the book values and the tax bases of particular assets and liabilities and the tax effects of net operating loss and capital loss carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in the tax rate is recognized as income or expense in the period that included the enactment date.

The Company periodically assesses the recoverability of its deferred tax assets, as necessary, when the Company experiences changes that could materially affect its determination of the recoverability of its deferred tax assets. In conducting this assessment, management considered a variety of factors, including the Company's operating profits, the reasons for the Company's operating losses in prior years, management's judgment as to the likelihood of profitability and expectations of future performance, and other factors. Management does not believe that a valuation allowance is necessary; however, the amount of deferred tax asset realizable could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced. Net loss carry forwards do not begin to expire until 2024.

Put Options

In 2009, the Company issued 775,000 restricted common shares as partial consideration for a loan obtained from Moriah Capital L.P. ("Moriah"). Pursuant to the terms and conditions of the governing Securities Issuance Agreement, the holder of such shares had the right, but not the obligation, to put the shares back to the Company at a fixed price of $0.21 per common share on March 18, 2011. The Company accounted for these shares as a reclassification of the value of the shares from permanent to temporary equity. Pursuant to the 2010 amendment to the Securities Issuance Agreement, Moriah put the 775,000 shares of common stock back to Jagged Peak for the redemption price of $162,750 at a fixed price of $0.21 per common share in March 2011.

In 2011, the Company amended its agreement with Moriah and issued Moriah 1,000,000 restricted common shares as collateral for the redemption premium Moriah received related to the refinancing of the loan. Moriah had the option until March 31, 2012 to retain the collateral shares or put the shares to Jagged Peak for the redemption price of $170,000. On March 31, 2012, Moriah chose to retain the 1,000,000 collateral shares and the put option expired and the Company accounted for these shares as a reclassification of the value of the shares from temporary to permanent equity.

Interest Rate Swap

Derivative financial instruments are carried at fair value on the consolidated balance sheets. The Company's derivative instrument is an interest rate swap that hedges the interest payments of certain debt by effectively converting interest from a variable rate to a fixed rate. This instrument is considered fully effective and qualifies for hedge accounting with changes in the fair value recorded in other comprehensive income (loss). The Company does not enter into derivative agreements for trading purposes.

The swap agreement's fair value is calculated using Level 2 inputs. Level 1 inputs are quoted market prices in active markets for identical assets or liabilities. Level 2 inputs are based on observable market inputs (other than those included in Level 1) and are provided by the Company's lender, Fifth Third Bank.

The fair value of the Company's interest rate swap included in other accrued expenses:

	December 28, 2012	December 30, 2011
Interest Rate Swap	$ 71,500	$ 0

Stock-Based Compensation

The Company has stock option and stock incentive plans for employees and non-employee directors that provide for grants of restricted stock awards and options to purchase shares of Jagged Peak common stock at exercise prices generally equal to the fair values of such stock at the dates of grant. The Company recognizes the cost of all share-based payments in the financial statements using a fair-value based measurement method. The Company uses a Black-Scholes model to value its stock option grants and expenses the related compensation cost using the straight-line method over the vesting period. The fair value of the stock compensation is determined on the grant date using assumptions for the expected term, volatility, dividend yield and the risk free interest rate. The period expense is then determined based on the valuation of the options and on estimated forfeitures.

Foreign Currency

Generally, the functional currency of the Company's international subsidiary is the local currency. The financial statements are translated to U.S. dollars using month-end rates of exchange for assets and liabilities, and average rates of exchange for revenues, costs and expenses. There were no recorded translation gains or losses for the 52-week periods ended December 28, 2012 and December 30, 2011. Net gains and losses resulting from foreign exchange transactions are recorded as a component of other expenses.

Earnings per Share

Basic earnings per share is computed by dividing income available to common stockholders by the weighted average number of common shares outstanding for the period. Diluted earnings per share reflect the potential dilution that could occur upon issuance of certain additional potential common stock shares. Potential common stock shares consist of shares that may arise from outstanding dilutive common stock options and warrants (the number of which is computed using the "treasury stock method") and from outstanding convertible debentures (the number of which is computed using the "if converted method"). Diluted earnings per share considers the potential dilution that could occur if the Company's outstanding common stock options, warrants and convertible debentures were exercised for or converted into common stock that then shared in the Company's earnings (as adjusted for interest expense, that would no longer occur if the debentures were converted).

The weighted average number of shares was 16,182,873 and 16,197,003 for the 52-week periods ended December 28, 2012 and December 30, 2011, respectively. The diluted weighted average number of shares was 17,314,856 and 16,918,903 for the 52-week periods ended December 28, 2012 and December 30, 2011, respectively.

Common stock equivalents for the 52-week period ended December 30, 2011 were anti-dilutive due to the net losses sustained by the Company during this period. Therefore, the diluted weighted average common shares outstanding for the dilutive weighted average share calculation in the period ended December 30, 2011 excludes approximately 721,902 shares that could dilute earnings in future periods.

Recently Issued Financial Accounting Standards

In June 2011, the Financial Accounting Standards Board ("FASB") issued ASU 2011-05, *Comprehensive Income, Presentation of Comprehensive Income* (ASU 2011-05), which eliminates the option of presenting other comprehensive income as part of the statement of changes in stockholders' equity and instead requires the entity to present other comprehensive income as either a single statement of comprehensive income combined with net income or as two separate but continuous statements. The amendments in this standard are to be applied retrospectively and are effective for fiscal years, and interim periods within those years beginning after December 15, 2011. The Company adopted ASU 2011-05 in the second quarter of fiscal 2012. The adoption of ASU 2011-05 did not have a material impact on the Company's consolidated financial position, results of operations or cash flows.

In February 2013, , the Financial Accounting Standards Board ("FASB") issued ASU 2013-02, *Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income* (ASU 2013-02), which requires an entity to provide information about the amounts reclassified out of accumulated other comprehensive income by component. In addition, an entity is required to present, either on the face of the statement where net income is presented or in the notes, significant amounts reclassified out of accumulated other comprehensive income by the respective line items of net income but only if the amount reclassified is required under U.S. GAAP to be reclassified to net income in its entirety in the same reporting period. For other amounts that are not required under U.S. GAAP to be reclassified in their entirety to net income, an entity is required to cross-reference to other disclosures required under U.S. GAAP that provide additional details about those amounts. For public entities, the amendments are effective prospectively for fiscal years, and interim periods within those years, beginning after December 15, 2012.

Other recent accounting pronouncements issued by the FASB, including its Emerging Issues Task Force ("EITF"), the American Institute of Certified Public Accountants ("AICPA"), and the SEC did not or are not believed by management to have a material impact on the Company's present or future financial statements.

3. Property and Equipment

Property and equipment consist of:

	December 28, 2012	December 30, 2011
Warehouse building	$ 1,433,000	$ 0
Warehouse equipment	1,144,100	684,000
Computer equipment and software	1,201,800	1,284,200
Leasehold improvements	314,900	205,700
Furniture and equipment	109,900	127,200
Capital leases	0	263,100
Total property and equipment	4,203,700	2,564,200
Less accumulated depreciation	1,963,300	1,932,300
Property and equipment, net of depreciation	$ 2,240,400	$ 631,900
Land	1,567,000	0
Net property and equipment and land	$ 3,807,400	$ 631,900

Depreciation expense for the 52-week periods ended December 28, 2012 and December 30, 2011 was approximately $294,800 and $211,800, respectively and is included in selling, general and administrative expenses.

4. Other Assets

Other Current Assets includes capitalized debt issuance costs of $83,500 and $91,700 for the 52-week periods ended December 28, 2012 and December 30, 2011, respectively.

5. Debt

Notes payable consist of:

	December 28, 2012	December 30, 2011
5-year term loan related to purchase of warehouse	$ 2,328,300	$ 0
$3.0 million senior credit facility, two year revolving line of credit	520,000	0
Moriah note payable	0	1,350,000
Less current portion	119,400	1,350,000
Long-term portion of notes payable	$ 2,728,900	$ 0

On June 25, 2012, the Company purchased its previously leased warehouse facility for $3.0 million. The purchase was financed with a $2.388 million 5-year term loan (the "Term Loan") amortized over 20 years. Principal and interest are due monthly. Concurrent with the Term Loan, the Company entered into an interest rate swap agreement that expires in June 2017 concurrent with the maturity of the Company's Term Loan. The interest rate swap agreement has an initial notional amount of $2.388 million and provides for the Company to pay interest at a fixed rate of 1.43% while receiving interest for the same period at the one-month LIBOR rate on the same notional principal amount. The Company entered into the interest rate swap agreement to hedge against LIBOR movements on current variable rate indebtedness totaling $2.388 million at one-month LIBOR plus 2.50%, thereby fixing the Company's effective rate on the notional amount at 3.93%. One-month LIBOR was 0.20% as of December 28, 2012. The swap agreement qualifies as an "effective" hedge under GAAP. As of December 28, 2012, the fair market value of the interest rate swap included in other accrued expenses was approximately $71,500.

On March 23, 2012, the Company entered into the senior credit facility (the "Facility") with Fifth Third Bank. The Facility provides for a revolving line of credit with a maturity of two years and a maximum borrowing capacity of $3.0 million. The proceeds of the Facility were used to repay all outstanding indebtedness and fees under the Moriah loan. The Facility is available for general corporate purposes. The Facility is secured by a first priority lien on substantially all of the Company's assets. The Facility contains customary events of default and covenants including among other things, covenants that restrict but do not prevent the Company from incurring certain additional indebtedness, creating or permitting liens on assets, paying dividends and repurchasing stock, engaging in mergers or acquisitions and make investments and loans.

Borrowings under the Facility bear interest at a rate equal to an applicable margin of LIBOR plus 3.00%. In addition to paying monthly interest on outstanding principal under the Facility, the Company is required to pay a quarterly unutilized 0.25% commitment fee to the lender, based on the daily unused balance of the Facility. The Company may voluntarily repay outstanding loans under the Facility at any time without premium or penalty. Average borrowings under the facility from March 23, 2012 to December 28, 2012 were approximately $1,259,000.

6. Lease Commitments and Contingent Liabilities

The Company leases its corporate office under an operating lease with a 60-month term that commenced on March 1, 2011. The following is a schedule, by year, of future minimum rental payments required under this lease, which is the Company's only operating lease, that has an initial or remaining noncancelable lease term in excess of one year as of December 28, 2012:

Year Ending December		
2013	$	261,800
2014		276,200
2015		289,800
2016		48,700
Total	$	876,500

Rent expense amounted to approximately $702,000 and $749,100 for the 52-week periods ended December 28, 2012 and December 30, 2011, respectively. Rent expense in 2012 included lease payments made through June 2012 to a related party for the warehouse located in St. Petersburg, Florida. On June 25, 2012, the Company purchased this warehouse building from a related party for the appraised value of $3.0 million. See *Note 10. Related Parties* for details of related party transactions.

Litigation

In the ordinary course of business, the Company may be a party to a variety of legal actions that affect any business. The Company does not anticipate any of these matters or any matters in the aggregate to have a material adverse effect on the Company's business or its financial position or results of operations.

7. Income Taxes

Significant components of the provision for income taxes are as follows:

	Period Ended	
	December 28, 2012	December 30, 2011
Deferred tax expense (benefit)		
Federal	$ 528,500	$ (99,200)
State	30,600	(13,200)
Foreign	(131,100)	200
Expense (benefit) for income taxes	$ 428,000	$ (112,200)

The Company's income tax expense in 2012 included the effect of the Company's federal, state, and foreign tax benefits. Income taxes are based on the estimation of the annual effective tax rate and evaluations of possible future events and transactions and may be subject to subsequent refinement or revision. The provision for income taxes is different from that which would be obtained by applying the statutory federal income tax rate to income before income taxes. The items causing this difference are as follows:

	Period Ended	
	December 28, 2012	December 30, 2011
Tax expense (benefit) at U.S. statutory rate	$ 326,900	$ (123,100)
State income tax expense (benefit), net of federal expense (benefit)	58,200	(13,200)
Tax expense (benefit) on foreign operations different from U.S. rate	37,200	0
Effect of general non-deductible expenses	9,300	22,400
Other	(32,200)	(27,700)
Effect of amortization of employee stock option compensation	28,600	29,400
	$ 428,000	$ (112,200)

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at December 28, 2012 and December 30, 2011 are as follows:

	December 28, 2012	December 30, 2011
Current deferred tax assets:		
Allowance for doubtful accounts	$ 162,500	$ 125,300
Work in process reserve	0	11,300
Net operating loss carryforward	269,000	263,400
Other	30,900	23,000
Total current deferred tax assets	462,400	423,000
Long-term deferred tax assets:		
Net operating loss carryforward	1,043,900	1,326,000
Interest Rate Swap	26,900	0
Total long-term deferred tax assets	1,070,800	1,326,000
Long-term deferred tax liabilities:		
Depreciation and Amortization	(381,300)	(196,200)
Net long-term deferred tax assets	689,500	1,129,800
Net deferred tax asset	$ 1,151,900	$ 1,552,800

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based upon the level of historical performance and projections for future taxable income over the periods in which the deferred tax assets are deductible, management believes it is more likely than not that the Company will realize the benefits of these deductible differences. The amount of the deferred tax asset considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carryforward period are reduced.

As of December 28, 2012, the Company had U.S. (federal and state) net operating loss carryforwards of approximately $3,055,000 to reduce future taxable income, which will expire between 2024 and 2031. The Company also has a Canadian net operating loss carryforward of approximately $589,400 which does not begin to expire until 2029.

The Company classifies penalty and interest expense related to income tax liabilities as an income tax expense. There are no interest and penalties recognized in the financial statements.

8. Stock Compensation

Overview

The Company's 2005 Stock Incentive Plan, as amended in July 2008 ("the Plan"), authorizes the Board of Directors to grant options to purchase up to 5,000,000 shares of common stock to key employees, officers, directors, and consultants. The aggregate fair market value of grants to one individual shall not exceed $100,000 during any one calendar year for grants of both incentive stock options and non-qualified stock options. Options granted under the Plan must be exercised within ten years of the date of grant. The option price payable for the shares of common stock covered by any option shall be determined by the Board of Directors, but with regards to incentive stock options, shall not be less than the fair market value of one share of common stock on the date of grant. The option price for nonstatutory options may be less than the fair market value of common stock on the date of grant only if the Board of Directors determines that special circumstances warrant a lower exercise price.

The Company's 2000 Stock Incentive Plan authorized the Board of Directors to grant options to purchase up to 100,000 shares of common stock to any employee or consultant during any one calendar year for both incentive stock options and non-qualified stock options.

Stock Option Awards
In 2011, the Company's Board of Directors authorized stock option awards to certain officers to purchase up to 2,150,000 shares of Jagged Peak common stock with an exercise price of $0.125 per common share and an aggregate market value of approximately $268,750. The exercise price represents the fair market value of the common stock on the date of the grant. The options have a term of five years and vested over a one-year period.

In 2012, the Company's Board of Directors authorized stock option awards to the Company's Chief Financial Officer to purchase up to 100,000 shares of Jagged Peak common stock with an exercise price of $0.25 per common share and an aggregate market value of approximately $25,000. The exercise price represents the fair market value of the common stock on the date of the grant. The options have a term of nine years and eleven months and vested over a nine month period.

Stock Compensation Expense
The Company uses a Black-Scholes model to value its stock option grants and expenses the related compensation cost using the straight-line method over the vesting period. The fair value of stock options is determined on the grant date using assumptions for the expected term, expected volatility, dividend yield, and the risk free interest rate. The expected term is primarily based on the contractual term of the option and Company data related to historic exercise and post-vesting forfeiture patterns, which is adjusted based on management's expectations of future results. The expected term is determined separately for options issued to the Company's directors and to employees. The Company's anticipated volatility level is primarily based on the historic volatility of the Company's common stock, adjusted to remove the effects of certain periods of unusual volatility not expected to recur, and adjusted based on management's expectations of future volatility, for the life of the option or option group. The Company's model includes a zero dividend yield assumption in all periods, as the Company has not historically paid nor does it anticipate paying dividends on its common stock. The risk free interest rate is based on recent U.S. Treasury note auction results with a similar life to that of the option. The Company's model does not include a discount for post-vesting restrictions, as the Company has not issued awards with such restrictions. The period expense is then determined based on the valuation of the options and, at that time, an estimated forfeiture rate is used to reduce the expense recorded. The Company's estimate of pre-vesting forfeitures is primarily based on the recent historical experience of the Company and is adjusted to reflect actual forfeitures at each vesting date.

The Company values the options at the grant date using the Black-Scholes option model with the following weighted average assumptions for options granted in 2011: the historical dividend rate of 0%; the risk-free interest rate of approximately 1.84% for periods within the contractual life of the option based on the U.S. Treasury yield curve in effect at the time of grant; the expected term of 5 years, which was calculated based on the Company's historical pattern of options granted and expected to be outstanding; an expected volatility of approximately 275%, which was calculated by review of the Company's historical activity as well as that of comparable peer companies; and an option exercise experience rate for employees of 50% based on the Company's historical rate of employee options being exercised prior to expiration or termination over the past five years.

The Company values the options at the grant date using the Black-Scholes option model with the following weighted average assumptions for options granted in 2012: the historical dividend rate of 0%; the risk-free interest rate of approximately 0.10% for periods within the contractual life of the option based on the U.S. Treasury yield curve in effect at the time of grant; the expected term of 5 years, which was calculated based on the Company's historical pattern of options granted and expected to be outstanding; an expected volatility of approximately 275%, which was calculated by review of the Company's historical activity as well as that of comparable peer companies; and an option exercise experience rate for employees of 50% based on the Company's historical rate of employee options being exercised prior to expiration or termination over the past five years.

The following summarizes the Company's stock option and warrant activity and related information:

	Shares	**Range of Exercise Prices**	**Weighted Average Exercise Price**
Outstanding at December 30, 2010	1,500,782	$ 0.01 - 2.50	$ 0.68
Options granted	2,150,000	0.13	0.13
Options exercised	0	0.00	0.0
Options cancelled or expired	(1,415,000)	0.08 - 2.50	0.50
Outstanding at December 30, 2011	2,235,782	$ 0.01 - 0.30	$ 0.13
Options granted	100,000	0.25	0.25
Options exercised	0	0.00	0.0
Options cancelled or expired	0	0.00	0.0
Outstanding at December 28, 2012	2,335,782	$ 0.01 - 0.30	$ 0.14
Exercisable at December 28, 2012	2,335,782	$ 0.01 - 0.30	$ 0.14
Exercisable at December 30, 2011	1,607,700	$ 0.01 - 0.30	$ 0.14

The following table summarizes information about options outstanding and exercisable as of December 28, 2012:

Outstanding and Exercisable Options				
Exercise Price	Number Outstanding	Number Exercisable	Weighted Average Remaining Life (years)	Weighted Average Price
$ 0.01	10,782	10,782	38.0	$ 0.01
$ 0.30	75,000	75,000	0.3	$ 0.30
$ 0.13	2,150,000	2,150,000	3.4	$ 0.13
$ 0.25	100,000	100,000	8.9	$ 0.25

As of December 28, 2012 and December 30, 2011, there were approximately 2,335,782 and 1,607,700 options exercisable at a weighted average exercise price of $0.14. The weighted average fair value of options at the date of grant of the options was approximately $0.14 and $0.13 for 2012 and 2011, respectively.

The following table represents our nonvested stock option activity for the years ended December 28, 2012 and December 30, 2011:

	Number of Options		Weighted Average Exercise Price at Grant Date
Nonvested options – December 31, 2010	400,000	$	0.08
Granted	2,150,000		0.13
Vested	(1,521,918)		0.13
Forfeited	(400,000)		0.13
Nonvested options – December 30, 2011	628,082	$	0.08
Granted	100,000		0.25
Vested	(728,082)		0.14
Nonvested options – December 28, 2012	0	$	0.00

At December 30, 2011, there was an aggregate intrinsic value of approximately $271,000 and $190,000 for options outstanding exercisable, respectively, based on the Company's closing stock price of $0.25 as of the last business day of the period ended December 30, 2011 and December 28, 2012, which would have been received by the optionees had all options been exercised on that date.

There were no options exercised during the years ended December 28, 2012 and December 30, 2011.

9. Equity

Common Stock

Each share of common stock is entitled to one vote. The holders of common stock are also entitled to receive dividends whenever funds are legally available and when declared by the Board of Directors (the "Board"), subject to the prior rights of the holders of any outstanding senior classes of stock, of which there are currently none. The Company records stock as issued when the consideration is received or the obligation is incurred.

Put Options

In 2009, the Company issued 775,000 restricted common shares as partial consideration for a loan obtained from Moriah. Pursuant to the terms and conditions of the governing Securities Issuance Agreement, the holder of such shares had the right, but not the obligation, to put the shares back to the Company at a fixed price of $0.21 per common share on March 18, 2011. The Company accounted for these shares as a reclassification of the value of the shares from permanent to temporary equity. Pursuant to the 2010 amendment to the Securities Issuance Agreement, Moriah put the 775,000 shares of common stock back to Jagged Peak for the redemption price of $162,750 at a fixed price of $0.21 per common share in March 2011.

In 2011, the Company amended its agreement with Moriah and issued Moriah 1,000,000 restricted common shares as collateral for the redemption premium Moriah received related to the refinancing of the loan. Moriah had the option until March 31, 2012 to retain the collateral shares or put the shares to Jagged Peak for the redemption price of $170,000. On March 31, 2012, Moriah chose to retain the 1,000,000 collateral shares and the put option expired. On March 31, 2012, the Company accounted for these shares as a reclassification of the value of the shares from temporary to permanent equity.

10. Related Party Transactions

In 2011, subsequent to the lease expiration and to ensure Jagged Peak's ability to renew the warehouse lease under similar terms, Ridge Rock Partners, LLC, ("Ridge Rock") which is owned by a group of investors, including officers, directors and former officers of Jagged Peak, purchased the warehouse building from the bank that had taken ownership of it from the previous landlord. Ridge Rock entered into a lease with Jagged Peak on substantially the same terms as Jagged Peak had with its former landlord. Rent expense related to this lease agreement was approximately $239,700 and $170,000 for the 52-week period ended December 28, 2012 and December 30, 2011, respectively.

On June 25, 2012, the Company purchased its previously leased warehouse building located in St. Petersburg, Florida, from Ridge Rock for the appraised value of $3.0 million. The Company financed the purchase with a $2.388 million, 5-year term loan that is secured by the purchased property and amortized over 20 years.

In addition, Jagged Peak's Chief Executive Officer, Chief Operations Officer, Chief Sales and Marketing Officer, a Director of the Company and the Employee Stock Option Plan (ESOP) collectively hold a majority of the common stock in an entity that was spun-off from the Company in 2010 and is now a variable interest of the Company. See Note 11, *Variable Interest Entity.*

11. Variable Interest Entity

At December 28, 2012, the Company held a variable interest in an entity for which it is not the primary beneficiary. To determine that the Company is not a primary beneficiary, qualitative and quantitative factors were considered. The Company does not have the power to direct activities of the variable interest entity ("VIE") which most significantly impact the VIE's economic performance. In addition, the Company does not have an obligation to absorb losses or the right to receive residual returns. Therefore, the Company is not required to consolidate the operations of this VIE.

The Company's only VIE at December 28, 2012 is an independent entity that was a wholly owned subsidiary of the Company until it was spun off in 2010. At the date of the spin-off, each shareholder of the Company received a 1/10th share of the new entity for each share of Company common stock owned. As a result, the majority owners of the Company are also the majority owners of the VIE.

The Company has less than a 1% ownership interest in the VIE. The Company is involved with this VIE as a non-controlling interest. The Company's primary support of the VIE in 2012 was to subsidize a portion of the VIE's operating costs until the VIE's revenues increase or it raises sufficient capital to fund its operations. The Company's maximum exposure to loss as a result of its involvement with this unconsolidated VIE is limited to the amount the Company recorded on its balance sheet in "Other Receivables", approximately $243,000 and $186,000, less a $0 and $35,000 allowance at December 28, 2012 and December 30, 2011, respectively.

12. Employee Stock Ownership Plan

In 2007, the Company established an Employee Stock Ownership Plan (ESOP), for the benefit of its employees and to purchase shares of the Company's common stock from time to time in the open market or in negotiated transactions at prices deemed to be attractive. The plan was amended as of January 1, 2008. Contributions to the ESOP are made at the discretion of the Board of Directors. All employees of Jagged Peak that meet the 1,000 hours work requirement are eligible to participate in the ESOP. Under the ESOP, which is 100% Company funded, Jagged Peak allocates contributed shares to participants based on their eligible annual compensation. Compensation shall include but not be limited to the regular salaries and wages, overtime pay, bonuses, commissions and other amounts paid by Jagged Peak and taxable to the employee. The value or number of Jagged Peak common stock shares that are contributed to the ESOP on an annual basis is completely subject to the discretion of the Board of Directors. Any cash dividends or distributions paid with respect to shares of the ESOP trust will be retained and allocated in the same manner as other income of the ESOP trust. Shares held by the ESOP trust will be treated as all other issued and outstanding common shares for earnings per share calculations. For both 2012 and 2011, the Company recognized expense of $0 related to contributions to the ESOP. All ESOP shares are considered outstanding for earnings per share computations.
The ESOP shares were as follows:

	December 28, 2012	December 30, 2011
Allocated Shares	1,136,480	1,163,367
Shares Released for Allocation	-	-
Unreleased Shares	-	-
Total ESOP Shares	1,136,480	1,163,367

13. Subsequent Event

None.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The Company's Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the fiscal period ended December 28, 2012 covered by this Annual Report on Form 10-K. Based upon such evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of such period, the Company's disclosure controls and procedures were effective as required under Rules 13a-15(e) and 15d-15(e) under the Exchange Act. This conclusion by the Company's Chief Executive Officer and Chief Financial Officer does not relate to reporting periods after December 28, 2012.

Management's Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) of the Company. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America.

The Company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management, under the supervision of the Company's Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness of internal control over financial reporting based on the framework in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that the Company's internal control over financial reporting was effective as of December 28, 2012 under the criteria set forth in the in *Internal Control—Integrated Framework*.

This annual report does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our registered public accounting firm pursuant to the rules of the SEC that permit us to provide only management's report in this Annual Report on Form 10-K.

Changes in Internal Control over Financial Reporting

No change in the Company's internal control over financial reporting occurred during the year ended December 28, 2012, that materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The Company's directors and executive officers as of March 5, 2013 were as follows:

Name	Age	Position
Paul Demirdjian	52	Chairman of the Board of Directors, Chief Executive Officer and President
Vincent Fabrizzi	55	Chief Sales and Marketing Officer, Director
Daniel Furlong	65	Chief Operations Officer, Director
Albert Narvades	42	Senior Vice President, Chief Financial Officer, Treasurer and Secretary
Primrose Demirdjian	53	Director

The following is a brief summary of the business experience of the foregoing directors and executive officers.

The following sets forth information concerning the officers and directors, including present principal occupations, other business experience during the last 5 years, membership on committees of the Board of Directors and directorships in other publicly held companies.

Paul Demirdjian – Chairman of the Board of Directors, Chief Executive Officer and President
Mr. Demirdjian has over twenty years of experience in senior management, including executive positions of Senior Vice President of Operations, Chief Information Officer and Director for over ten years at Davel Communications, a publicly held telecom company operating private payphones, operator services, and long distance services. Mr. Demirdjian has served on the Board since the inception of Jagged Peak in 2000 and is married to Primrose Demirdjian, another member of the Board. Mr. Demirdjian attended the University of South Florida, where he was a member of the Engineering Honor Society (Tau Alpha Pi).

Vince Fabrizzi – Chief Sales and Marketing Officer, Director
Prior to joining Jagged Peak, Mr. Fabrizzi was Chief Executive Officer and co-Founder of Compass Marketing Services, a logistics services, warehouse management, and fulfillment services company. Previously, Mr. Fabrizzi co-founded Paradigm Communications in 1989 with Mr. Furlong, and together over the next eight years they built the company into one of the Southeast's largest nationally recognized advertising agencies with over 160 employees, $60 million in revenues and an impressive list of Fortune 500 clients. Prior to co-founding Paradigm, Mr. Fabrizzi was a Vice President and Partner at FKQ Advertising. Mr. Fabrizzi has served on the Board since the inception of Jagged Peak in 2000. Mr. Fabrizzi holds a B.S. in Mechanical Engineering from West Virginia University.

Daniel Furlong – Chief Operations Officer, Director
Prior to joining Jagged Peak, Mr. Furlong was President and co-Founder with Mr. Fabrizzi of both Compass Marketing Services and Paradigm Communications. Previously, Mr. Furlong was Vice President of Marketing for Dollar Rent-A-Car of Florida – the largest Dollar Rent-A-Car franchise in the country. During his tenure, business at the Florida division increased ten-fold. Mr. Furlong has served as an officer and a board member since the inception of Jagged Peak in 2000. Mr. Furlong graduated from the University of Wyoming with both undergraduate and graduate degrees in Accounting.

Albert Narvades – Senior Vice President, Chief Financial Officer, Treasurer and Secretary
Mr. Narvades joined Jagged Peak in November 2011 as Senior Vice President, Chief Financial Officer, Treasurer and Secretary. Prior to joining Jagged Peak, he served as Controller at Vercipia Biofuels, a division of British Petroleum (BP) from February 2010 through November 2011. He also has held various accounting roles at Walter Industries, Inc. (predecessor to Walter Energy, Inc.) during his nine-year tenure, including serving as Vice President of Finance for their Financial Services Group. Mr. Narvades began his career with Ernst & Young in 1994 and served in various roles there, including Audit Manager, through 2000. He holds both an undergraduate and a graduate degree in Accounting from the University of Florida, and has been a Florida-licensed Certified Public Accountant since 1995.

Primrose Demirdjian – Director
Primrose Demirdjian is serving as the Company's Public Relations Director. She currently serves on the board of the Tampa Bay International Business Council and leads the Children's Cancer Research Group at St. Joseph's Children's Hospital. Prior to her tenure as president and co-founder of IBIS (June 1996), an Internet-related company, Mrs. Demirdjian was employed by GTE Data Services, Inc. where she held various administrative and technical positions. Mrs. Demirdjian is married to Paul Demirdjian, the CEO of the Company. Mrs. Demirdjian has served as an officer and as a board member since the inception of Jagged Peak in 2000. Mrs. Demirdjian holds a Bachelor of Science in Management Information Systems from Nova Southeastern University of Florida.

AUDIT COMMITTEE

The Audit Committee consists of the entire Board, as there are no independent Board members. The Audit Committee reviews the results and scope of the audit and other services provided by the Company's independent auditors and reviews and evaluates the Company's internal control functions. As an advisory function of the committee, members also participate in financings and review budgets versus historical results throughout the year. The Board of Directors determined that Dan Furlong qualifies as an audit committee financial expert as defined under the regulations of the SEC.

COMPENSATION COMMITTEE

The Compensation Committee provides overall guidance to our compensation and benefit programs. The Compensation Committee consists of the entire Board, as there are no independent Board members. The Compensation Committee does not function pursuant to a written charter adopted by the Board of Directors. The committee administers our stock incentive plans and makes recommendations for issuances.

CODE OF ETHICS

The Company's Board of Directors has adopted a Code of Ethics applicable to all of the Company's employees, including the Company's Chief Executive Officer, Chief Sales and Marketing Officer, Chief Operating Officer, Chief Financial Officer, and Principal Accounting Officer and Controller. A copy of the Company's Code of Ethics is attached as an exhibit to the December 30, 2005 Annual Report on Form 10-KSB. The Company intends to provide any disclosures that are required by the rules of the SEC, or which the Company would otherwise determine to be appropriate, with respect to amendments of, and waivers from the Company's Code of Ethics by posting such disclosures on the Company's Internet website, www.JaggedPeak.com.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Based solely on the Company's review of copies of forms filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, as amended, the Company believes that during 2012 all reporting persons timely complied with all filing requirements applicable to them.

Section 16(a) of the Securities Exchange Act of 1934, as amended, (the "Exchange Act") requires the Company's directors and executive officers, and persons who own more than 10% of a registered class of the Company's equity securities, to file with the SEC and any securities exchanges on which the common stock of the Company trades, initial reports of ownership and reports of changes in ownership of common stock and other equity securities of the Company. Officers, directors and greater than 10% shareholders are required by SEC regulation to furnish the Company with copies of these reports.

Item 11. Executive Compensation

COMPENSATION

General

The Compensation Committee of the Board of Directors is currently composed of all four directors and is not independent.

The Company is engaged in highly competitive businesses and competes nationally for personnel at the executive and technical staff level. Outstanding candidates are aggressively recruited, often at premium salaries. Highly qualified employees are essential to our success. The Company's objective is to provide a competitive compensation and work environment that helps attract, retain, and motivate the highly skilled people the Company requires. The Company strongly believes that a considerable portion of the compensation for the Chief Executive Officer and other top executives must be tied to the achievement of business objectives and overall financial performance, both current and long-term.

The Company's compensation program is based on the philosophy that the total cash compensation should vary with the performance of both the individual and the Company and any long-term incentive should be closely aligned with the interest of the stockholders. There are two cash components of the executives' salary, a base salary and a bonus structure that compensates the executives for both their individual performance and the overall Company performance.

Long-term incentives are generally realized through the granting of stock options to executive officers and key employees.

The Company also implemented an employee stock ownership plan in 2007 for the benefit of its employees. At this time, the Company has no other long-term incentive plans for its executive officers and employees.

Stock Options

Stock options are granted to aid in the retention of executive officers and key employees and to align the interests of executive officers and key employees with those of the stockholders. The level of stock options granted (i.e., the number of shares subject to each stock option grant) is based on the employee's ability to impact future corporate results. An employee's ability to impact future corporate results depends on the level and amount of job responsibility of the individual. Therefore, the level of stock options granted is proportional to the Company's evaluation of each employee's job responsibility. Stock options are granted at a price not less than the fair market value of the Company's common stock on the date granted.

The following table sets forth a summary of the compensation paid for the three fiscal years ended December 28, 2012 to or for the benefit of the Company's Chief Executive Officer, Chief Financial Officer and other named executive officers that are considered the Company's most highly compensated whose total annual salary and bonus compensation exceeded $100,000 (the "Named Executive Officers").

SUMMARY COMPENSATION TABLE

	Summary Compensation Table						
Name Principal Positions	**Year Ended**	**Salary ($)**	**Bonus ($)**	**Stock Awards ($)**	**Option Awards ($)**	**All Other Compensation (2) ($)**	**Total ($)**
Paul Demirdjian,	2012	211,400	63,700	—	—	22,700	297,800
Chairman of the Board of Directors, Chief Executive Officer and President	2011	157,300	44,500	—	75,000	39,600	316,400
Vincent Fabrizzi	2012	209,700	70,100	—	—	22,700	302,500
Chief Sales and Marketing Officer, Director	2011	147,700	48,700	—	62,500	40,600	299,500
Daniel Furlong	2012	209,700	73,500	—	—	22,700	305,900
Chief Operations Officer, Director	2011	147,700	44,700	—	62,500	39,600	294,500
Albert Narvades (1)	2012	172,300	48,500	—	25,000	21,900	267,700
Senior Vice President, Chief Financial Officer, Treasurer and Secretary	2011	13,500	—	—	—	500	14,000

(1) Albert Narvades was appointed Senior Vice President, Chief Financial Officer, Treasurer and Secretary effective November 21, 2011.
(2) All other compensation consists of taxable auto allowance and company paid health insurance premiums.

The Company's Board appoints the executive officers to serve at the discretion of the Board.

DIRECTOR COMPENSATION

Directors who are also employees receive no compensation for serving on the Board. The Company's non-employee directors may receive options to purchase shares of common stock at the market price on the date they are granted, and are entitled to reimbursement of expenses incurred consequential to their service. There has been no (cash or equity) compensation paid in the past two years to non-employee directors.

OPTION GRANTS TO NAMED EXECUTIVE OFFICERS IN LAST FISCAL YEAR

In 2012, the Company's Board of Directors authorized stock option awards to the Company's Chief Financial Officer to purchase up to one hundred thousand (100,000) shares of Jagged Peak common stock with an exercise price of $0.25 per common share which was the fair market value of the common stock at the date of grant. The options have a term of nine years and eleven months and vested over a nine month period.

In 2012, the Company's Board of Directors did not grant options to anyone other than the Company's Chief Financial Officer.

In 2011, the Company's Board of Directors voted to grant a total of two million, one hundred and fifty thousand shares (2,150,000) to our Chief Executive Officer, Chief Financial Officer and other named executive officers. The exercise price was $0.13 per share which was the fair market value of the Company's common stock on the date of grant. The options have a five-year term and vest ratably over one year.

In 2011, the Company's Board of Directors did not grant options to employees other than named executive officers.

STOCK OPTION PLANS

The Company's 2005 Stock Incentive Plan, as amended in July 2008 ("the Plan"), authorizes the Board of Directors to grant options to purchase up to 5,000,000 shares of common stock to key employees, officers, directors, and consultants. The aggregate fair market value of grants to one individual shall not exceed $100,000 during any one calendar year for grants of both incentive stock options and non-qualified stock options. Options granted under the Plan must be exercised within ten years of the date of grant. The option price payable for the shares of common stock covered by any option shall be determined by the Board of Directors, but with regards to incentive stock options, shall not be less than the fair market value of one share of common stock on the date of grant. The option price for nonstatutory options may be less than the fair market value of common stock on the date of grant only if the Board of Directors determines that special circumstances warrant a lower exercise price.

The Company's 2000 Stock Incentive Plan authorized the Board of Directors to grant options to purchase up to 100,000 shares of common stock to any employee or consultant during any one calendar year for both incentive stock options and non-qualified stock options.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR END

The following table summarizes equity awards granted to Named Executive Officers that were outstanding as of December 28, 2012:

	Option Awards					Stock Awards			
Name	Number of Securities Underlying Unexercised Options: # Exercisable	Number of Securities Underlying Unexercised Options: # Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unearned and Unexercisable Options:	Option Exercise Price $	Option Expiration Date	# of Shares or Units of Stock That Have Not Vested #	Market Value of Shares or Units of Stock That Have Not Vested $	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested #	Equity Incentive Plan Awards: Market of Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested $
Paul Demirdjian, Chairman of the Board of Directors, Chief Executive Officer and President (1)	600,000	0	0	$ 0.13	May 9, 2016	0	0.00	0	0.00
Vincent Fabrizzi, Chief Sales and Marketing Officer, Director (2)	500,000	0	0	$ 0.13	May 9, 2016	0	0.00	0	0.00
Daniel Furlong, Chief Operations Officer, Director (3)	500,000	0	0	$ 0.13	May 9, 2016	0	0.00	0	0.00
Albert Narvades, Senior Vice President, Chief Financial Officer, Treasurer and Secretary (4)	100,000	0	0	$ 0.25	November 21, 2021	0	0.00	0	0.00

(1) Consists of a grant made on May 9, 2011.

(2) Consists of a grant made on May 9, 2011.

(3) Consists of a grant made on May 9, 2011.

(4) Consists of a grant made on January 10, 2012.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

EQUITY COMPENSATION PLAN INFORMATION

The following table sets forth information, as of December 28, 2012, with respect to the Company's stock option plans under which common stock is authorized for issuance, as well as information regarding other compensatory options granted outside of the Company's stock option plans.

Plan Category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted-average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plan (excluding securities reflected in column (a))
Equity compensation plans approved by shareholders	2,250,000	$ 0.13	2,750,000
Equity compensation plans not approved by shareholders	85,782	$ 0.26	__
Total	2,335,782	$ 0.13	2,750,000

The Company's 2005 Stock Incentive Plan, as amended in July 2008 ("the Plan"), authorizes the Board of Directors to grant options to purchase up to 5,000,000 shares of common stock to key employees, officers, directors, and consultants. The aggregate fair market value of grants to one individual shall not exceed $100,000 during any one calendar year for grants of both incentive stock options and non-qualified stock options. Options granted under the Plan must be exercised within ten years of the date of grant. The option price payable for the shares of common stock covered by any option shall be determined by the Board of Directors, but with regards to incentive stock options, shall not be less than the fair market value of one share of common stock on the date of grant. The option price for nonstatutory options may be less than the fair market value of common stock on the date of grant only if the Board of Directors determines that special circumstances warrant a lower exercise price.

The Company's 2000 Stock Incentive Plan authorized the Board of Directors to grant options to purchase up to 100,000 shares of common stock to any employee or consultant during any one calendar year for both incentive stock options and non-qualified stock options.

PRINCIPAL SHAREHOLDERS

The following table sets forth information known to us, as of the date of this Form 10-K filing, relating to the beneficial ownership of shares of common stock by:

- each person who is known by us to be the beneficial owner of more than 5% of the Company's outstanding common stock;
- each director;
- each executive officer; and
- all executive officers and directors as a group.

Under federal securities laws, a person is considered to be the beneficial owner of securities owned by him (or certain persons whose ownership is attributed to him) and that can be acquired by him within 60 days from the date of this Form 10-K filing, including upon the exercise of options, warrants or convertible securities. The Company determined a beneficial owner's percentage ownership by assuming that options, warrants or convertible securities that are held by him, but not those held by any other person, and which are exercisable within 60 days of the date of this Form 10-K filing, have been exercised or converted.

Except with respect to beneficial ownership of shares attributed to the named person, the following table does not give effect to the issuance of shares in the event outstanding common stock options are exercised.

The Company believes that all persons named in the table have sole voting and investment power with respect to all shares of common stock shown as being owned by them. The address of each beneficial owner in the table set forth below is care of Jagged Peak, Inc., 3000 Bayport Drive, Suite 250, Tampa, Florida 33607.

Name/Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percentage of Class
Paul Demirdjian and Primrose Demirdjian (1)	5,650,084	35%
Daniel Furlong (2)	3,390,077	21%
Vincent Fabrizzi (3)	3,390,077	21%
Albert Narvades (4)	100,000	1%
Executive Officers and Directors and others (as a group of 5 persons)	12,530,238	77%

(1) All shares are held jointly with Primrose Demirdjian and include 750,000 shares underlying stock options exercisable at $0.13 per share. In addition, Paul Demirdjian has fully vested ownership of 103,046 shares in the Employee Stock Option Plan. These shares are not included in the table above.
(2) Includes 500,000 shares underlying stock options exercisable at $0.13 per share. In addition, Daniel Furlong has fully vested ownership of 97,443 shares in the Employee Stock Option Plan. These shares are not included in the table above.
(3) Includes 500,000 shares underlying stock options exercisable at $0.13 per share. In addition, Vincent Fabrizzi has fully vested ownership of 99,445 shares in the Employee Stock Option Plan. These shares are not included in the table above.
(4) Consists of 100,000 shares underlying stock options exercisable at $0.25 per share.

Item 13. Certain Relationships and Related Transactions, and Directors' Independence

On August 1, 2011, the Company entered into a ten-year lease with Ridge Rock Partners, an entity owned by a group of investors, including Executive Officers of Jagged Peak, Paul Demirdjian, Vincent Fabrizzi, and Jagged Peak's former CFO, Andrew Norstrud. These people formed Ridge Rock Partners, LLC to purchase the warehouse building that the Company was leasing in St. Petersburg, Florida from the bank that had taken ownership of the building from the previous landlord. The Company paid Ridge Rock, LLC approximately $32,000 per month, terms that were substantially the same as the Company paid its former landlord. This lease terminated when the Company purchased the warehouse building from Ridge Rock on June 25, 2012.

The Company does not have any independent board members and does not expect to add any in 2012. The members of the Board currently own approximately 70% of the Company's common stock and all have a long history with the Company and in its industry. The Board believes there is sufficient segregation between the Board's financial statement overview responsibilities and the Chief Financial Officer's responsibilities for financial reporting and the Company's compliance responsibilities.

Item 14. Principal Accountants Fees and Services

Audit Fees

During 2012, our accountants, Gregory, Sharer & Stuart, P.A., billed us approximately $75,000 for audit work and review of our Form 10-K, 10-Q and 8-K filings. During 2011, our accountants, Gregory, Sharer & Stuart, P.A., billed us approximately $87,000 for audit work and review of our Form 10-K, 10-Q and 8-K filings.

Audit Related Fees

None

Tax Fees

During 2012, we were billed by our accountants, Gregory, Sharer & Stuart, P.A., approximately $18,000 to prepare our federal and state tax returns. During 2011, we were billed by our accountants, Gregory, Sharer & Stuart, P.A., approximately $9,700 to prepare our federal and state tax returns. The audit committee approved all fees.

All Other Fees

None

The Board of Directors has not adopted any pre-approval policies and approves all engagements with the Company's auditors prior to performance of services by them.

Item 15. Exhibits

Exhibit Number	Description
2.1	Acquisition and Plan of Merger (filed as exhibit 2.1 to the Form 8-K filed with the SEC on July 11, 2005 and incorporated herein by reference)
3.1	Articles of Incorporation (filed as Exhibit 3.1 to the Form 10-B12G filed with the SEC on October 10, 2000, and incorporated herein by reference)
3.2	Certificate of Amendment to Articles of Incorporation (filed as Exhibit 3.1 to the Form 10-Q filed with the SEC on November 10, 2008, and incorporated herein by reference)
3.3	Amended and Restated By-Laws (filed as Exhibit 99.1 to the Form 8-K filed with the SEC on September 04, 2008, and incorporated herein by reference)

10.6*	Employee Stock Ownership Plan (Included as an exhibit to Registrant's Annual Report on Form 10-K for the year ended December 29, 2006 and incorporated herein by reference)
10.7*	2005 Stock Incentive Plan (Included as an exhibit to Registrant's Annual Report on Form 10-K for the year ended December 30, 2005 and incorporated herein by reference)
10.8*	2000 Stock Incentive Plan (Included as an exhibit to Registrant's Annual Report on Form 10-K for the year ended December 30, 2005 and incorporated herein by reference)
10.10*	2005 Stock Incentive Plan as amended in July 2008 (Included as an exhibit to Registrant's Annual Report on Form 10-Q for the quarter ended September 26, 2008 and incorporated herein by reference)
10.11*	Employee Stock Ownership Plan, as amended in January 2008 (Included as an exhibit to Registrant's Annual Report on Form 10-Q for the quarter ended September 26, 2008 and incorporated herein by reference)
10.12	Loan and Security Agreement (Included as an exhibit to Registrant's Annual Report on Form 10-K for the year ended December 31, 2010 and incorporated herein by reference)
10.13	Securities Issuance Agreement (Included as an exhibit to Registrant's Annual Report on Form 10-K for the year ended December 31, 2010 and incorporated herein by reference)
10.14	Secured Revolving Loan Note (Included as an exhibit to Registrant's Annual Report on Form 10-K for the year ended December 31, 2010 and incorporated herein by reference)
10.15	Trademark Collateral Assignment and Security Agreement (Included as an exhibit to Registrant's Annual Report on Form 10-K for the year ended December 31, 2010 and incorporated herein by reference)
10.16	Patent and Trademark Security Agreement (Included as an exhibit to Registrant's Annual Report on Form 10-K for the year ended December 25, 2009 and incorporated herein by reference)
10.17	Amendment No. 1 to Loan and Security Agreement and Loan Documents (Included as an exhibit to Registrant's Annual Report on Form 10-K for the year ended December 31, 2010 and incorporated herein by reference)
10.18	Securities Issuance Agreement No. 2 (Included as an exhibit to Registrant's Annual Report on Form 10-K for the year ended December 31, 2010 and incorporated herein by reference)
10.19	Amended and Restated Secured Revolving Loan Note (Included as an exhibit to Registrant's Annual Report on Form 10-K for the year ended December 31, 2010 and incorporated herein by reference)
10.20	Employment Agreement dated November 21, 2011 between the Company and Albert Narvades (Included as an exhibit to Registrant's Annual Report on Form 10-K for the year ended December 30, 2011 and incorporated herein by reference)
10.21	Lease agreement dated August 1, 2011 between the Company and Ridge Rock Partners, LLC (Included as an exhibit to Registrant's Annual Report on Form 10-K for the year ended December 30, 2011 and incorporated herein by reference)
10.22	Loan Agreement – Revolving Line of Credit dated March 23rd, 2012 between the Company and Fifth Third Bank (Included as an exhibit to Registrant's Annual Report on Form 10-K for the year ended December 30, 2011 and incorporated herein by reference)
14.1	Executive Management Code of Ethics (Included as an exhibit to Registrant's Annual Report on Form 10-K for the year ended December 30, 2005 and incorporated herein by reference)
14.2	Company Code of Conduct (Included as an exhibit to Registrant's Annual Report on Form 10-K for the year ended December 30, 2005 and incorporated herein by reference)
31.1	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
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101.SCH	XBRL Schema Document
101.CAL	XBRL Calculation Linkbase Document

101.DEF	XBRL Definition Linkbase Document
101.LAB	XBRL Label Linkbase Document
101.PRE	XBRL Presentation Linkbase Document

* Management contract or compensatory plan or arrangement required to be filed as an exhibit.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this to be signed on its behalf by the undersigned, thereunto duly authorized.

JAGGED PEAK, INC.

BY: /s/ Paul Demirdjian
Paul Demirdjian
Chairman of the Board of Directors, Chief Executive Officer and President

BY: /s/ Albert Narvades
Albert Narvades
Senior Vice President, Chief Financial Officer, Treasurer and Secretary

Date: March 5, 2013

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES EXCHANGE ACT OF 1934, THIS REPORT HAS BEEN SIGNED BY THE FOLLOWING PERSONS ON BEHALF OF THE REGISTRANT AND IN THE CAPACITIES AND ON THE DATES INDICATED.

SIGNATURE	TITLE	DATE
/s/ Paul Demirdjian **Paul Demirdjian**	Chairman of the Board of Directors, Chief Executive Officer and President	March 5, 2013
/s/ Vincent Fabrizzi **Vincent Fabrizzi**	Chief Sales and Marketing Officer, Director	March 5, 2013
/s/ Daniel Furlong **Daniel Furlong**	Chief Operations Officer, Director	March 5, 2013
/s/ Primrose Demirdjian **Primrose Demirdjian**	Director	March 5, 2013

Exhibit Index

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