PGT, Inc.
Form 10-Q
May 03, 2013
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended March 30, 2013

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 000-52059

PGT, Inc.

1070 Technology Drive

North Venice, FL 34275

Registrant s telephone number: 941-480-1600

State of Incorporation	IRS Employer Identification No.
Delaware	**20-0634715**

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. Yes x No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No ¨*

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

Large accelerated filer	¨	Accelerated filer	¨
Non-accelerated filer	x (Do not check if a smaller reporting company)	Smaller reporting company	¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No x

Indicate the number of shares outstanding of each of the issuer s classes of common stock, as of the latest practicable date.

Common Stock, $0.01 par value 52,107,465 shares, as of April 30, 2013.

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PGT, INC.

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PART I FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

PGT, INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(in thousands, except per share amounts)

	Three Months Ended March 30, 2013	March 31, 2012
	(unaudited)	
Net sales	$ 49,563	$ 38,100
Cost of sales	32,004	26,164
Gross margin	17,559	11,936
Selling, general and administrative expenses	13,024	11,708
Gain on sale of assets held for sale	(2,195)	
Income from operations	6,730	228
Interest expense, net	813	858
Other expense, net	216	22
Income (loss) before income taxes	5,701	(652)
Income tax expense	437	
Net income (loss)	$ 5,264	$ (652)
Net income (loss) per common share:		
Basic	$ 0.10	$ (0.01)
Diluted	$ 0.09	$ (0.01)
Weighted average shares outstanding:		
Basic	52,517	53,664
Diluted	56,893	53,664
Comprehensive income (loss)	$ 5,106	$ (376)

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

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PGT, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands except per share amounts)

	March 30, 2013 *(unaudited)*	December 29, 2012
ASSETS		
Current assets:		
Cash and cash equivalents	$ 14,290	$ 18,743
Accounts receivable, net	18,871	13,997
Inventories	13,489	11,529
Prepaid expenses	626	916
Assets held for sale		5,259
Other current assets	3,114	2,886
Total current assets	50,390	53,330
Property, plant and equipment, net	40,597	41,220
Intangible assets, net	43,701	45,327
Other assets, net	1,117	1,440
Total assets	$ 135,805	$ 141,317
LIABILITIES AND SHAREHOLDERS EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	$ 15,617	$ 13,279
Deferred income taxes	46	46
Total current liabilities	15,663	13,325
Long-term debt	30,000	37,500
Deferred income taxes	14,858	14,858
Other liabilities	1,291	1,424
Total liabilities	61,812	67,107
Commitments and contingencies (Note 9)		
Shareholders equity:		
Preferred stock; par value $.01 per share; 10,000 shares authorized; none outstanding		
Common stock; par value $.01 per share; 200,000 shares authorized; 54,015 and 53,737 shares issued and 52,025 and 52,814 shares outstanding at March 30, 2013, and December 29, 2012, respectively	540	537
Additional paid-in-capital	275,040	274,275
Accumulated other comprehensive loss	(1,572)	(1,414)
Accumulated deficit	(189,969)	(195,233)
Subtotal shareholders equity	84,039	78,165

Less Treasury stock at cost	(10,046)	(3,955)
Total shareholders equity	73,993	74,210
Total liabilities and shareholders equity	$ 135,805	$ 141,317

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

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PGT, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

	Three Months Ended March 30, 2013	Three Months Ended March 31, 2012
	(unaudited)	
Cash flows from operating activities:		
Net income (loss)	$ 5,264	$ (652)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation	1,235	1,511
Amortization	1,626	1,626
Provision for allowances of doubtful accounts	(103)	(20)
Amortization and write off of deferred financing costs	389	151
Stock-based compensation	316	314
Derivative financial instruments	252	(22)
Gain on disposal of assets	(2,178)	(14)
Change in operating assets and liabilities:		
Accounts receivable	(4,955)	(814)
Inventories	(1,960)	(717)
Prepaid and other assets	(23)	(123)
Accounts payable, accrued and other liabilities	1,991	2,785
Net cash provided by operating activities	1,854	4,025
Cash flows from investing activities:		
Purchases of property, plant and equipment	(637)	(931)
Proceeds from sales of assets	7,470	
Net change in margin account for derivative financial instruments		16
Net cash provided by (used in) investing activities	6,833	(915)
Cash flows from financing activities:		
Payments of long-term debt	(7,500)	
Purchases of treasury stock	(6,091)	
Proceeds from exercise of stock options	451	
Payments of capital leases		(30)
Net cash used in financing activities	(13,140)	(30)
Net (decrease) increase in cash and cash equivalents	(4,453)	3,080
Cash and cash equivalents at beginning of period	18,743	10,940
Cash and cash equivalents at end of period	$ 14,290	$ 14,020

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

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PGT, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

NOTE 1. BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements include the accounts of PGT, Inc. and its wholly-owned subsidiary, PGT Industries, Inc. (collectively the Company) after elimination of intercompany accounts and transactions. These statements have been prepared in accordance with the instructions to Form 10-Q and do not include all of the information and footnotes required by United States Generally Accepted Accounting Principles (GAAP) for complete financial statements. In the opinion of management, all adjustments (consisting only of normal recurring adjustments) considered necessary for a fair presentation have been included. Operating results for the interim period are not necessarily indicative of the results that may be expected for the remainder of the current year or for any future periods. Each of our Company s fiscal quarters ended March 30, 2013, and March 31, 2012, consisted of 13 weeks.

The condensed consolidated balance sheet as of December 29, 2012, is derived from the audited consolidated financial statements but does not include all disclosures required by GAAP. The condensed consolidated balance sheet as of December 29, 2012, and the unaudited condensed consolidated financial statements as of and for the period ended March 30, 2013, should be read in conjunction with the more detailed audited consolidated financial statements for the year ended December 29, 2012, included in the Company s most recent Form 10-K annual report. Accounting policies used in the preparation of these unaudited condensed consolidated financial statements are consistent with the accounting policies described in the Notes to Consolidated Financial Statements included in the Company s Form 10-K.

Recently Issued Accounting Pronouncements

In December 2011, the Financial Accounting Standards Board (FASB) issued ASU 2011-11 Disclosures about Offsetting Assets and Liabilities. Subsequently, in February 2013, the FASB issued ASU 2013-01, Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities. These updates amended the guidance related to disclosures about offsetting assets and liabilities, including recognized financial instruments and derivatives. The provisions of the amended guidance became effective for us beginning in the first quarter of 2013. We adopted this standard in the first quarter of 2013 and additional disclosures have been made to the comply with the standard.

In February 2013, the FASB issued ASU 2013-02, Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income. The guidance amends the requirements of ASC 220, Comprehensive Income. The goal behind the amendments is to improve the transparency of reporting reclassifications out of accumulated other comprehensive income. It does not change current requirements for reporting net income or other comprehensive income in the financial statements. The provisions of the amended guidance became effective for us beginning in the first quarter of 2013. We adopted this standard in the first quarter of 2013 and additional disclosures have been made to comply with the standard.

NOTE 2. WARRANTY

Most of our manufactured products are sold with warranties. Warranty periods, which vary by product components, generally range from 1 to 10 years, although the warranty period for a limited number of specifically identified components in certain applications is a lifetime. However, the majority of the products sold have warranties on components which range from 1 to 3 years. The reserve for warranties is based on management s assessment of the cost per service call and the number of service calls expected to be incurred to satisfy warranty obligations on recorded net sales. The reserve is determined after assessing Company history and through specific identification. Expected future obligations are discounted to a current value using a risk-free rate for obligations with similar maturities.

The following provides information with respect to our warranty accrual:

Accrued Warranty	Beginning of Period	Charged Expense	Adjustments	Settlements	End of Period
			(in thousands)		
Three months ended March 30, 2013	$ 3,858	$ 744	$ (188)	$ (841)	$ 3,573
Three months ended March 31, 2012	$ 4,406	$ 762	$ 103	$ (870)	$ 4,401

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NOTE 3. INVENTORIES

Inventories consist principally of raw materials purchased for the manufacture of our products. We have limited finished goods inventory since all products are custom, made-to-order and usually ship upon completion. Finished goods inventory costs include direct materials, direct labor, and overhead. All inventories are stated at the lower of cost (first-in, first-out method) or market value. Inventories consisted of the following:

	March 30, 2013	December 29, 2012
	(in thousands)	
Raw materials	$ 11,440	$ 10,477
Work in progress	378	256
Finished goods	1,671	796
	$ 13,489	$ 11,529

NOTE 4. STOCK COMPENSATION EXPENSE

We record stock compensation expense over an award s vesting period based on the award s fair value at the date of grant. We recorded compensation expense for stock based awards of $0.3 million for the first quarter of 2013 and $0.3 million for the first quarter of 2012. As of March 30, 2013, and March 31, 2012, there was $1.0 million and $1.4 million, respectively, of total unrecognized compensation cost related to non-vested stock option agreements. These costs are expected to be recognized in earnings on a straight-line basis over the weighted average remaining vesting period of 1.5 years.

Exercises

In the first quarter of 2013, there were 278,298 options exercised at a weighted average exercise price of $1.62 per share.

NOTE 5. NET INCOME (LOSS) PER COMMON SHARE

Basic EPS is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding during the period. Diluted EPS reflects the dilutive effect of potential common shares from securities such as stock options.

Our weighted average shares outstanding for the three months ended March 30, 2013 and March 31, 2012, excludes underlying options of 22 thousand and 5.5 million respectively, because their effects were anti-dilutive.

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The table below presents the calculation of EPS and a reconciliation of weighted average common shares used in the calculation of basic and diluted EPS for our Company:

	Three Months Ended March 30, 2013	March 31, 2012
	(in thousands, except per share amounts)	
Net income (loss)	$ 5,264	$ (652)
Weighted-average common shares - Basic	52,517	53,664
Add: Dilutive effect of stock compensation plans	4,376	
Weighted-average common shares - Diluted	56,893	53,664
Net income (loss) per common share:		
Basic	$ 0.10	$ (0.01)
Diluted	$ 0.09	$ (0.01)

NOTE 6. INTANGIBLE ASSETS

Intangible assets are as follows:

	March 30, 2013	December 29, 2012	Original Useful Life (in years)
		(in thousands)	
Intangible assets:			
Trade names	$ 38,441	$ 38,441	indefinite
Customer relationships	55,700	55,700	10
Less: Accumulated amortization	(51,094)	(49,701)	
Subtotal	4,606	5,999	
Hurricane intellectual assets	2,797	2,797	3
Less: Accumulated amortization	(2,143)	(1,910)	
Subtotal	654	887	
Intangible assets, net	$ 43,701	$ 45,327	

Indefinite Lived Intangible Asset

The impairment evaluation of the carrying amount of intangible assets with indefinite lives is conducted annually, or more frequently if events or changes in circumstances indicate that an asset might be impaired. The evaluation is performed by comparing the carrying amounts of these assets to their estimated fair values. If the estimated fair value is less than the carrying amount of the intangible assets, an impairment charge is recorded to reduce the asset to its estimated fair value. The estimated fair value is determined using the relief from royalty method that is based upon the discounted projected cost savings (value) attributable to ownership of our trade names, our only indefinite lived intangible assets.

In estimating fair value, the method we use requires us to make assumptions, the most material of which are net sales projections attributable to products sold with these trade names, the anticipated royalty rate we would pay if the trade names were not owned (as a percent of net sales), and a weighted average discount rate. These assumptions are subject to change based on changes in the markets in which these products are sold, which impact our projections of future net sales and the assumed royalty rate. Factors affecting the weighted average discount rate include assumed debt to equity ratios, risk-free interest rates, and equity returns, each for market participants in our industry.

Our year-end test of trade names, performed as of December 29, 2012, utilized a weighted average royalty rate of 4.0% and a discount rate of 14.3%. As of December 29, 2012, the estimated fair value of the trade names exceeded book value by approximately 47%, or $18.0 million. We believe our projected sales are reasonable based on available information regarding our

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industry and the core markets that we serve. We also believe the royalty rate is appropriate and could improve over time based on market trends and information, including that which is set forth above. The discount rate was based on current financial market trends and will remain dependent on such trends in the future.

No impairment test was conducted as of March 30, 2013, because no impairment indicators were identified that require us to perform this test prior to our annual test at December 28, 2013. We will continue to monitor and evaluate potential impairment indicators.

Amortizable Intangible Assets

We perform an impairment test on our amortizable intangible assets any time that impairment indicators exist. Such assets include our customer relationships asset and the intellectual property assets acquired upon exercise of the option to purchase the Hurricane Window and Door Technology assets in December 2010, which underlie our PremierVue product line. No such impairment indicators were identified as of March 30, 2013. We will continue to monitor and evaluate potential impairment indicators.

NOTE 7. LONG-TERM DEBT

On June 23, 2011, PGT Industries, Inc. entered into a credit agreement (the Credit Agreement) with three lenders; General Electric Capital Corporation, GE Capital Financial, Inc., and SunTrust Bank. The Credit Agreement provides for a $15.0 million revolving credit facility, a $48.0 million term loan facility, of which $30 million was outstanding as of March 30, 2013, and an uncommitted incremental facility in an amount of up to $25.0 million. The revolving credit facility commitment and the term loans under the Credit Agreement will mature five years from the date of the execution of the Credit Agreement. As of March 30, 2013, there were $1.1 million of letters of credit outstanding and $13.9 million available on the revolver.

The Credit Agreement imposes certain restrictions on us, including restrictions on our ability to: incur debt or provide guarantees; grant or suffer to exist liens; sell certain material assets; pay dividends or make other distributions in respect of capital stock; prepay certain indebtedness, make loans, advances, investments and acquisitions; change our line of business; engage in affiliate transactions; consummate mergers, consolidations or other fundamental transactions; and enter into agreements with negative pledge clauses. The Credit Agreement also requires us to maintain certain minimum interest coverage ratios and maximum leverage ratios, which are tested at the end of each fiscal quarter. We were in compliance with all covenants as of March 30, 2013.

PGT, Inc. has unconditionally guaranteed all loans and other obligations under the Credit Agreement and related documents, and such guarantee is secured by a lien on substantially all of the assets of our wholly-owned subsidiary, PGT Industries, Inc., subject to certain limitations. PGT, Inc. has no operations or assets independent of its subsidiary.

In connection with the cash proceeds from the sale of our Salisbury facility on January 23, 2013, we voluntarily prepaid $7.5 million of debt on January 31, 2013, bringing our gross long-term debt to $30.0 million.

The contractual future maturities of long-term debt outstanding as of March 30, 2013, are as follows:

	(in thousands)
2013	$
2014	
2015	
2016	30,000
Total	$ 30,000

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NOTE 8. ACCUMULATED OTHER COMPREHENSIVE LOSS

The following table shows the components of accumulated other comprehensive loss for the three months ended March 30, 2013 and March 31, 2012:

	Aluminum Forward Contracts	Valuation Allowance *(in thousands)*	Total
Balance at December 29, 2012	$ (1,734)	$ 320	$ (1,414)
Other comprehensive loss before reclassification	(158)		(158)
Amounts reclassified from accumulated other comprehensive loss			
Tax effect	61	(61)	
Net current-period other comprehensive loss	(97)	(61)	(158)
Balance at March 30, 2013	$ (1,831)	$ 259	$ (1,572)

	Aluminum Forward Contracts	Valuation Allowance *(in thousands)*	Total
Balance at December 31, 2011	$ (1,970)	$ 172	$ (1,798)
Other comprehensive income before reclassification	251		251
Amounts reclassified from accumulated other comprehensive loss	25		25
Tax effect	(108)	108	
Net current-period other comprehensive income	168	108	276
Balance at March 31, 2012	$ (1,802)	$ 280	$ (1,522)

Reclassification out of accumulated other comprehensive loss for the three months ended March 30, 2013, and March 31, 2012.

Detail about accumulated other comprehensive loss components	Amount reclassifed from Accumulated Other Comprehensive Loss March 30, 2013	March 31, 2012 *(in thousands)*	Affected line item in statement where Net Income is presented
Aluminum Forward Contracts			
Effective Portion of aluminum forward contracts	$	$ 25	Cost of Sales
Tax effect		(10)	Tax expense
	$	$ 15	Net of Tax
Valuation Allowance			
Change in Tax Valuation Allowance	$ 0	$ 10	Tax expense
	$ 0	$ 10	Net of Tax

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NOTE 9. COMMITMENTS AND CONTINGENCIES

Litigation

Our Company is a party to various legal proceedings in the ordinary course of business. Although the ultimate disposition of those proceedings cannot be predicted with certainty, management believes the outcome of any claim that is pending or threatened, either individually or in the aggregate, will not have a materially adverse effect on our operations, financial position or cash flows.

NOTE 10. INCOME TAXES

Our tax rate of 7.7% is lower than the statutory rate in the three months ended March 30, 2013, as we released a portion of our deferred tax asset valuation allowance to offset a portion of our regular tax expense. The rate is based on an estimated annual rate excluding the potential impact of discrete events. While there were no discrete events during the three months ended March 30, 2013, a future release of a valuation allowance on deferred tax assets in excess of our regular tax expense would be considered a discrete event.

NOTE 11. DERIVATIVE

Derivative Financial Instruments   Aluminum Contracts

We enter into aluminum forward contracts to hedge the fluctuations in the purchase price of aluminum extrusion we use in production. Our contracts are designated as cash flow hedges since they are highly effective in offsetting changes in the cash flows attributable to forecasted purchases of aluminum.

Guidance under the Financial Instruments topic of the Codification requires us to record our hedge contracts at fair value and consider our credit risk for contracts in a liability position, and our counter-party s credit risk for contracts in an asset position, in determining fair value. We assess our counter-party s risk of non-performance when measuring the fair value of financial instruments in an asset position by evaluating their financial position, including cash on hand, as well as their credit ratings. We assess our risk of non-performance when measuring the fair value of our financial instruments in a liability position by evaluating our credit ratings, our current liquidity including cash on hand and availability under our revolving credit facility as compared to the maturities of the financial liabilities. In addition, we entered into a master netting arrangement (MNA) with our commodities broker that provides for, among other things, the close-out netting of exchange-traded transactions in the event of the insolvency of either party to the MNA.

We net cash collateral from payments of margin calls on deposit with our commodities broker against the liability position of open contracts for the purchase of aluminum on a first-in, first-out basis. For statement of cash flows presentation, we present net cash receipts from and payments to the margin account as investing activities.

We maintain a $2.0 million line of credit with our commodities broker to cover the liability position of open contracts for the purchase of aluminum in the event that the price of aluminum falls. Should the price of aluminum fall to a level which causes our liability for open aluminum contracts to exceed $2.0 million, we are required to fund daily margin calls to cover the excess.

At March 30, 2013, the fair value of our aluminum forward contracts was in a net liability position of $0.4 million. We had 36 outstanding forward contracts for the purchase of 8.0 million pounds of aluminum, approximately 45% of our anticipated needs through May 2014, at an average price of $0.92 per pound with maturity dates of between less than one month and fifteen months. We assessed the risk of non-performance of the Company to these contracts and recorded an immaterial adjustment to fair value as of March 30, 2013.

As of December 29, 2012, the fair value of our aluminum forward contracts was in a net asset position of approximately $20 thousand. We had 24 outstanding forward contracts for the purchase of 3.9 million pounds of aluminum at an average price of $0.94 per pound with maturity dates of between less than one month and 12 months through December 2013. We assessed the risk of non-performance of the counterparty on these contracts and recorded an immaterial adjustment to fair value as of December 29, 2012.

Although it is our intent to have our aluminum hedges qualify as highly effective for reporting purposes, for the three months ended March 30, 2013, 18 of our 36 outstanding contracts did not qualify as effective. Effectiveness of aluminum forward contracts is determined by comparing the change in the fair value of the forward contract to the change in the expected cash to be paid for the hedged item. The effective portion of the gain or loss on our aluminum forward contracts is reported as a component

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of other comprehensive income (loss) and is reclassified into earnings in the same line item in the income statement as the hedged item in the same period or periods during which the transaction affects earnings. When a cashflow hedge becomes ineffective, and if the forecasted hedged transaction is still probable of occurrence, amounts previously recorded in other comprehensive income (loss) remain in other comprehensive income (loss) and are recognized in earnings in the period in which the hedged transaction affects earnings. The change in value of the aluminum forward contracts occurring after ineffectiveness is recognized in other expense (income), net on the consolidated statements of comprehensive income (loss). We do not expect the gains or losses recognized in the Accumulated other comprehensive loss line item in the accompanying Condensed Consolidated Balance Sheet (unaudited) as of March 30, 2013 that will be reclassified to earnings within the next 12 months to be material.

For the year ended December 29, 2012, our aluminum hedges did not qualify as effective for reporting purposes and amounts previously recorded in other comprehensive income (loss) remain in other comprehensive income (loss) and are recognized in earnings in the period in which the hedged transaction affects earnings. The change in value of the aluminum forward contracts occurring after ineffectiveness is recognized in other expense (income), net on the consolidated statements of comprehensive income (loss). The impact of the offsetting derivative instrument is depicted below:

As of March 30, 2013
(in thousands)

				Gross Amounts not offset in Balance Sheet		
Description	**Gross Amounts of Recognized Assets**	**Gross Amounts offset in Balance Sheet**	**Net amounts of Assets Presented in Balance Sheet**	**Financial Instruments**	**Cash Collateral Received**	**Net Amount**
Aluminum Forward Contract	$	$	$	$	$	$

As of March 30, 2013
(in thousands)

				Gross Amounts not offset in Balance Sheet		
Description	**Gross Amounts of Recognized Liabilities**	**Gross Amounts offset in Balance Sheet**	**Net amounts of Liabilities Presented in Balance Sheet**	**Financial Instruments**	**Cash Collateral Pledged**	**Net Amount**
Aluminum Forward Contract	$ 378	$	$ 378	$	$	$ 378

As of December 29, 2012
(in thousands)

				Gross Amounts not offset in Balance Sheet		
Description	**Gross Amounts of Recognized Assets**	**Gross Amounts offset in Balance Sheet**	**Net amounts of Assets Presented in Balance Sheet**	**Financial Instruments**	**Cash Collateral Received**	**Net Amount**
Aluminum Forward Contract	$ 53	$ (33)	$ 20	$	$	$ 20

As of December 29, 2012
in thousands)

				Gross Amounts not offset in Balance Sheet		
Description	**Gross Amounts of Recognized Liabilities**	**Gross Amounts offset in Balance Sheet**	**Net amounts of Liabilities Presented in Balance Sheet**	**Financial Instruments**	**Cash Collateral Pledged**	**Net Amount**
Aluminum Forward Contract	$ 33	$ (33)	$	$	$	$

Derivative Financial Instruments Interest Rate Contract

On August 8, 2011, we entered into a two year interest rate cap to offset the interest rate fluctuation associated with 50% of our initial outstanding long term debt. We are exposed to changes in the LIBOR rate, should it increase over our floor established in the Credit Agreement of 1.25%. The cap indexes to quarterly LIBOR with a notional amount of $24 million, based on a strike rate of 1.25% payable quarterly, which will effectively fix our LIBOR rate at a maximum of 1.25% for that amount of debt. Changes in the intrinsic value of the cap are expected to offset the changes in cash flow (changes in interest payments) attributable to fluctuations in interest rates above 1.25%. This interest rate cap was not designated as a hedge; therefore, changes in the fair value and changes in intrinsic value are and will be included in the current period earnings as Other expense (income), net in the consolidated statements of comprehensive income (loss). At March 30, 2013 and March 31, 2012, the fair value of our interest rate cap was in an asset position of less than $10 thousand.

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The fair value of the aluminium hedges and interest rate cap are classified in the accompanying consolidated balance sheets as follows:

Derivatives in a net asset (liability) position	Balance Sheet Location	March 30, 2013	December 29, 2012
		(in thousands)	
Interest rate cap	Other Current Assets	$	$
Aluminum forward contracts	Other Current Assets	$	$ 20
Aluminum forward contracts	Accrued Liabilities	$ 378	$

The following represents the gains (losses) on derivative financial instruments for the three months ended March 30, 2013, and March 31, 2012, and their classifications within the accompanying condensed consolidated financial statements:

Derivatives in Cash Flow Hedging Relationships

	Amount of Gain or (Loss) Recognized in OCI on Derivatives (Effective Portion) Three Months Ended (in thousands)		Location of Gain or (Loss) Reclassified from Accumulated OCI into Income (Effective Portion)	Amount of Gain Reclassified from Accumulated OCI into Income (Effective Portion) Three Months Ended (in thousands)	
	March 30, 2013	March 31, 2012		March 30, 2013	March 31, 2012
Aluminum contracts	$ 157	$ 251	Cost of sales	$	$ 25

	Location of Gain or (Loss) Recognized in Income on Derivatives (Ineffective Portion)	Amount of Gain Recognized in Income on Derivatives (Ineffective Portion) Three Months Ended (in thousands)	
		March 30, 2013	March 31, 2012
Aluminum contracts	Other expense, net	$ 252	$

NOTE 12. FAIR VALUE

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. A three-tier fair value hierarchy is used to prioritize the inputs used in measuring fair value. The hierarchy gives the highest priority to unadjusted quoted market prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. A financial instrument s level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The three levels of the fair value hierarchy are as follows:

Level 1 Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

The accounting guidance concerning fair value allows us to elect to measure financial instruments at fair value and report the changes in fair value through the consolidated statements of comprehensive income (loss). This election can only be made at certain specified dates and is irrevocable once made. We do not have a policy regarding specific assets or liabilities to elect to measure at fair value, but rather make the election on an instrument-by-instrument basis as they are acquired or incurred.

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Items Measured at Fair Value on a Recurring Basis

The following assets and liabilities are measured in the consolidated financial statements at fair value on a recurring basis and are categorized in the table below based upon the lowest level of significant input to the valuation:

Description	March 30, 2013	Fair Value Measurements at Reporting Date of Net Asset (Liability) Using: (in thousands) Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Aluminum forward contracts	$ (378)	$	$ (378)	$
Interest Rate Cap				
Derivative financial instruments, net liability	$ (378)	$	$ (378)	$

Description	December 29, 2012	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Aluminum forward contracts	$ 20	$	$ 20	$
Interest rate cap				
Derivative financial instruments, net asset	$ 20	$	$ 20	$

The following is a description of the methods and assumptions used to estimate the fair values of our assets and liabilities measured at fair value on a recurring basis, as well as the basis for classifying these assets and liabilities as Level 2.

Aluminum forward contracts identical to those held by us trade on the London Metal Exchange (LME). The LME provides a transparent forum and is the world s largest center for the trading of futures contracts for non-ferrous metals. The prices are used by the metals industry worldwide as the basis for contracts for the movement of physical material throughout the production cycle. Based on this high degree of volume and liquidity in the LME, we believe the valuation price at any measurement date for contracts with identical terms as to prompt date, trade date and trade price as those we hold at any time represents a contract s exit price to be used for purposes of determining fair value.

Interest rate cap contracts identical to that held by us are sold by financial institutions. The valuation price at any measurement date for a contract with identical terms, exercise price, expiration date, settlement date, and notional quantities, as the one we hold, is used for determining the fair value.

Fair Value of Financial Instruments

The following table presents the carrying values and estimated fair values of financial assets and liabilities that are required to be recorded or disclosed at fair value at March 30, 2013, and December 29, 2012, respectively:

	March 30, 2013		December 29, 2012	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
	(in thousands)			
Financial assets and liabilities				
Cash and cash equivalents	$ 14,290	$ 14,290	$ 18,743	$ 18,743
Accounts receivable, net	$ 18,871	$ 18,871	$ 13,997	$ 13,997

Accounts payable and accrued liabilities	$ 15,617	$ 15,617	$ 13,279	$ 13,279
Long-term debt	$ 30,000	$ 30,000	$ 37,500	$ 37,500

The following provides a description of the methods and significant assumptions used in estimating the fair value of our financial instruments that are not measured at fair value on a recurring basis.

Cash and cash equivalents The estimated fair value of these financial instruments approximates their carrying amounts due to their highly liquid or short-term nature.

Accounts receivable, net The estimated fair value of these financial instruments approximates their carrying amounts due to their short-term nature.

Accounts payable and accrued liabilities The estimated fair value of these financial instruments approximate their carrying amounts due to their short-term nature.

Debt The estimated fair value of this debt is based on level 2 inputs of debt with similar terms and characteristics.

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NOTE 13. GOVERNMENT INCENTIVE

In February 2011, we received a government incentive of $0.6 million in cash from our local county authority to assist in the consolidation of operations into our Florida facilities. Under the terms of the agreement we were required to, among other things, move the majority of our equipment from North Carolina to Florida and lease at least one building in Sarasota County, both of which were accomplished by April 2, 2011. In addition, we must add 400 employees by December 1, 2015. If we have not hired or do not have open positions for 400 additional employees on December 1, 2015, we will be required to repay $1,500 for each employee under 400 that we have not hired or have an open position for at that date. The agreement also requires us to repay a pro-rata portion of the grant if we relocate operations outside of the county before December 1, 2015.

We believe that, based on the number of employees hired to date and our plans for future hiring, as well as the completion of other terms noted above, we have reasonable assurance the grant will be retained on December 1, 2015. Due to the existence of the performance obligations extending over a 5-year period, we recognize the reasonably assured portion of the grant over the life of the agreement as an offset to the payroll of the employees hired, which is included in cost of goods sold. This amount is expected to result in an immaterial amount recognized each quarter through December 1, 2015. As of March 30, 2013, and December 29, 2012, the deferred portion of the $0.6 million grant has been classified as $0.1 million and $0.1 million in accounts payable and accrued liabilities, respectively, and $0.2 million and $0.3 million in other liabilities, respectively, within the accompanying condensed consolidated balance sheets.

NOTE 14. ASSETS HELD FOR SALE

During the first quarter of 2013 we sold the Salisbury, North Carolina facility for approximately $8.0 million in cash (approximately $7.5 million net of selling costs), resulting in a gain of $2.2 million. The facility s carrying value was $5.3 million at December 29, 2012, and at the time of the sale was recorded in the consolidated balance sheet as an asset held for sale.

ITEM 2. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations should be read in conjunction with the Management s Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements and notes thereto for the year ended December 29, 2012, included in our most recent Form 10-K annual report as well as our reports on Forms 10-Q and 8-K and other publicly available information. All amounts herein are unaudited.

Special Note Regarding Forward-Looking Statements

From time to time, we have made or will make forward-looking statements within the meaning of Section 21E of the Exchange Act. These statements do not relate strictly to historical or current facts. Forward-looking statements usually can be identified by the use of words such as goal , objective , plan , expect , anticipate , intend , project , believe , estimate , may , could , or other words of similar meaning. I statements provide our current expectations or forecasts of future events, results, circumstances or aspirations. Our disclosures in this report contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. We may also make forward-looking statements in our other documents filed or furnished with the Securities and Exchange Commission and in oral presentations. Forward-looking statements are based on assumptions and by their nature are subject to risks and uncertainties, many of which are outside of our control. Our actual results may differ materially from those set forth in our forward-looking statements. There is no assurance that any list of risks and uncertainties or risk factors is complete. Factors that could cause actual results to differ materially from those described in our forward-looking statements include, but are not limited to:

Changes in new home starts and home remodeling trends

- The economy in the U.S. generally or in Florida where the substantial portion of our sales are generated
- Raw material prices, especially aluminum
- Transportation costs
- Level of indebtedness
- Dependence on our WinGuard branded product lines
- Product liability and warranty claims
- Federal and state regulations
- Dependence on our manufacturing facilities
- The controlling interest of JLL Partners Fund IV, L.P.

Any forward-looking statements made by us or on our behalf speak only as of the date they are made and we do not undertake any obligation to update any forward-looking statement to reflect the impact of subsequent events or circumstances. Before making any investment decision, you should carefully consider all risks and uncertainties disclosed in all our SEC filings, including our reports on Forms 8-K, 10-Q and 10-K and our registration statements under the Securities Act of 1933, as amended, all of which are accessible on the SEC s website at www.sec.gov and at http://ir.pgtindustries.com/sec.cfm

EXECUTIVE OVERVIEW

Sales and Operations

On May 1, 2013, we issued a press release, and held a conference call on May 2, 2013, to review the results of operations for the three months ended March 30, 2013. During the call, we also discussed current market conditions and progress made regarding certain business initiatives. The overview and estimates contained in this report are consistent with those given in our press release and our conference call remarks. We are neither updating nor confirming that information.

In the first quarter of 2013, we posted net income of $5.3 million, which was a substantial improvement compared to a year ago in which we recorded a net loss of $652 thousand. This was achieved through revenue growth of 30%, driven by a 42% increase in new construction sales and marketing programs focused on our WinGuard products. In addition, we recorded a gain of $2.2 million on the sale of the Salisbury, North Carolina facility.

During the quarter, impact sales grew 39% over prior year, and represented 77% of the total sales compared to 72% a year ago. This growth was the result of targeted WinGuard marketing programs which helped drive our mix improvement and market share gain in certain markets. In addition, vinyl and aluminum non-impact products grew 17.1% and 3.1% respectively. In January of 2013, we launched the Storefront product line which gives us a presence in a new market. In the first three months of 2013, single family housing starts increased 50% over the first quarter of 2012.

Selling, general and administrative expenses were $13.0 million for the first quarter of 2013, an increase of $1.3 million from $11.7 million for the first quarter of 2012. This was driven by an increase of $0.7 million in selling activities, and $0.5 million in advertising costs to assist our efforts to capture market share. In addition, employee related expenses increased $0.4 million. These increases were offset by reduced warranty related expenses of $0.3 million.

During the first quarter of 2013 we sold the Salisbury, North Carolina facility for approximately $8.0 million in cash (approximately $7.5 million net of selling costs), resulting in a gain of $2.2 million. The facility s carrying value was $5.3 million at December 29, 2012, and at the time of the sale was recorded in the consolidated balance sheet as an asset held for sale.

Our quarter end cash balance was $14.3 million, and we prepaid an additional $7.5 million of outstanding bank debt during the quarter with proceeds from the sale of the North Carolina, Salisbury facility, bringing our gross debt to $30 million. In addition, we purchased 1.1 million shares of our stock for $6.1 million. During the quarter, the increase in sales resulted in an increase in working capital of $4.4 million, mainly in accounts receivable whose aging remains strong. Despite this, we generated $1.9 million in cash from operations. This shows our financial condition is strong, and we will continue to take advantage of opportunities to drive our brand awareness and drive market share gains. We expect our improved operating leverage to continue the momentum we have achieved as we grow sales.

During the first quarter, we continued marketing programs targeting our WinGuard product lines, particularly in the Southeast and Southwest Florida markets. We plan to leverage this activity to carry our momentum of sales growth.

As we look forward, our expectation is with improving market conditions and our investments in both television and radio advertising, we will see solid year over year growth in the second quarter. April sales, in fact, were up 37% over prior year. As a result, we have hired 125 additional employees since quarter end. We do expect some inefficiencies in the second quarter as we get these new employees up to speed. We are now operating at approximately 60% capacity in our manufacturing lines. We are, however, approaching full capacity within certain parts of our glass operations. We will utilize outside glass suppliers to fill any gaps and have already begun to consider and implement glass capacity expansion strategies.

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Performance Summary

The following table presents financial data derived from our unaudited condensed consolidated statements of comprehensive income (loss) as a percentage of total net sales for the periods indicated:

	(unaudited) Three Months Ended March 30, 2013		March 31, 2012	
	(in thousands)			
Net sales	$ 49,563	100.0%	$ 38,100	100.0%
Cost of sales	32,004	64.6%	26,164	68.7%
Gross margin	17,559	35.4%	11,936	31.3%
Selling, general and administrative expenses	13,024	26.3%	11,708	30.7%
Gain on sale of assets held for sale	(2,195)	-4.4%		0.0%
Income from operations	6,730	13.6%	228	0.6%
Interest expense, net	813	1.6%	858	2.2%
Other expense, net	216	0.4%	22	0.1%
Income (loss) before income taxes	5,701	11.5%	(652)	-1.7%
Income tax expense	437	0.9%		0.0%
Net income (loss)	$ 5,264	10.6%	$ (652)	-1.7%

The following table represents total sales by product category for the three months ended March 30, 2013, and March 31, 2012:

	Three Months Ended March 30, 2013 Sales	% of sales	March 31, 2012 Sales	% of sales	% change
			(in millions)		
Product category:					
Impact Window and Door Products	$ 38.0	76.6%	$ 27.4	71.9%	38.7%
Other Window and Door Products	11.6	23.4%	10.7	28.1%	8.4%
Total net sales	$ 49.6	100.0%	$ 38.1	100.0%	30.1%

Net sales of impact window and door products, which include our WinGuard, PremierVue and Architectural Systems product lines, were $38.0 million for the first quarter of 2013, an increase of $10.6 million, or 38.7%, from $27.4 million in net sales for the 2012 first quarter. The increase was due mainly to an increase in Aluminum and Vinyl WinGuard of $7.8 million and $2.7 million respectively. WinGuard product sales, which grew both in new construction and repair and remodel markets, represented 71% and 66% of our net sales for the first quarter of 2013 and 2012, respectively.

Net sales of other window and door products were $11.6 million for the first quarter of 2013, an increase of $0.9 million, or 8.4%, from $10.7 million in net sales for the 2012 first quarter. This increase was due mainly to an increase in sales of our non-impact aluminum products of $0.2 million, non-impact vinyl products, whose sales were up $0.6 million, and an increase in Eze-Breeze product sales of $0.1 million.

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Gross margin

Gross margin was $17.6 million, or 35.4% of sales, for the first quarter of 2013, an increase of $5.6 million, or 47.1% from the first quarter of 2012. The 4.1% increase in gross margin as a percent of sales in 2013 is the result of leveraging higher sales (3.9%) and improved mix (1.7%), mainly aluminum. These improvements were offset by the increased labor cost and scrap commensurate with adding 159 new employees which typically take approximately 90 days to become fully efficient (1.5%).

Selling, general and administrative expenses

Selling, general and administrative expenses were $13.0 million for the first quarter of 2013, an increase of $1.3 million from $11.7 million for the first quarter of 2012. This was driven by an increase of $0.7 million in selling activities, and $0.5 million in advertising costs to assist our efforts to capture market share. In addition, employee related expenses increased $0.4 million. These increases were offset by reduced warranty related expenses of $0.3 million.

Gain on assets held for sale

During the first quarter of 2013 we sold the Salisbury, North Carolina facility for approximately $8.0 million in cash (approximately $7.5 million net of selling costs), resulting in a gain of $2.2 million. The facility s carrying value was $5.3 million at December 29, 2012, and at the time of the sale was recorded in the consolidated balance sheet as an asset held for sale.

Interest expense, net

Interest expense, net was $0.8 million in the first quarter of 2013, a decrease of $0.1 million from $0.9 million for the first quarter of 2012. The first quarter of 2013 s interest expense included $0.3 million non-recurring amortization of deferred financing charges related to the $7.5 million voluntary pre-payment of debt. The remaining decrease from prior year was due to a lower outstanding debt level during the first quarter and the effect of the lower interest rate associated with the credit agreement and our improved leverage.

Other expense, net

Other Expense, net was $0.2 million in the first quarter of 2013, compared to less than $0.1 million in the first quarter of 2012. The amount in 2013 relates to the changes in the fair value and settlements of our ineffective aluminum hedges.

Income tax expense

Our tax rate of 7.7% is lower than the statutory rate in the three months ended March 30, 2013, as we released a portion of our deferred tax asset valuation allowance to offset a portion of our regular tax expense. The rate is based on an estimated annual rate excluding the potential impact of discrete events. While there were no discrete events during the three months ended March 30, 2013, a future release of a valuation allowance on deferred tax assets in excess of our regular tax expense would be considered a discrete event.

Liquidity and Capital Resources

Our principal source of liquidity is cash flow generated by operations, supplemented by borrowings under our credit facilities. This cash generating capability provides us with financial flexibility in meeting operating and investing needs. Our primary capital requirements are to fund working capital needs, meet required debt service payments on our credit facilities and fund capital expenditures.

Consolidated Cash Flows

Operating activities. The increase in sales resulted in an increase in working capital of $4.4 million, mainly in accounts receivable whose aging remains strong. As a result, cash provided by operating activities during the quarter was $1.9 million, compared to $4.0 million in the first three months of 2012. Disbursements to vendors were higher in the first quarter of 2013 compared to 2012, due to higher sales. Personnel related expenses were higher in the first quarter of 2013 compared to 2012, due to higher sales and incentive compensation.

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Direct cash flows from operations for the first three months of 2013 and 2012 are as follows:

	Direct Cash Flows Three Months Ended	
	March 30, 2013	March 31, 2012
	(in millions)	
Collections from customers	$ 46.3	$ 38.5
Other collections of cash	0.4	0.4
Disbursements to vendors	(29.9)	(22.4)
Personnel related disbursements	(14.0)	(11.8)
Income taxes paid	(0.1)	
Debt service costs (interest)	(0.8)	(0.7)
Cash provided by operations	$ 1.9	$ 4.0

Days sales outstanding (DSO), which we calculate as accounts receivable divided by quarterly average daily sales, was 31.8 days at March 30, 2013, compared to 32.9 days at March 31, 2012.

Inventory on hand as of March 30, 2013, increased $1.2 million compared to March 31, 2012. Inventory turns during the first three months of 2013 decreased to 10.0 from 10.3 for the first three months of 2012.

We monitor and evaluate raw material inventory levels based on the need for each discrete item to fulfill short-term requirements calculated from current order patterns and to provide appropriate safety stock. Because all of our products are made-to-order, we have only a small amount of finished goods and work in process inventory. Because of these factors, our inventories are not excessive, and we believe the value of such inventories will be realized through sale.

Investing activities. Cash provided by for investing activities was $6.8 million for the first three months of 2013, compared to cash used for investing activities of $0.9 million for the first three months of 2012. The increase of $7.7 million in cash provided by investing activities was due to proceeds from the sale of the Salisbury, North Carolina facility, of $7.5 million, during the first quarter of 2013, along with lower capital additions.

Financing activities. Cash used in financing activities was $13.1 million in the first three months of 2013, due to a $7.5 million prepayment of debt and $6.1 million for stock repurchases. This was offset by exercises of stock options totaling $0.5 million. Cash used in financing activities was less than $0.1 million in the first three months of 2012, from payments of capital leases.

Debt Covenant. In accordance with the Credit Agreement (defined below) we are required to meet certain financial covenants, the most restrictive of which is a maximum ratio of Total Funded Debt to Consolidated EBITDA for the trailing four quarters. This maximum ratio decreases during the term of the agreement from 4.5X to 2.0X. Consolidated EBITDA as defined in the agreement is determined as follows: Consolidated net income/(loss) plus interest expense (net of interest income), income taxes, depreciation, amortization, as well as other non-recurring items such as restructuring charges, plant consolidation costs, manufacturing inefficiencies incurred with plant consolidations, and non-cash stock compensation. We closely monitor compliance with our various debt covenants. As of March 30, 2013, we were in compliance and expect to be in the future.

Capital Resources. On June 23, 2011, PGT Industries, Inc. entered into a credit agreement (the Credit Agreement) with three lenders; General Electric Capital Corporation, GE Capital Financial, Inc., and SunTrust Bank. The Credit Agreement provides for a $15.0 million revolving credit facility, a $48.0 million term loan facility, of which $30 million was outstanding as of March 30, 2013, and an uncommitted incremental facility in an amount of up to $25.0 million. The revolving credit facility commitment and the term loans under the Credit Agreement will mature five years from the date of the execution of the Credit Agreement. As of March 30, 2013, there were $1.1 million of letters of credit outstanding and $13.9 million available on the revolver.

The Credit Agreement imposes certain restrictions on us, including restrictions on our ability to: incur debt or provide guarantees; grant or suffer to exist liens; sell certain material assets; pay dividends or make other distributions in respect of capital stock; prepay certain indebtedness, make loans, advances, investments and acquisitions; change our line of business; engage in affiliate transactions; consummate mergers, consolidations or other fundamental transactions; and enter into agreements with negative pledge clauses. The Credit Agreement also requires us to maintain certain minimum interest coverage ratios and maximum leverage ratios, which are tested at the end of each fiscal quarter. We were in compliance with all covenants as of March 30, 2013.

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PGT, Inc. has unconditionally guaranteed all loans and other obligations under the Credit Agreement and related documents, and such guarantee is secured by a lien on substantially all of the assets of our wholly owned subsidiary, PGT Industries, Inc., subject to certain limitations. PGT, Inc. has no operations or assets independent of its subsidiary.

During 2013, an optional prepayment of $7.5 million was made in January of 2013, which reduced our gross debt to $30.0 million at that time. Accordingly, no mandatory payments are required until April 2016. Contractual future maturities of long-term debt as of March 30, 2013, are as follows:

	(in millions)
Remainder of 2013	$
2014	
2015	
2016	30.0
Total	$ 30.0

Capital Expenditures. Capital expenditures vary depending on prevailing business factors, including current and anticipated market conditions. For the first three months of 2013, capital expenditures were $0.6 million, compared to $0.9 million for the first three months of 2012. We expect to spend nearly $7.3 million on capital expenditures in 2013, including continuing capital expenditures related to the new enterprise resource planning (ERP) system and new product and manufacturing initiatives. We anticipate that cash flows from operations and liquidity from the revolving credit facility, if needed, will be sufficient to execute our business plans.

Hedging. We enter into aluminum forward contracts to hedge the fluctuations in the purchase price of aluminum extrusion we use in production. We enter into these contracts by trading on the London Metal Exchange (LME). We trade on the LME using an international commodities broker that offers global access to all major markets**.** We maintain a $2.0 million line of credit with our commodities broker to cover the liability position of open contracts for the purchase of aluminum in the event that the price of aluminum falls. Should the price of aluminum fall to a level which causes our liability for open aluminum contracts to exceed $2.0 million, we are required to fund daily margin calls to cover the excess.

Contractual Obligations

There have been no material changes, with the exception of the $7.5 million voluntary debt prepayment of our outstanding balance during the first quarter of 2013, to the Disclosures of Contractual Obligations and Commercial Commitments table in Part II, Item 7, Management s Discussion and Analysis of Financial Condition and Results of Operations of our Form 10-K annual report for year ended December 29, 2012, as filed with the Securities and Exchange Commission on March 1, 2013.

Significant Accounting Policies and Critical Accounting Estimates

Our consolidated financial statements are prepared in accordance with U.S. generally accepted accounting principles. Significant accounting policies are those that are both important to the accurate portrayal of a Company s financial condition and results and require subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. We make estimates and assumptions that affect the amounts reported in our financial statements and accompanying notes. Certain estimates are particularly sensitive due to their significance to the financial statements and the possibility that future events may be significantly different from our expectations.

We identified our significant accounting policies in our Form 10-K annual report for the year ended December 29, 2012, as filed with the Securities and Exchange Commission on March 1, 2013. There have been no changes to our critical accounting policies during the first three months of 2013.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We utilize derivative financial instruments to hedge price movements in aluminum materials used in our manufacturing process and to hedge interest rate fluctuation associated with our debt. We entered into aluminum hedging instruments that settle at various times through May 2014 and cover approximately 45% of our anticipated need through May 2014 at an average price of $0.92 per pound. For forward contracts for the purchase of aluminum on March 30, 2013, a 10% decrease in the price of aluminum per pound would decrease the fair value of our forward contacts of aluminum by $0.7 million. This calculation utilizes our actual commitment of 8.0 million pounds under contract (to be settled throughout May 2014) and the market price of aluminum as of March 30, 2013, which was approximately $0.85 per pound.

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On August 8, 2011, we entered into a two year interest rate cap to offset the interest rate fluctuation associated with 50% of our initial outstanding debt. We are exposed to changes in the LIBOR rate should it increase over our floor established in the Credit Agreement of 1.25%. The cap indexes to quarterly LIBOR with a notional amount of $24.0 million, based on a strike rate of 1.25% payable quarterly, which will effectively fix our LIBOR rate at a maximum of 1.25% for that amount of debt. Changes in the intrinsic value of the cap are expected to offset the changes in cash flow (changes in interest payments) attributable to fluctuations in interest rates above 1.25%. This interest rate cap was not designated as a hedge; therefore, changes in the fair value and changes in intrinsic value are included in the current period earnings as other expense (income), net in the consolidated statements of comprehensive income (loss). Based on our debt outstanding at March 30, 2013, of $30 million, of which $24.0 million is covered by our interest rate cap, a 1% increase in interest rates above our interest rate floor established in the Credit Agreement would result in approximately $0.1 million of additional interest expense annually.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures. Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in the Company s reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission s rules and forms.

A control system, however, no matter how well conceived and operated can at best provide reasonable, not absolute, assurance that the objectives of the control system are met. Additionally, a control system reflects the fact that there are resource constraints, and the benefits of controls must be considered relative to costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of error or fraud, if any, within our Company have been detected, and due to these inherent limitations, misstatements due to error or fraud may occur and not be detected.

Our chief executive officer and chief financial officer, with the assistance of management, evaluated the design, operation and effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this report (the Evaluation Date). Based on that evaluation, our chief executive officer and chief financial officer concluded that, as of the Evaluation Date, our disclosure controls and procedures were effective for the purposes of ensuring that information required to be disclosed in our reports filed under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission s rules and forms, and that such information is accumulated and communicated to management, including our chief executive officer and chief financial officer, as appropriate to allow timely decisions regarding required disclosure.

During the second quarter of fiscal year 2012, we started the implementation of our new Enterprise Resource Planning System (ERP System). We expect to continue this implementation in phases over the course of the next twelve months. The implementation of this ERP System has affected and will continue to affect our internal controls over financial reporting by, among other things, improving user access security and automating a number of accounting, back office and reporting processes and activities. Management will continue to evaluate the operating effectiveness of related key controls during subsequent periods.

Changes in Internal Control over Financial Reporting. During the period covered by this report, there have been no changes in our internal control over financial reporting identified in connection with the evaluation described above that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are involved in various claims and lawsuits incidental to the conduct of our business in the ordinary course. We carry insurance coverage in such amounts in excess of our self-insured retention as we believe to be reasonable under the circumstances and that may or may not cover any or all of our liabilities with respect to claims and lawsuits. We do not believe that the ultimate resolution of these matters will have a material adverse impact on our financial position or results of operations.

Although our business and facilities are subject to federal, state and local environmental regulation, environmental regulation does not have a material impact on our operations. We believe that our facilities are in material compliance with such laws and regulations. As owners and lessees of real property, we can be held liable for the investigation or remediation of contamination on

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such properties, in some circumstances without regard to whether we knew of or were responsible for such contamination. Our current expenditures with respect to environmental investigation and remediation at our facilities are minimal, although no assurance can be provided that more significant remediation may not be required in the future as a result of spills or releases of petroleum products or hazardous substances or the discovery of previously unknown environmental conditions.

ITEM 1A. RISK FACTORS

In addition to the other information set forth in this report, you should carefully consider the factors discussed in Part 1, Item 1A. Risk Factors in our Form 10-K annual report for the year ended December 29, 2012, which could materially affect our business, financial condition or future results.

During the second quarter of fiscal year 2012, we started the implementation of our new ERP System. In order to maintain our leadership position in the market and efficiently process increased business volume, we are making a significant upgrade to our computer hardware, software and our ERP System. Should we be unable to continue to fund the completion of this upgrade, or should the ERP System upgrade be unsuccessful or take longer to implement than anticipated, our ability to maintain and grow the business could be hindered, and our operations and financial results could be adversely impacted.

Additional risk and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Unregistered Sales of Equity Securities and Use of Proceeds

None.

Issuer Purchases of Equity Securities

During the first quarter of fiscal 2013, we repurchased 1,074,078 shares of our common stock under our repurchase program at an average price per share of $5.67, excluding commissions. The first quarter of fiscal 2012 had no repurchases as the program was not in effect. The timing, volume and nature of share repurchases are subject to, among other things, market conditions, applicable securities laws and the terms and conditions of our repurchase program.

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The following table sets forth information with respect to repurchases by us of our common stock during the fiscal quarter ended March 30, 2013.

Period*	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of publicly announced plans(1)	Maximum approximate dollar value of shares that may yet be purchased under the plan(1)
Month No. 1				
(December 29, 2012-January 26, 2013)	134,500	$ 4.45	1,057,194	15,491,818
Repurchase Program				
Month No. 2				
(January 27, 2013-February 23, 2013)				
Repurchase Program				
Month No. 3				
(February 24, 2013-March 30, 2013)	939,578	$ 5.80	1,996,772	10,042,293
Repurchase Program				
Total				

* Periods represent our fiscal months.

(1) On November 15, 2012, the Board of Directors authorized and approved a share repurchase program of up to $20 million. All share repurchases will be made in accordance with Rule 10b5-1 and Rule 10b-18, as applicable, of the Securities Exchange Act of 1934 as to the timing, pricing, and volume of such transactions.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURE

Not applicable

ITEM 5. OTHER INFORMATION

None.

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ITEM 6. EXHIBITS

The following items are attached or incorporated herein by reference:

3.1	Amended and Restated Certificate of Incorporation of PGT, Inc. (incorporated herein by reference to Exhibit 3.1 to the Company s Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 18, 2010 , Registration No. 000-52059)
3.2	Amended and Restated By-Laws of PGT, Inc. (incorporated herein by reference to Exhibit 3.2 to the Company s Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 18, 2010, Registration No. 000-52059)
4.1	Form of Specimen Certificate (incorporated herein by reference to Exhibit 4.1 to Amendment No. 2 to the Registration Statement of the Company on Form S-1, filed with the Securities and Exchange Commission on May 26, 2006, Registration No. 333-132365)
10.1	Credit Agreement between PGT, Inc., PGT Industries, Inc., General Electric Capital Corporation, as administrative agent, collateral agent, swing line lender, L/C issuer and lender, GE Capital Markets, Inc. and SunTrust Robinson Humphrey, Inc. as joint lead arrangers and bookrunners, and SunTrust Bank, as syndication agent, L/C issuer, and lender, and the other lender named therein, dated as of June 23, 2011, (incorporated herein by reference to Exhibit 10.1 to Current Report on Form 8-K dated June 23, 2011, filed with the Securities and Exchange Commission on June 23, 2011, Registration No. 000-52059)
10.2	Form of PGT, Inc. 2006 Equity Incentive Plan Non-qualified Stock Option Agreement (incorporated herein by reference to Exhibit 10.8 to Amendment No. 3 to the Registration Statement of the Company on Form S-1, filed with the Securities and Exchange Commission on June 8, 2006, Registration No. 333-132365)
10.3	Form of Employment Agreement, between PGT Industries, Inc. and, individually, Rodney Hershberger, Jeffery T. Jackson, Mario Ferrucci III, Deborah L. LaPinska, Monte Burns, David B. McCutcheon and Todd Antonelli (incorporated herein by reference to Exhibit 10.1 to Current Report on Form 8-K dated February 20, 2009, filed with the Securities and Exchange Commission on February 26, 2009, Registration No. 000-52059)
10.4	Form of PGT, Inc. 2006 Equity Incentive Plan Replacement Non-Qualified Stock Option Agreement (incorporated herein by reference to Exhibit 10.17 to the Company s Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 18, 2010, Registration No. 000-5205)
10.8	PGT, Inc. Amended and Restated 2006 Equity Incentive Plan (incorporated herein by reference to Exhibit 10.7 to the Company s Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 18, 2010, Registration No. 0000-52059)
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 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2**	Certification of chief financial officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance Document**
101.SCH	XBRL Taxonomy Extension Schema**
101.CAL	XBRL Taxonomy Extension Calculation Linkbase**
101.LAB	XBRL Taxonomy Extension Label Linkbase**
101.PRE	XBRL Taxonomy Extension Presentation Linkbase**

* Filed herewith.
** Furnished herewith.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PGT, INC.
(Registrant)

Date: May 3, 2013	/s/ Rodney Hershberger Rodney Hershberger President and Chief Executive Officer
Date: May 3, 2013	/s/ Jeffrey T. Jackson Jeffrey T. Jackson Executive Vice President and Chief Financial Officer