

PGT, Inc.
Form 10-Q
November 10, 2010

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

FORM 10-Q

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

For the quarterly period ended October 2, 2010

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
Delaware

IRS Employer Identification No.
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 R 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 £ 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.

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Large accelerated filer Accelerated filer o Non-accelerated filer b Smaller reporting
o companyo
(Do not check if a 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

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 – 53,654,496 shares, as of October 2, 2010.

* Registrant is not subject to the requirements of Rule 405 of Regulation S-T at this time.

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PART I — FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

PGT, INC.
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
 (in thousands, except per share amounts)

	Three Months		Nine Months Ended	
	Ended October 2, 2010 (unaudited)	October 3, 2009 (unaudited)	October 2, 2010 (unaudited)	October 3, 2009 (unaudited)
Net sales	\$47,179	\$41,616	\$136,700	\$129,997
Cost of sales	32,594	30,752	95,547	94,618
Gross margin	14,585	10,864	41,153	35,379
Selling, general and administrative expenses	13,580	12,642	39,413	40,194
Income (loss) from operations	1,005	(1,778)	1,740	(4,815)
Interest expense, net	1,212	1,735	3,950	5,050
Other expense (income), net	-	27	(20)	33
Loss before income taxes	(207)	(3,540)	(2,190)	(9,898)
Income tax (benefit) expense	-	(181)	77	(181)
Net loss	\$(207)	\$(3,359)	\$(2,267)	\$(9,717)
Net loss per common share:				
Basic	\$(0.00)	\$(0.09)	\$(0.05)	\$(0.27)
Diluted	\$(0.00)	\$(0.09)	\$(0.05)	\$(0.27)
Weighted average shares outstanding:				
Basic	53,654	36,282	49,014	36,227
Diluted	53,654	36,282	49,014	36,227

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)

	October 2, 2010	January 2, 2010
	(unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 25,178	\$7,417
Accounts receivable, net	17,405	14,213
Inventories	11,210	9,874
Deferred income taxes, net	622	622
Assets held for sale	700	-
Prepaid and other current assets	5,488	7,860
Total current assets	60,603	39,986
Property, plant and equipment, net	59,760	65,104
Intangible assets, net	63,034	67,522
Other assets, net	784	1,018
Total assets	\$ 184,181	\$ 173,630
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 16,458	\$16,607
Current portion of long-term debt and capital lease obligations	388	105
Total current liabilities	16,846	16,712
Long-term debt and capital lease obligations	52,802	68,163
Deferred income taxes	17,937	17,937
Other liabilities	2,019	2,609
Total liabilities	89,604	105,421
Commitments and contingencies (Note 11)	-	-
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; 53,690 and 35,672 shares issued and 53,654 and 35,303 shares outstanding at October 2, 2010 and January 2, 2010, respectively	537	353

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Additional paid-in-capital, net of treasury stock	270,375	241,682
Accumulated other comprehensive loss	(1,274)	(1,031)
Accumulated deficit	(175,061)	(172,795)
<hr/>		
Total shareholders' equity	94,577	68,209
<hr/>		
Total liabilities and shareholders' equity	\$ 184,181	\$ 173,630

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)

	Nine Months Ended	
	October	October
	2,	3,
	2010	2009
	(unaudited)	
Cash flows from operating activities:		
Net loss	\$(2,267)	\$(9,717)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	7,049	7,858
Amortization	4,488	4,234
Provision for allowances of doubtful accounts	1,075	1,456
Amortization of deferred financing costs	551	472
Stock-based compensation	1,624	418
Derivative financial instruments	-	33
(Gain) loss on disposal of assets	(14)	83
Change in operating assets and liabilities:		
Accounts receivable	(5,290)	15
Inventories	(1,336)	(1,713)
Prepaid and other assets	3,553	(65)
Accounts payable, accrued and other liabilities	(399)	(50)
Net cash provided by operating activities	9,034	3,024
Cash flows from investing activities:		
Purchases of property, plant and equipment	(2,411)	(1,835)
Acquisition of assets	-	(1,452)
Proceeds from sales of equipment	20	78
Net change in margin account for derivative financial instruments	(160)	3,736
Net cash (used in) provided by investing activities	(2,551)	527
Cash flows from financing activities:		
Net proceeds from issuance of common stock	27,257	-
Payments of long-term debt	(15,000)	(20,000)
Payments of financing costs	(897)	-
Acquisition of treasury stock	(4)	(6)
Adjustment to proceeds from issuance of common stock	-	(6)
Payments of capital leases	(78)	(73)
Net cash provided by (used in) financing activities	11,278	(20,085)

Net increase (decrease) in cash and cash equivalents	17,761	(16,534)
Cash and cash equivalents at beginning of period	7,417	19,628
Cash and cash equivalents at end of period	\$25,178	\$3,094

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 (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 accruals) 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 October 2, 2010 and October 3, 2009 consisted of 13 weeks.

The condensed consolidated balance sheet as of January 2, 2010 is derived from the audited consolidated financial statements but does not include all disclosures required by GAAP. The condensed consolidated balance sheet as of January 2, 2010 and the unaudited condensed consolidated financial statements as of October 2, 2010, should be read in conjunction with the more detailed audited consolidated financial statements for the year ended January 2, 2010 included in the Company’s most recent annual report on Form 10-K. 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.

NOTE 2. RESTRUCTURINGS

On January 13, 2009, March 11, 2009 and September 24, 2009, we announced restructurings of the Company as a result of continued analysis of our target markets, internal structure, projected run-rate, and efficiency. The restructurings resulted in an aggregate decrease in our workforce of approximately 325 employees and included employees at both our Venice, Florida and Salisbury, North Carolina locations. As a result of the restructurings, we recorded restructuring charges totaling \$0.9 million in the third quarter of 2009, of which \$0.5 million is classified within cost of goods sold and \$0.4 million is classified within selling, general and administrative expenses, and \$3.9 million in the first nine months of 2009, of which \$1.9 million is classified within cost of sales and \$2.0 million is classified within selling, general and administrative expenses in the accompanying condensed consolidated statement of operations for the three and nine months ended October 3, 2009. The charges related primarily to employee separation costs.

We also announced a restructuring on November 12, 2009, which was also a result of the continued analysis of our target markets, internal structure, projected run-rate, and efficiency. The charges from this restructuring totaled \$1.5 million, of which \$5 thousand and \$0.9 million remained unpaid as of October 2, 2010, and January 2, 2010, respectively, and are classified within accounts payable and accrued liabilities in the accompanying condensed consolidated balance sheets. The unpaid amount as of October 2, 2010 is expected to be disbursed in the fourth quarter of 2010.

The impact of all 2009 restructurings resulted in a decrease in our workforce of approximately 480 employees, and a total amount of restructuring charges of \$5.4 million.

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The following table provides information with respect to our accrual for restructuring costs:

Accrued Restructuring Costs (in thousands)	Beginning of Period	Charged to Expense	Disbursed in Cash	End of Period
Three months ended October 2, 2010:				
2009 Restructurings	\$ 110	\$ -	\$ (105)	\$ 5
For the three months ended October 2, 2010	\$ 110	\$ -	\$ (105)	\$ 5
Three months ended October 3, 2009:				
2009 Restructurings	\$ 81	\$ 903	\$ (406)	\$ 578
For the three months ended October 3, 2009	\$ 81	\$ 903	\$ (406)	\$ 578
Nine months ended October 2, 2010:				
2009 Restructurings	\$ 898	\$ -	\$ (893)	\$ 5
For the nine months ended October 2, 2010	\$ 898	\$ -	\$ (893)	\$ 5
Nine months ended October 3, 2009:				
2009 Restructurings	\$ -	\$ 3,905	\$ (3,327)	\$ 578
For the nine months ended October 3, 2009	\$ -	\$ 3,905	\$ (3,327)	\$ 578

NOTE 3. WARRANTY

Most of our manufactured products are sold with warranties. Warranty periods, which vary by product component, generally range from 1 to 10 years. 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 our warranty history and estimating our future warranty obligations.

The following table provides information with respect to our warranty accrual:

Accrued Warranty (in thousands)	Beginning of Period	Charged to Expense	Adjustments	Settlements	End of Period
Three months ended					
October 2, 2010	\$ 4,065	\$ 708	\$ 10	\$ (684)	\$ 4,099

Three months ended					
October 3, 2009	\$ 4,086	\$ 666	\$ 50	\$ (655)	\$ 4,147
Nine months ended					
October 2, 2010	\$ 4,041	\$ 2,051	\$ (32)	\$ (1,961)	\$ 4,099
Nine months ended					
October 3, 2009	\$ 4,224	\$ 2,080	\$ (75)	\$ (2,082)	\$ 4,147

NOTE 4. 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 products 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:

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	October 2, 2010 (in thousands)	January 2, 2010
Finished goods	\$1,666	\$954
Work in progress	311	259
Raw materials	9,233	8,661
	\$11,210	\$9,874

NOTE 5. STOCK COMPENSATION EXPENSE

We record 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 \$0.7 million for the third quarter of 2010 and less than \$0.1 million for the third quarter of 2009. We recorded compensation expense for stock based awards of \$1.6 million for the nine months ended October 2, 2010 and \$0.4 million for the nine months ended October 3, 2009. As of October 2, 2010, there was \$3.9 million and \$0.1 million of total unrecognized compensation cost related to non-vested stock option agreements and non-vested restricted share awards, respectively. These costs are expected to be recognized in earnings on a straight-line basis over the weighted average remaining vesting period of 2.61 years.

On April 6, 2010, our stockholders approved, among other things, three items approved and recommended by our Board of Directors in March 2010 as follows: the PGT, Inc. Amended and Restated 2006 Equity Incentive Plan (the "Amended and Restated 2006 Equity Incentive Plan"); an Equity Exchange; and a stock option exchange to eligible employees ("Issuer Tender Offer"). The Board of Directors of the Company determined that, as a result of economic conditions which adversely affected the Company and the industry in which it competes, the options held by certain employees had exercise prices that were significantly above the current market price of the Company's common stock and that the grants of replacement options would help retain and provide additional incentive to certain employees and better align their interests with those of the Company's stockholders.

Amended and Restated 2006 Equity Incentive Plan

The Amended and Restated 2006 Equity Incentive Plan amends the plan to, among other things:

- increase the number of shares of common stock available for grant thereunder, from 3,000,000 to 7,000,000,
- set forth 1,500,000 as the maximum number of shares that may be made subject to awards in any calendar year to any "covered employee" (within the meaning of Section 162(m) of the Internal Revenue Code), and
- allow the Company to offer to its employees the opportunity to tender certain outstanding equity awards for cancellation in exchange for the issuance of replacement stock options.

Equity Exchange

The Equity Exchange offered to exchange certain outstanding equity awards granted under our equity plans to eight employees of the Company, including each of our named executive officers (the "designated employees"), for options to

be granted under the Amended and Restated Equity Incentive 2006 Plan with a new term, new vesting schedule, and new exercise price. All eight employees accepted this offer.

The equity awards that the designated employees submitted for cancellation in the Equity Exchange included 621,778 options to purchase common stock with exercise prices that ranged from \$3.09 to \$8.64, and 314,175 shares of unvested restricted stock. As of April 6, 2010, the options subject to the Equity Exchange had an aggregate value of \$0.3 million, calculated using the Black-Scholes Method of option pricing. The total amount of new stock options issued on April 6, 2010, under this exchange was 3,692,433. These options vest over five years with one-fifth vesting on each of the anniversary dates beginning April 6, 2011, and have an exercise price of \$2.00, based on the NASDAQ market price of the underlying common stock on the close of business on April 5, 2010.

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Issuer Tender Offer

The Issuer Tender Offer provided an opportunity to exchange certain outstanding equity awards granted under our equity plans to seventeen employees of the Company for options to be granted under the Amended and Restated 2006 Plan with a new term, new vesting schedule, and new exercise price. All eligible employees accepted this offer.

The options subject to the Issuer Tender Offer covered an aggregate of 409,143 shares of common stock of the Company and had an aggregate value of \$0.2 million calculated using the Black-Scholes option pricing model. The total amount of new stock options issued on April 6, 2010, pursuant to the Issuer Tender Offer was 409,143. These options vest over five years with one-fifth vesting on each of the anniversary dates beginning April 6, 2011, and have an exercise price of \$2.00, based on the NASDAQ market price of the underlying common stock on the close of business on April 5, 2010.

New Issuances

In April 2010, we issued 1,401,376 options to certain directors and non-executive employees of the Company. These options vest at various time periods through April 2015 and have a weighted average exercise price of \$1.99 based on the NASDAQ market price of the underlying common stock on the close of business on the day the options were granted.

NOTE 6. 2010 RIGHTS OFFERING

On January 29, 2010, the Company filed Amendment No. 1 to the Registration Statement on Form S-1 filed on December 24, 2009 relating to a previously announced offering of rights to purchase 20,382,326 shares of the Company's common stock with an aggregate value of approximately \$30.6 million. The registration statement relating to the rights offering was declared effective by the United States Securities and Exchange Commission on February 10, 2010, and the Company distributed to each holder of record of the Company's common stock as of close of business on February 8, 2010, at no charge, one (1) non-transferable subscription right for every one and three-quarters (1.75) shares of common stock held by such holder under the basic subscription privilege. Each whole subscription right entitled its holder to purchase one share of PGT's common stock at the subscription price of \$1.50 per share. The rights offering also contained an over-subscription privilege that permitted all basic subscribers to purchase additional shares of the Company's common stock up to an amount equal to the amount available to each such holder under the basic subscription privilege. Shares issued to each participant in the over-subscription were determined by calculating each subscriber's percentage of the total shares over-subscribed, multiplied by the number of shares available in the over-subscription privilege. The rights offering expired on March 12, 2010.

The rights offering was 90.0% subscribed resulting in the Company distributing 18,336,368 shares of its common stock, including 15,210,184 shares under the basic subscription privilege and 3,126,184 under the over-subscription privilege. There were requests for 3,126,184 shares under the over-subscription privilege representing an allocation rate of 100% to each over-subscriber. Of the 18,336,368 shares issued, 13,333,332 shares were issued to JLL Partners Fund IV ("JLL") the Company's majority shareholder, including 10,719,389 shares issued under the basic subscription privilege and 2,613,943 shares issued under the over-subscription privilege. Prior to the rights offering, JLL held 18,758,934 shares, or 52.6%, of the Company's outstanding common stock. With the completion of the rights offering, JLL holds 59.4% of the outstanding common stock.

Proceeds of \$27.3 million from the rights offering were used to repay a portion of the outstanding indebtedness under our amended credit agreement in the amount of \$15.0 million, and for general corporate purposes in the amount of \$12.3 million.

NOTE 7. NET LOSS PER COMMON SHARE

Basic earnings per share (“EPS”) is computed using the weighted average number of common shares outstanding during the period. Diluted EPS is computed using the weighted average number of common shares outstanding during the period, plus the dilutive effect of common stock equivalents.

Due to the net losses in the three and nine month periods presented herein, the effect of stock-based compensation plans is anti-dilutive. There were 6,676,708 and 1,357,230 shares of common stock for the third quarter of 2010 and 2009 relating to stock option agreements excluded from the computation of diluted EPS in each period as their effect would have been 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 (weighted average common shares for 2009 have been restated to give effect to the 2010 rights offering):

	Three Months Ended		Nine Months Ended	
	October 2, 2010 (in thousands, except per share amounts)	October 3, 2009 (in thousands, except per share amounts)	October 2, 2010 (in thousands, except per share amounts)	October 3, 2009 (in thousands, except per share amounts)
Net loss	\$(207)	\$(3,359)	\$(2,267)	\$(9,717)
Weighted-average common shares				
- Basic	53,654	36,282	49,014	36,227
Add: Dilutive effect of stock compensation plans	-	-	-	-
Weighted-average common shares				
- Diluted	53,654	36,282	49,014	36,227
Net loss per common share:				
Basic	\$(0.00)	\$(0.09)	\$(0.05)	\$(0.27)
Diluted	\$(0.00)	\$(0.09)	\$(0.05)	\$(0.27)

The 2010 rights offering closed with shares of stock being issued at a price lower than the fair value of the stock, which created a bonus element similar in nature to a stock dividend. Accordingly, basic and diluted shares outstanding prior to the 2010 rights offering were restated to adjust the number of common shares outstanding immediately prior to the rights offering by the following factor: (fair value per share immediately prior to the exercise of the rights)/(theoretical ex-rights fair value per share). Theoretical ex-rights fair value per share was computed by adding the aggregate fair value of the shares immediately prior to the exercise of the rights to the proceeds expected from the exercise of the rights and dividing by the number of shares outstanding after the exercise of the rights.

Weighted average common shares were increased by approximately 1.0 million shares and rounded basic and diluted net loss per common share decreased by \$0.01 per common share for the three and nine months ended October 3, 2009 as a result of the bonus element in the 2010 rights offering.

NOTE 8. INTANGIBLE ASSETS

Intangible assets are as follows:

October	January	Original
2,	2,	Useful
2010	2010	Life

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	(in thousands)		(in years)
Intangible assets:			
Trademarks	\$44,400	\$44,400	indefinite
Customer relationships	55,700	55,700	10
Less: Accumulated amortization	(37,169)	(32,992)	
Subtotal	18,531	22,708	
Hurricane Technology	575	575	1.4
Less: Accumulated amortization	(472)	(161)	
Subtotal	103	414	
Intangible assets, net	\$63,034	\$67,522	9.9

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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, then 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 trademarks, 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 trademarks, the anticipated royalty rate we would pay if the trademarks 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.

No impairment test was conducted as of October 2, 2010. Our annual test of trademarks, performed as of January 2, 2010, utilized a weighted average royalty rate of 4.0% and a discount rate of 17.0%. Projected net sales used in the analysis were based on historical experience and a continuance of the recent decline in sales in the near future, followed by modest growth beginning in 2013. As of January 2, 2010, the estimated fair value of the trademarks exceeded book value by approximately 3%, or \$1.4 million. We believe our projected sales are reasonable based on, among other things, reports from certain third-party agencies which project increases in single family housing starts in our target markets in 2010. 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 weighted average discount rate was based on current financial market trends and will remain dependent on such trends in the future. Absent offsetting changes in other factors, a 1% increase in the discount rate will result in an impairment of \$2.2 million.

Amortizable Intangible Assets

We perform an impairment test on our amortizable intangible assets anytime that impairment indicators exist. Such assets include our customer relationships asset and the intangible assets acquired in the Hurricane Window and Door acquisition on August 14, 2009. We will continue to monitor and evaluate potential impairment indicators, including further decline in the housing market, which could result in impairment. There has been no impairment during the first nine months of 2010, or the first nine months of 2009.

The Hurricane Window and Door amortizable intangible assets consist of the right to use Hurricane's design technology through the end of 2010 and the option to purchase the technology at any time through the end of 2010.

NOTE 9. LONG-TERM DEBT

On February 14, 2006, we entered into a second amended and restated \$235 million senior secured credit facility and a \$115 million second lien term loan due August 14, 2012, with a syndicate of banks. The senior secured credit facility is composed of a \$25 million revolving credit facility, having been reduced from \$30 million as a result of the third amendment discussed below, and initially, a \$205 million first lien term loan. The second lien term loan was fully repaid with proceeds from our IPO in 2006. The outstanding balance of the first lien term loan on October 2, 2010 was \$53.0 million, a decrease of \$15.0 million since the beginning of 2010 due to the prepayment discussed below. During 2009, we prepaid \$22.0 million of long-term debt with cash generated from operations and cash on

hand.

On December 24, 2009, we announced that we entered into a third amendment to the credit agreement. The amendment, among other things, provides a leverage covenant holiday for 2010, increases the maximum leverage amount for the first quarter of 2011 to 6.25 times (then dropping 0.25X per quarter starting in the second quarter until the end of the term), extends the due date on the revolver loan until the end of 2011, increases the applicable rate on any outstanding revolver loan by 25 basis points, and sets a base rate floor of 4.25%. The effectiveness of the amendment was conditioned, among other things, on the repayment of at least \$17 million of the term loan under the credit agreement no later than March 31, 2010, of which no more than \$2 million was permitted to come from cash on hand. In December 2009, the Company used cash generated from operations to prepay \$2 million of outstanding borrowings under the credit agreement. Using proceeds from the 2010 rights offering, the Company made an additional prepayment of \$15.0 million on March 17, 2010, bringing total prepayments of debt at that time to \$17.0 million. Fees paid to the administrative agent and lenders totaled \$1.0 million. Such fees are being amortized using the effective interest method over the remaining term of the credit agreement. Having made the total required prepayment and having satisfied all other conditions to bring the amendment into effect, the amendment became effective on March 17, 2010.

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Under the third amendment, the first lien term loan bears interest at a rate equal to an adjusted LIBOR rate plus a margin ranging from 3.5% per annum to 5% per annum or a base rate plus a margin ranging from 2.5% per annum to 4.0% per annum, at our option, which is equivalent to the rates in the second amendment. The margin in either case is dependent on our leverage ratio. The loans under the revolving credit facility bear interest at a rate equal to an adjusted LIBOR rate plus a margin depending on our leverage ratio ranging from 3.00% per annum to 5.00% per annum or a base rate plus a margin ranging from 2.00% per annum to 4.00% per annum, at our option. The amendment established a floor of 4.25% for base rate loans, and continued the 3.25% floor for adjusted LIBOR established in the previous amendment.

The first lien term loan is secured by a perfected first priority pledge of all of the equity interests of our subsidiary and perfected first priority security interests in and mortgages on substantially all of our tangible and intangible assets subject to such exceptions as are agreed. The senior secured credit facility contains a number of covenants that, among other things, restrict our ability and the ability of our subsidiary to (i) dispose of assets; (ii) change our business; (iii) engage in mergers or consolidations; (iv) make certain acquisitions; (v) pay dividends; (vi) incur indebtedness or guarantee obligations and issue preferred and other disqualified stock; (vii) make investments and loans; (viii) incur liens; (ix) engage in certain transactions with affiliates; (x) enter into sale and leaseback transactions; (xi) issue stock or stock options under certain conditions; (xii) amend or prepay subordinated indebtedness and loans under the second lien secured credit facility; (xiii) modify or waive material documents; or (xiv) change our fiscal year. In addition, under the senior secured credit facility, we are required to comply with specified financial ratios and tests, modified by the third amendment discussed above, including a minimum interest coverage ratio, a maximum leverage ratio (none for 2010), and maximum capital expenditures. On an annual basis, our Company is required to compute excess cash flow, as defined in our credit and security agreement with the bank. In periods where there is excess cash flow, our Company is required to make prepayments in an aggregate principal amount determined through reference to a grid based on the leverage ratio. No such prepayments were required for the year ended January 2, 2010.

As of October 2, 2010, there was \$21.6 million available under our \$25 million revolving credit facility. Contractual future maturities of long-term debt and capital leases as of October 2, 2010 are as follows (in thousands):

Remainder of 2010	\$27
2011	529
2012	52,634
Total	\$53,190

NOTE 10. COMPREHENSIVE INCOME (LOSS) AND ACCUMULATED OTHER COMPREHENSIVE LOSS

The following table shows the components of comprehensive income (loss) for the three and nine month periods ended October 2, 2010 and October 3, 2009:

	Three Months Ended		Nine Months Ended	
	October 2, 2010	October 3, 2009	October 2, 2010	October 3, 2009
	(in thousands)		(in thousands)	
Net loss	\$(207)	\$(3,359)	\$(2,267)	\$(9,717)

Other comprehensive income (loss), net of taxes:				
Change related to forward contracts for aluminum, net of tax expense of \$0 for each of the three and nine month periods ended October 2, 2010 and October 3, 2009				
	472	1,502	(243)	3,399
Total comprehensive income (loss)				
	\$265	\$(1,857)	\$(2,510)	\$(6,318)

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The following table shows the components of accumulated other comprehensive loss for the three and nine month periods ended October 2, 2010 and October 3, 2009:

(in thousands)	Aluminum		
	Forward Contracts	Valuation Allowance	Total
Balance at July 3, 2010	\$ (1,937)	\$ 191	\$(1,746)
Changes in fair value	429	-	429
Reclassification to earnings	43	-	43
Tax effect	(184)	184	-
Balance at October 2, 2010	\$ (1,649)	\$ 375	\$(1,274)

(in thousands)	Aluminum		
	Forward Contracts	Valuation Allowance	Total
Balance at July 4, 2009	\$ (1,571)	\$ (498)	\$(2,069)
Changes in fair value	846	-	846
Reclassification to earnings	656	-	656
Tax effect	(470)	470	-
Balance at October 3, 2009	\$ (539)	\$ (28)	\$(567)

(in thousands)	Aluminum		
	Forward Contracts	Valuation Allowance	Total
Balance at January 2, 2010	\$ (1,501)	\$ 470	\$(1,031)
Changes in fair value	(75)	-	(75)
Reclassification to earnings	(168)	-	(168)
Tax effect	95	(95)	-
Balance at October 2, 2010	\$ (1,649)	\$ 375	\$(1,274)

(in thousands)	Aluminum		
	Forward Contracts	Valuation Allowance	Total
Balance at January 3, 2009	\$ (2,584)	\$ (1,382)	\$(3,966)
Changes in fair value	249	-	249
Reclassification to earnings	3,150	-	3,150
Tax effect	(1,354)	1,354	-
Balance at October 3, 2009	\$ (539)	\$ (28)	\$(567)

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NOTE 11. 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 12. FINANCIAL INSTRUMENTS AND DERIVATIVE FINANCIAL INSTRUMENTS

Financial Instruments

Our financial instruments, not including derivative financial instruments discussed below, include cash, accounts receivable and accounts payable whose carrying amounts approximate their fair values due to their short-term nature. Our financial instruments also include long-term debt. Based on bid prices for our debt, the fair value of our long-term debt was approximately \$50 million at October 2, 2010 and \$51 million at January 2, 2010.

Derivative Financial Instruments

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-parties' credit risk for contracts in an asset position, in determining fair value. We assess our counter-parties' 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 an arrangement 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.

In 2009 we maintained a line of credit with our commodities broker. Beginning in 2010, we no longer maintain a line of credit 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 us to switch to a liability position for open aluminum contracts, we would be required to fund daily margin calls to cover the excess.

At October 2, 2010, the fair value of our aluminum forward contracts was in an asset position of \$269,000, and we had cash on hand with our brokers of \$160,000, resulting in a net asset of \$429,000. We had 12 outstanding forward contracts for the purchase of 2.3 million pounds of aluminum at an average price of \$0.94 per pound with maturity dates of between one month and nine months through June 2011. We assessed the risk of non-performance of the counter-party to these contracts and recorded an immaterial adjustment to fair value as of October 2, 2010. When margins calls are required, 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.

The fair value of our aluminum hedges is classified in the accompanying consolidated balance sheets as follows (in thousands):

	Balance Sheet Location	October 2, 2010	January 2, 2010
Derivatives in a net asset position			
Hedging instruments:			
Aluminum forward contracts	Other Current Assets	\$ 269	\$ 512
Cash on deposit related to payments of margin calls	Other Current Assets	160	-
Total hedging instruments		\$ 429	\$ 512

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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 and plastics. 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, 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 we believe represents a contract's exit price to be used for purposes of determining fair value. We categorize these aluminum forward contracts as being valued using Level 2 inputs as follows:

Description	Fair Value Measurements at Reporting Date of Net Asset Using:			
	October 2, 2010	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Aluminum forward contracts	\$269	\$-	\$ 269	\$ -
Cash on deposit related to payments of margin calls	160			
Aluminum forward contracts, net asset	\$429			

Description	Fair Value Measurements at Reporting Date of Net Asset Using:			
	January 2, 2010	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Aluminum forward contracts	\$512	\$-	\$ 512	\$ -
Cash on deposit related to payments of margin calls	-			
Aluminum forward contracts, net asset	\$512			

Our aluminum hedges qualify as highly effective for reporting purposes. For the three and nine month periods ended October 2, 2010, and October 3, 2009, the ineffective portion of the hedging instruments was not significant. 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. At October 2, 2010, these contracts were designated as effective. The effective portion of the gain or loss on our aluminum forward contracts is reported as a component of other comprehensive income 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. For the three

and nine month periods ended October 2, 2010, and October 3, 2009, no amounts were reclassified to earnings because of the discontinuance of a cash flow hedge because it was probable that the original forecasted transaction would not occur. The ending accumulated balance related to the fair value of the aluminum forward contracts included in accumulated other comprehensive income, net of tax, is \$0.3 million as of October 2, 2010 all of which is expected to be reclassified into earnings over the next twelve months.

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The following represents the gains (losses) on derivative financial instruments for the three and nine month periods ended October 2, 2010 and October 3, 2009, and their classifications within the accompanying condensed consolidated financial statements (in thousands):

Derivatives in Cash Flow Hedging Relationships					
	Amount of Gain or (Loss)		Location of Gain or (Loss) Reclassified from Accumulated OCI into Income (Effective Portion)	Amount of Gain or (Loss) Reclassified from Accumulated OCI into Income (Effective Portion)	
	Recognized in Derivatives (Effective Portion)	Recognized in OCI on Derivatives (Effective Portion)		Three Months Ended October 2, 2010	Three Months Ended October 3, 2009
Aluminum contracts	\$429	\$846	Cost of sales	\$(43)	\$(656)

Derivatives in Cash Flow Hedging Relationships				
	Location of Gain or (Loss) Recognized in Income on Derivatives (Ineffective Portion)	Amount of Gain or (Loss) Recognized in Income on Derivatives (Ineffective Portion)		
		Three Months Ended October 2, 2010	Three Months Ended October 3, 2009	Other income or other expense
Aluminum contracts		\$-	\$(27)	

Derivatives in Cash Flow Hedging Relationships				
Amount of Gain or (Loss)	Location of Gain or (Loss) Reclassified from Accumulated OCI into Income (Effective Portion)	Amount of Gain or (Loss) Reclassified from Accumulated OCI into Income (Effective Portion)		
		Recognized in Derivatives (Effective Portion)	Recognized in OCI on Derivatives (Effective Portion)	Other income or other expense

Portion)

	Nine Months Ended			Nine Months Ended	
	October 2, 2010	October 3, 2009		October 2, 2010	October 3, 2009
Aluminum contracts	\$(75)	\$249	Cost of sales	\$148	\$(3,150)

Derivatives in Cash Flow Hedging Relationships

	Location of Gain or (Loss) Recognized in Income on Derivatives (Ineffective Portion)	Amount of Gain or (Loss) Recognized in Income on Derivatives (Ineffective Portion)	
		October 2, 2010	October 3, 2009
Aluminum contracts	Other income or other expense	\$20	\$(33)

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NOTE 13. COLLABORATIVE ARRANGEMENT

In view of the risks and costs associated with developing new products and our desire to expand our markets by providing quality unitized curtain wall solutions to the commercial building industry, we entered into a collaborative arrangement with another company with extensive experience in sales, marketing, engineering and project management of unitized curtain wall solutions and in which costs, revenues and risks are shared. During the third quarter of 2009, this arrangement was terminated. We were not the principal participant in this arrangement. Our obligation under this arrangement was to provide manufacturing expertise, including providing the operating entity with labor for assembly and fabrication of the unitized curtain wall units. We earned revenues and incurred costs of sales and expenses from this activity based on the number of hours of labor provided in the production of materials used in the arrangement. We also recorded a percentage of the joint operating activity's profit or loss into revenue based on our percentage interest in the arrangement, which was insignificant. Each collaborator's interest was 50 percent.

The following table illustrates the income statement classification and amounts attributable to transactions arising from the collaborative arrangements between participants for each period presented (in thousands):

	Three Months Ended		Nine Months Ended	
	October 2, 2010 (unaudited)	October 3, 2009 (unaudited)	October 2, 2010 (unaudited)	October 3, 2009 (unaudited)
Net sales	\$-	\$-	\$-	\$1,449
Cost of sales	-	-	-	(1,093)
Selling, general and administrative	-	-	-	(215)

NOTE 14. ASSETS HELD FOR SALE

In the first quarter of 2010, we entered into an agreement to list the Lexington, North Carolina facility for sale with an agent. Due to current market conditions the expected time of disposal cannot be estimated. In December 2009, we recorded an impairment charge of \$0.7 million to reflect a decline in the market value for this property. We determined the fair value by obtaining recommendations of value from various local real estate agents and by reviewing data from comparable sales and leases executed in the recent past.

As of October 2, 2010, we reviewed the relevant factors affecting the value of this facility and determined that the value recorded at year end remains appropriate. This facility's fair value was determined using Level 2 inputs as follows:

Description	Fair Value Measurements at Reporting Date of Asset Using:			
	October 2, 2010	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)

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(in
thousands)

Lexington Property	\$	700	\$	-	\$	700	\$	-
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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 January 2, 2010 included in our most recent annual report on Form 10-K.

Special Note Regarding Forward-Looking Statements

This document includes forward-looking statements regarding, among other things, our financial condition and business strategy. Forward-looking statements provide our current expectations and projections about future events. Forward-looking statements include statements about our expectations, beliefs, plans, objectives, intentions, assumptions, and other statements that are not historical facts. As a result, all statements other than statements of historical facts included in this discussion and analysis and located elsewhere in this document regarding the prospects of our industry and our prospects, plans, financial position, and business strategy may constitute forward-looking statements within the meaning of Section 21E of the Exchange Act. In addition, forward-looking statements generally can be identified by the use of forward-looking terminology such as "may," "could," "expect," "intend," "estimate," "anticipate," "plan," "foresee," "believe," or "continue," or the negatives of these terms or variations of them or similar terminology, but the absence of these words does not necessarily mean that a statement is not forward-looking.

Forward-looking statements are subject to known and unknown risks and uncertainties and are based on potentially inaccurate assumptions that could cause actual results to differ materially from those expected or implied by the forward-looking statements. Although we believe that the expectations reflected in these forward-looking statements are reasonable, we can give no assurance that these expectations will occur as predicted. All subsequent written and oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements included in this document. These forward-looking statements speak only as of the date of this report. We undertake no obligation to publicly update or revise any forward-looking statement to reflect circumstances or events after the date of this report or to reflect the occurrence of unanticipated events, except as may be required by applicable securities laws.

Risks associated with our business, an investment in our securities, and with achieving the forward-looking statements contained in this report or in our news releases, Web sites, public filings, investor and analyst conferences or elsewhere, include, but are not limited to, the risk factors described in our most recent Annual Report on Form 10-K filed with the Securities and Exchange Commission. Any of the risk factors described therein could cause our actual results to differ materially from expectations and could have a material adverse effect on our business, financial condition or results of operations. We may not succeed in addressing these challenges and risks.

EXECUTIVE OVERVIEW

Sales and Operations

On November 3, 2010, we issued a press release and held a conference call on November 4, 2010 to review the results of operations for our three months and nine months ended October 2, 2010. During the call, we also discussed current market conditions and progress made regarding certain of our growth 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.

While we are still experiencing difficult market conditions, we took the actions necessary to increase sales in new markets and with new products.

Our third quarter sales were up 13.4 percent when compared to the third quarter of 2009, which represents our second consecutive quarter with year over year sales growth.

Our growth was driven by our core market of Florida, whose sales were up 18.5% compared to the third quarter of 2009. We saw increases in Florida in both our aluminum and vinyl product categories, and in both impact and non-impact products. This increase was partially offset by a decrease in out of state sales of 5.8% or \$0.4 million. Our international markets sales were flat with prior year.

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WinGuard sales for the third quarter increased \$3.7 million compared to the third quarter of 2009 due in part to the success of our new door launched last fall, for which we received Window and Door Magazine's 2010 Crystal Achievement Award for Most Innovative Door. Additionally, many replacement customers took advantage of tax credits offered and this drove an increase of \$1.3 million in vinyl WinGuard sales into Florida. Our vinyl non-impact sales continue to expand, up \$1.2 million, including \$700 thousand in sales of the new replacement window designed for the Florida market launched in 2009. Finally, sales of PremierVue, introduced in the third quarter of 2009, were up \$0.8 million.

Sales into the repair and remodeling market were up 19% compared to the third quarter of 2009 and represented 75% of total sales for the quarter. Sales into the repair and remodeling market represented 73% of total sales for the third quarter of 2009.

Sales into the new construction market were essentially flat compared to the third quarter of 2009 and represented only 25% of total sales for the quarter, compared to 27% of total sales for the third quarter of 2009.

Housing starts in Florida increased 15% compared to the third quarter of 2009, driven by an increase in multi-family starts. However, single family starts were essentially flat with starts from a year ago and lower than the second quarter of 2010 by 17%, due in part to expiring tax incentives and continued economic uncertainty.

Liquidity and Cash Flow

As we entered into 2010 we announced another rights offering which closed on March 12, 2010. This rights offering was 90% subscribed and generated \$26.4 million of additional capital for our Company after fees and financing costs. We used \$15.0 million of the proceeds to further pay down our term debt and make our third amendment to our credit facility, which we entered into on December 24, 2009, effective. This amendment further secures our position and provides more flexibility to focus on long-term strategic goals. As of October 2, 2010, our net debt was \$27.8 million.

Restructurings

We took restructuring actions in 2009, described below, based on results of continued analysis of our target markets, internal structure, projected run-rate, and efficiency. These actions generated approximately \$15 million in annualized savings, which was in line with our expectations. Many of these actions were taken in the beginning of 2009, and approximately \$9 million of the benefit was realized in 2009. Our 2010 results should benefit from the total expected savings.

On January 13, 2009, March 11, 2009 and September 24, 2009, we announced restructurings of the Company as a result of continued analysis of our target markets, internal structure, projected run-rate, and efficiency. The restructurings resulted in an aggregate decrease in our workforce of approximately 325 employees and included employees at both our Venice, Florida and Salisbury, North Carolina locations. As a result of the restructurings, we recorded restructuring charges totaling \$0.9 million in the third quarter of 2009, of which \$0.5 million is classified within cost of goods sold and \$0.4 million is classified within selling, general and administrative expenses, and \$3.9 million in the first nine months of 2009, of which \$1.9 million is classified within cost of sales and \$2.0 million is classified within selling, general and administrative expenses in the accompanying condensed consolidated statement of operations for the three and nine months ended October 3, 2009. The charges related primarily to employee separation costs.

On November 12, 2009, we announced a restructuring and recorded charges totaling \$1.5 million, of which \$5 thousand and \$0.9 million remained unpaid as of October 2, 2010, and January 2, 2010, respectively. The remaining unpaid amount is classified within accounts payable and accrued liabilities in the accompanying condensed

consolidated balance sheet as of October 2, 2010 and is expected to be disbursed in the fourth quarter of 2010.

The impact of all 2009 restructurings resulted in a decrease in our workforce of approximately 480 employees, and a total amount of restructuring charges of \$5.4 million.

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The following table provides information with respect to our accrual for restructuring costs:

Accrued Restructuring Costs (in thousands)	Beginning of Period	Charged to Expense	Disbursed in Cash	End of Period
Three months ended October 2, 2010:				
2009 Restructurings	\$ 110	\$ -	\$ (105)	\$ 5
For the three months ended October 2, 2010	\$ 110	\$ -	\$ (105)	\$ 5
Three months ended October 3, 2009:				
2009 Restructurings	\$ 81	\$ 903	\$ (406)	\$ 578
For the three months ended October 3, 2009	\$ 81	\$ 903	\$ (406)	\$ 578
Nine months ended October 2, 2010:				
2009 Restructurings	\$ 898	\$ -	\$ (893)	\$ 5
For the nine months ended October 2, 2010	\$ 898	\$ -	\$ (893)	\$ 5
Nine months ended October 3, 2009:				
2009 Restructurings	\$ -	\$ 3,905	\$ (3,327)	\$ 578
For the nine months ended October 3, 2009	\$ -	\$ 3,905	\$ (3,327)	\$ 578

Selected Financial Data

The following table presents financial data derived from our unaudited statements of operations as a percentage of total revenues for the periods indicated.

	Three Months Ended		Nine Months Ended	
	October 2, 2010	October 3, 2009	October 2, 2010	October 3, 2009
Net sales	100.0 %	100.0 %	100.0 %	100.0 %
Cost of sales	69.1 %	73.9 %	69.9 %	72.8 %
Gross margin	30.9 %	26.1 %	30.1 %	27.2 %
Selling, general and administrative expenses	28.8 %	30.4 %	28.8 %	30.9 %
	2.1 %	(4.3 %)	1.3 %	(3.7 %)

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Income (loss) from operations								
Interest expense, net	2.5	%	4.2	%	2.9	%	3.9	%
Other expense (income), net	0.0	%	0.1	%	0.0	%	0.0	%
Loss before income taxes	(0.4	%)	(8.6	%)	(1.6	%)	(7.6	%)
Income tax (benefit) expense	0.0	%	(0.4	%)	0.1	%	(0.1	%)
Net loss	(0.4	%)	(8.2	%)	(1.7	%)	(7.5	%)

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RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED OCTOBER 2, 2010 AND OCTOBER 3, 2009

Net sales

Net sales were \$47.2 million in the third quarter of 2010, which represented an increase of \$5.6 million, or 13.4%, compared to the 2009 third quarter. The following table shows net sales classified by major product category (sales in millions):

	Three Months Ended				% change
	October 2, 2010	% of Net Sales	October 3, 2009	% of Net Sales	
Product category:					
WinGuard Windows and Doors	\$29.9	63.3 %	\$26.2	63.0 %	14.1 %
Other Window and Door Products	17.3	36.7 %	15.4	37.0 %	12.3 %
Total net sales	\$47.2	100.0 %	\$41.6	100.0 %	13.4 %

Net sales of WinGuard branded products were \$29.9 million for the third quarter of 2010, an increase of \$3.7 million, or 14.1%, from \$26.2 million in net sales for the 2009 third quarter. The increase in sales of our WinGuard products was driven mainly by the success of our new door launched last fall and an increase in our vinyl WinGuard sales. Sales of WinGuard branded products into the repair and remodeling market and the new home market have increased 17% and 5%, respectively, over the prior year.

Net sales of Other Window and Door Products were \$17.3 million for the third quarter of 2010, an increase of \$1.9 million, or 12.3%, from \$15.4 million in net sales for the 2009 third quarter. This increase was due mainly to the success of new products. Sales of our new non-impact vinyl products launched over the past two years, including SpectraGuard, are up \$1.2 million. Also, sales of our new PremierVue products introduced in the third quarter of 2009, were up \$0.8 million.

Gross margin

Gross margin was \$14.6 million, or 30.9% of sales, for the third quarter of 2010, an increase of \$3.7 million, or 34.3%, from \$10.9 million, or 26.1% of sales, for the third quarter of 2009. The 2009 third quarter margin includes \$0.5 million in restructuring costs. Adjusting for these charges, gross margin was 27.4% in the third quarter of 2009. The 3.5% increase in adjusted gross margin as a percent of sales is largely due to the increase in sales allowing us to increase our leverage on fixed costs (2.8%), savings generated from cost savings initiatives (2.0%), and a decrease in aluminum cost of (0.2%). Partially offsetting these increases in gross margin was a shift to non-impact products (1.7%) which carry a contribution margin of approximately 21%. In comparison, our various impact products, both aluminum and vinyl, have contribution margins that range from 40% to 55%.

Selling, general and administrative expenses

Selling, general and administrative expenses were \$13.6 million for the third quarter of 2010 an increase from \$12.6 million for the 2009 third quarter. The 2009 third quarter included \$0.4 million in restructuring costs. Excluding the restructuring costs from the third quarter of 2009, SG&A expenses increased \$1.3 million mainly due to a \$0.6 million increase in non-cash stock compensation expense, \$0.4 million in other employee related expenses, and \$0.3 million of overall higher spending in other categories. As a percentage of sales, SG&A expenses excluding restructuring costs were 28.8% for the third quarter of 2010, compared to 29.5% for the third quarter of 2009.

Interest expense, net

Interest expense, net was \$1.2 million in the third quarter of 2010, a decrease of \$0.5 million from \$1.7 million for the third quarter of 2009. The decrease was due to a lower level of debt during the third quarter of 2010 compared to the third quarter of 2009.

Other expense (income), net

There was no other expense (income) in the quarter ended 2010. For the quarter ended 2009 other expense (income) was less than \$0.1 million and relates to the ineffective portions of aluminum hedges.

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Income tax (benefit) expense

We had an effective tax rate of a benefit of 5.1% for the third quarter of 2009. The benefit results from an adjustment relating to the amendment of a prior year tax return. Absent that entry, we have an effective tax rate of 0.0% in both the third quarters of 2010 and 2009 due to the full valuation allowances that we apply to our deferred tax assets. Changes in deferred tax assets and liabilities during the third quarter of 2010 and 2009 were offset by changes in the valuation allowance for deferred tax assets.

RESULTS OF OPERATIONS FOR THE FIRST NINE MONTHS ENDED OCTOBER 2, 2010 AND OCTOBER 3, 2009

Net sales

Net sales were \$136.7 million in the first nine months of 2010, which represented an increase of \$6.7 million, or 5.2%, compared to the first nine months of 2009. The following table shows net sales classified by major product category (sales in millions):

	Nine Months Ended							
	October 2, 2010	% of Net Sales	October 3, 2009	% of Net Sales	% change			
Product category:								
WinGuard Windows and Doors	\$85.5	62.5 %	\$86.2	66.3 %	(0.8 %)			
Other Window and Door Products	51.2	37.5 %	43.8	33.7 %	16.9 %			
Total net sales	\$136.7	100.0 %	\$130.0	100.0 %	5.2 %			

Net sales of WinGuard branded products were \$85.5 million for the first nine months of 2010, a decrease of \$0.7 million, or 0.8%, from \$86.2 million in net sales for the 2009 first nine months. The decrease in sales of our WinGuard products was driven mainly by a 12% decline in sales into the new home market. Sales into the repair and remodeling market have increased 3% compared to the first nine months of 2009.

Net sales of Other Window and Door Products were \$51.2 million for the first nine months of 2010, an increase of \$7.4 million, or 16.9%, from \$43.8 million in net sales for the 2009 first nine months. This increase was due mainly to the success of new products. Sales of our new non-impact vinyl products launched over the past two years, including Spectraguard, are up \$5.4 million. Also, sales of our new PremierVue products introduced in the third quarter of 2009, increased \$2.6 million.

Gross margin

Gross margin was \$41.2 million, or 30.1% of sales, for the first nine months of 2010, an increase of \$5.8 million, or 16.3%, from \$35.4 million, or 27.2% of sales, for the first nine months of 2009. The 2009 first nine months margin includes \$1.9 million in restructuring costs. Adjusting for these charges, gross margin was 28.7% in the first nine

months of 2009. The 1.4% increase in adjusted gross margin as a percent of sales is savings generated from cost savings initiatives (2.1%), the increase in sales allowing us to increase our leverage on fixed costs (0.9%) and a decrease in aluminum cost of (0.4%). Partially offsetting these increases in gross margin was a shift to non-impact products (2.0%) which carry a contribution margin of approximately 21%. In comparison our various impact products, both aluminum and vinyl, have contribution margins that range from 40% to 55%.

Selling, general and administrative expenses

Selling, general and administrative expenses were \$39.4 million for the first nine months of 2010, a decrease of \$0.8 million, from \$40.2 million for the 2009 first nine months. There were restructuring charges in selling, general and administrative expenses in the first nine months of 2009 of \$2.0 million. Adjusting for these charges, selling, general and administrative expenses were \$38.2 million for the first nine months of 2009. The \$1.2 million increase over adjusted SG&A was mainly due to an increase of \$1.2 million in non-cash stock compensation expense. As a percentage of sales, SG&A expenses were 28.8% for the first nine months of 2010, compared to 30.9% for the first nine months of 2009. After adjusting for the restructuring costs in 2009, SG&A expenses were 29.4% of sales.

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Interest expense, net

Interest expense, net was \$4.0 million in the first nine months of 2010, a decrease of \$1.1 million from \$5.1 million for the first nine months of 2009. The decrease was due to a lower level of debt during the first nine months of 2010 compared to the first nine months of 2009, partially offset by a higher interest rate on our debt during the first nine months of 2010 compared to the first nine months of 2009 as a result of our amended credit agreement, as well as a write-off of deferred financing costs related to the \$15.0 million prepayment made on March 17, 2010 of \$0.1 million.

Other expense (income), net

There was other expense (income), net of less than \$0.1 million in the first nine months of 2010 and the first nine months of 2009. The amounts in each period relate to the ineffective portions of aluminum hedges.

Income tax (benefit) expense

We recorded \$77 thousand in tax expense during the first nine months of 2010 to adjust the provision recorded at year end to the tax return as filed. We had an effective tax rate of a benefit of 1.8% for the first nine months of 2009. The benefit results from certain adjustments relating to the amendment of a prior year tax return. Absent these entries, we had an effective tax rate of 0.0% in both the first nine months of 2010 and 2009 due to the full valuation allowances that we apply to our deferred tax assets. Changes in deferred tax assets and liabilities during the first nine months of 2010 and 2009 were offset by changes in the valuation allowance for deferred tax assets.

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 payments, including debt service payments on our credit facilities, and fund capital expenditures.

2010 Rights Offering

On January 29, 2010, the Company filed Amendment No. 1 to the Registration Statement on Form S-1 filed on December 24, 2009 relating to a previously announced offering of rights to purchase 20,382,326 shares of the Company's common stock with an aggregate value of approximately \$30.6 million. The registration statement relating to the rights offering was declared effective by the United States Securities and Exchange Commission on February 10, 2010, and the Company distributed to each holder of record of the Company's common stock as of close of business on February 8, 2010, at no charge, one (1) non-transferable subscription right for every one and three-quarters (1.75) shares of common stock held by such holder under the basic subscription privilege. Each whole subscription right entitled its holder to purchase one share of PGT's common stock at the subscription price of \$1.50 per share. The rights offering also contained an over-subscription privilege that permitted all basic subscribers to purchase additional shares of the Company's common stock up to an amount equal to the amount available to each such holder under the basic subscription privilege. Shares issued to each participant in the over-subscription were determined by calculating each subscriber's percentage of the total shares over-subscribed, multiplied by the number of shares available in the over-subscription privilege. The rights offering expired on March 12, 2010.

The rights offering was 90.0% subscribed resulting in the Company distributing 18,336,368 shares of its common stock, including 15,210,184 shares under the basic subscription privilege and 3,126,184 under the over-subscription privilege. There were requests for 3,126,184 shares under the over-subscription privilege representing an allocation rate of 100% to each over-subscriber. Of the 18,336,368 shares issued, 13,333,332 shares were issued to JLL Partners Fund IV (“JLL”) the Company’s majority shareholder, including 10,719,389 shares issued under the basic subscription privilege and 2,613,943 shares issued under the over-subscription privilege. Prior to the rights offering, JLL held 18,758,934 shares, or 52.6%, of the Company’s outstanding common stock. With the completion of the rights offering, JLL holds 59.4% of our outstanding common stock.

Proceeds of \$27.3 million from the rights offering were used to repay a portion of the outstanding indebtedness under our amended credit agreement in the amount of \$15.0 million, and for general corporate purposes in the amount of \$12.3 million.

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Consolidated Cash Flows

Operating activities. Cash provided by operating activities was \$9.0 million in the first nine months of 2010 compared to \$3.0 million in the first nine months of 2009. This is due mainly to a decrease in the Company's net loss of \$7.5 million and the income tax refund received in 2010 of \$3.7 million offset by use of cash related to increases in accounts receivable of \$5.3 million. This increase in accounts receivable is due to our increase in sales to \$47.2 million in the third quarter of 2010 from \$36.0 million in the fourth quarter of 2009. Conversely, working capital did not experience a similar increase in the first nine months of 2009, as sales in the third quarter of 2009 were down to \$41.6 million from \$49.3 million in the fourth quarter of 2008.

Direct cash flows from operations for the first nine months of 2010 and 2009 are as follows:

(in millions)	Direct Cash Flows Nine Months Ended	
	October 2, 2010	October 3, 2009
Collections from customers	\$134.2	\$130.8
Other collections of cash	1.9	2.1
Disbursements to vendors	(81.4)	(77.4)
Personnel related disbursements	(46.0)	(48.8)
Debt service costs	(3.3)	(4.6)
Other cash activity, net	3.6	0.9
Cash provided by operations	\$9.0	\$3.0

Other collections of cash in both the first nine months of 2010 and 2009 primarily represent scrap aluminum sales, however the first nine months of 2009 also includes an insurance recovery of \$0.7 million. Other cash activity, net, in 2010 is primarily an income tax refund. Other cash activity, net in 2009 is primarily composed of cash settlements on effective aluminum hedges.

Days sales outstanding (DSO), which we calculate as accounts receivable divided by average daily sales, was 42 days at October 2, 2010, and 41 days at January 2, 2010, compared to 44 days at October 3, 2009 and 39 days at January 3, 2009.

The gross amount of receivables from two customers who are on payment plans, neither of which owed the Company in excess of \$0.6 million, was \$1.1 million at October 2, 2010, of which \$0.7 million was reserved. These customers are making payments pursuant to such plans. In the first nine months of 2010, we received payments totalling \$0.1 million pursuant to these plans.

During the quarter ended October 2, 2010, a third customer who was previously on a payment plan failed to make payments pursuant to such plan and another large customer declared bankruptcy. The total owed to the Company by these two customers was \$1.0 million as of October 2, 2010, all of which is reserved.

Inventory on hand as of October 2, 2010, is relatively flat as compared to October 3, 2009. Inventory turns during the third quarter of 2010 decreased to 11.4 from 11.8 when compared to the third quarter of 2009.

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 used for investing activities was \$2.6 million for the first nine months of 2010, compared to cash provided by investing activities of \$0.5 million for the first nine months of 2009. The decrease of \$3.1 million of cash provided in investing activities was mainly due to a decrease of net cash received from our margin account with our commodities broker related to returns of previously funded margin calls and settlements of forward contracts for aluminum. In addition, capital expenditures increased by \$0.6 million in the first nine months of 2010 compared to 2009. We used \$1.5 million in cash for investing activities for the Hurricane acquisition in the third quarter of 2009.

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Financing activities. Cash provided by financing activities was \$11.3 million in the first nine months of 2010, compared to cash used of \$20.1 million in the first nine months of 2009. The cash provided by financing activities in the first nine months of 2010, include the \$27.3 million in net proceeds from the rights offering, partially offset by the \$15.0 million term debt prepayment made on March 17, 2010, and the \$0.9 million in debt amendment fees. In the first nine months of 2009, we prepaid \$20.0 million of our long-term debt.

Capital Resources. On February 14, 2006, we entered into a second amended and restated \$235 million senior secured credit facility and a \$115 million second lien term loan due August 14, 2012, with a syndicate of banks. The senior secured credit facility is composed of a \$25 million revolving credit facility, having been reduced from \$30 million as a result of the third amendment discussed below, and initially, a \$205 million first lien term loan. The second lien term loan was fully repaid with proceeds from our IPO in 2006. The outstanding balance of the first lien term loan on October 2, 2010 was \$53.0 million, a decrease of \$15.0 million since the beginning of 2010 due to the prepayment discussed below. During 2009, we prepaid \$22.0 million of long-term debt with cash generated from operations and cash on hand.

On December 24, 2009, we announced that we entered into a third amendment to the credit agreement. The amendment, among other things, provides a leverage covenant holiday for 2010, increases the maximum leverage amount for the first quarter of 2011 to 6.25 times (then dropping 0.25X per quarter from the second quarter until the end of the term), extends the due date on the revolver loan until the end of 2011, increases the applicable rate on any outstanding revolver loan by 25 basis points, and sets a base rate floor of 4.25%. The effectiveness of the amendment was conditioned, among other things, on the repayment of at least \$17 million of the term loan under the credit agreement no later than March 31, 2010, of which no more than \$2 million was permitted to come from cash on hand. In December 2009, the Company used cash generated from operations to prepay \$2 million of outstanding borrowings under the credit agreement. Using proceeds from the 2010 rights offering, the Company made an additional prepayment of \$15.0 million on March 17, 2010, bringing total prepayments of debt at that time to \$17.0 million. Having made the total required prepayment and having satisfied all other conditions to bring the amendment into effect, including the payment of the fees and expenses of the administrative agent and a consent fee to participating lenders of 50 basis points of the then outstanding balance of the term loan and the revolving commitment under the credit agreement of \$100 million, the amendment became effective on March 17, 2010. Fees paid to the administrative agent and lenders totaled \$1.0 million. Such fees are being amortized using the effective interest method over the remaining term of the credit agreement.

Under the third amendment, the first lien term loan bears interest at a rate equal to an adjusted LIBOR rate plus a margin ranging from 3.5% per annum to 5% per annum or a base rate plus a margin ranging from 2.5% per annum to 4.0% per annum, at our option, which is equivalent to the rates in the second amendment. The margin in either case is dependent on our leverage ratio. The loans under the revolving credit facility bear interest at a rate equal to an adjusted LIBOR rate plus a margin depending on our leverage ratio ranging from 3.00% per annum to 5.00% per annum or a base rate plus a margin ranging from 2.00% per annum to 4.00% per annum, at our option. The amendment established a floor of 4.25% for base rate loans, and continued the 3.25% floor for adjusted LIBOR established in the previous amendment.

Based on our ability to generate cash flows from operations and our borrowing capacity under the revolving credit facility, we believe we will have sufficient capital to meet our needs, including our capital expenditures and our debt obligations, for the next twelve months.

We had \$25.2 million of cash on hand as of October 2, 2010. While we are confident in our ability to continue to generate cash flow in this unprecedented downturn in the housing market and the economy, it is possible that we may use part of this cash to fund margin calls related to our forward contracts for aluminum if the price of aluminum falls to levels less than our hedged positions. Our credit facility includes a \$25 million revolving credit facility of which \$21.6 million was available as of October 2, 2010.

Capital Expenditures. Capital expenditures vary depending on prevailing business factors, including current and anticipated market conditions. For the first nine months of 2010, capital expenditures were \$2.4 million, compared to \$1.8 million for the first nine months of 2009. During 2008, 2009, and continuing into 2010, we reduced certain discretionary capital spending to conserve cash. We expect to spend nearly \$4.1 million on capital expenditures in 2010, including capital expenditures related to product line expansions targeted at increasing sales. We anticipate that cash flows from operations and liquidity from the revolving credit facility, if needed, will be sufficient to execute our business plans.

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Hedging. We enter into aluminum forward contracts to hedge the fluctuations in the purchase price of aluminum extrusion we use in production. The Company enters into these contracts by trading on the London Metal Exchange (“LME”). The Company trades on the LME using an international commodities broker that offers global access to all major markets. The Company does not currently maintain a line of credit with its 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 the Company to have a net liability position for open aluminum contracts, the Company is required to fund daily margin calls to cover the excess.

Contractual Obligations

Other than the debt payments as described in “Liquidity and Capital Resources” above, there have been no significant changes to our “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 Annual Report on Form 10-K for the year ended January 2, 2010 as filed with the Securities and Exchange Commission on March 18, 2010.

Critical Accounting Policies and Estimates

Our consolidated financial statements are prepared in accordance with U.S. generally accepted accounting principles. Critical 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 critical accounting policies in our Annual Report on Form 10-K for the year ended January 2, 2010 as filed with the Securities and Exchange Commission on March 18, 2010. There have been no changes to our critical accounting policies during the first nine months of 2010.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We experience changes in interest expense when market interest rates change. Changes in our debt could also increase these risks. Based on debt outstanding at October 2, 2010, a one percentage-point increase (decrease) in interest rates, above our interest rate floor established in our credit agreement, would result in approximately \$0.5 million of additional (reduced) interest costs annually. As of October 2, 2010, we had no interest rate swaps or caps in place which means our debt is all adjustable-rate debt.

We utilize derivative financial instruments to hedge price movements in aluminum materials used in our manufacturing process. We entered into aluminum hedging instruments that settle at various times through June 2011, and cover approximately 64% of our anticipated needs during the remainder of 2010 at an average price of \$0.97 per pound and 23% of our needs for the first half of 2011 at an average price of \$0.91 per pound. For forward contracts for the purchase of aluminum at October 2, 2010, a 10% decrease in the price of aluminum would decrease the fair value of our forward contracts of aluminum by \$0.2 million. This calculation utilizes our actual commitment of 2.3 million pounds under contract (to be settled through June 2011) and the market price of aluminum as of October 2, 2010, which was approximately \$1.06 per pound.

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.

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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.

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 in 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 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 Annual Report on Form 10-K for the year ended January 2, 2010, which could materially affect our business, financial condition or future results. The risks described in our Annual Report on Form 10-K are not the only risks facing our Company. Additional risks 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

None.

Use of Proceeds

Not applicable.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. REMOVED AND RESERVED

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 Registrant's Annual Report on Form 10-K for the fiscal year ended January 2, 2010, filed with the 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 Registrant's Annual Report on Form 10-K for the fiscal year ended January 2, 2010, filed with the 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)
- 4.2 Amended and Restated Security Holders' Agreement, by and among PGT, Inc., JLL Partners Fund IV, L.P., and the stockholders named therein, dated as of June 27, 2006 (incorporated herein by reference to Exhibit 4.2 to the Company's Quarterly Report on Form 10-Q, filed with the Securities and Exchange Commission on August 11, 2006, Registration No. 000-52059)
- 4.3 PGT Savings Plan (incorporated herein by reference to Exhibit 4.5 to the Company's Form S-8 Registration Statement, filed with the Securities and Exchange Commission on October 15, 2007, Registration No. 000-52059)
- 10.1 Second Amended and Restated Credit Agreement dated as of February 14, 2006 among PGT Industries, Inc., as Borrower, JLL Window Holdings, Inc. and the other Guarantors party thereto, as Guarantors, the lenders party thereto, UBS Securities LLC, as Arranger, Bookmanager, Co-Documentation Agent and Syndication Agent, UBS AG, Stamford Branch, as Issuing Bank, Administrative Agent and Collateral Agent, UBS Loan Finance LLC, as Swingline Lender and General Electric Capital Corporation, as Co-Documentation Agent
- 10.2 Amendment No. 3 to Second Amended and Restated Credit Agreement dated as of December 22, 2009 among PGT Industries, Inc., UBS AG, Stamford Branch, as administrative agent and the Lenders, as defined therein, further amending the Second Amended and Restated Credit Agreement dated as of February 14, 2006 (incorporated herein by reference to Exhibit 10.1 to Current Report on Form 8-K dated February 22, 2009 filed with the Securities and Exchange Commission on December 23, 2009, Registration No. 000-52059)
- 10.3 Amended and Restated Pledge and Security Agreement dated as of February 14, 2006, by PGT Industries, Inc., JLL Window Holdings, Inc. and the other Guarantors party thereto in favor of UBS AG, Stamford Branch, as First Lien Collateral Agent (incorporated herein by reference to Exhibit 10.3 to Amendment No. 1 to the Registration Statement of the Company on Form S-1, filed with the Securities and Exchange Commission on April 21, 2006, Registration No. 333-132365)
- 10.4 PGT, Inc. 2004 Stock Incentive Plan, as amended (incorporated herein by reference to Exhibit 10.5 to Amendment No. 1 to the Registration Statement of the Company on Form S-1, filed with the Securities and Exchange Commission on April 21, 2006, Registration No. 333-132365)
- 10.5 Form of PGT, Inc. 2004 Stock Incentive Plan Stock Option Agreement (incorporated herein by reference to Exhibit 10.6 to Amendment No. 1 to the Registration Statement of the Company on Form S-1, filed with the Securities and Exchange Commission on April 21, 2006, Registration No. 333-132365)
- 10.6 PGT, Inc. Amended and Restated 2006 Equity Incentive Plan (incorporated herein by reference to Appendix A to the Registrant's Definitive Proxy Statement on Schedule 14A, filed with the Securities and Exchange Commission on March 22, 2010, Registration No. 000-52059)

- 10.7 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)
- 10.8 Form of Employment Agreement, dated February 20, 2009, between PGT Industries, Inc. and, individually, Rodney Hershberger, Jeffery T. Jackson, Mario Ferrucci III, Deborah L. LaPinska, Monte Burns and David B. McCutcheon (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)
- 10.9 Form of Director Indemnification Agreement (incorporated herein by reference to Exhibit 10.17 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)
- 10.10 Form of PGT, Inc. Rollover Stock Option Agreement (incorporated herein by reference to Exhibit 10.18 to Amendment No. 1 to the Registration Statement of the Company on Form S-1, filed with the Securities and Exchange Commission on April 21, 2006, Registration No. 333-132365)
- 10.11 Market Alliance Agreement between PGT Industries, Inc. and E.I. du Pont de Nemours and Company, dated February 27, 2009, with portions omitted pursuant to a request for confidential treatment (incorporated herein by reference to Exhibit 10.1 to Current Report on Form 8-K dated February 27, 2009, filed with the Securities and Exchange Commission on March 5, 2009, Registration No. 000-52059)
- 10.12 Form of PGT, Inc. 2006 Equity Incentive Plan Restricted Stock Award Agreement (incorporated herein by reference to Exhibit 10.24 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)
- 10.13 Form of PGT, Inc. 2006 Equity Incentive Plan Replacement Non-Qualified Stock Option Agreement (incorporated herein by reference to Exhibit 10.1 to Current Report on Form 8-K dated May 1, 2008 filed with the Securities and Exchange Commission on May 1, 2008, Registration No. 000-52059)
- 10.14 Sales Contract, effective as of April 1, 2010, by and between E. I. du Pont de Nemours and Company, through its Packaging & Industrial Polymers business and PGT Industries, Inc. (incorporated herein by reference to Exhibit 10.1 to Current Report on Form 8-K dated May 4, 2010 filed with the Securities and Exchange Commission on May 6, 2010, Registration No. 000-52059)
- 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 and chief financial officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

* Filed herewith.

** Furnished herewith.

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: November 10, 2010

/s/ Rodney Hershberger
Rodney Hershberger
President and Chief Executive Officer

Date: November 10, 2010

/s/ Jeffrey T. Jackson
Jeffrey T. Jackson
Executive Vice President and Chief Financial Officer

EXHIBIT INDEX

- 3.1 Amended and Restated Certificate of Incorporation of PGT, Inc., (incorporated herein by reference to Exhibit 3.1 to the Registrant's Annual Report on Form 10-K for the fiscal year ended January 2, 2010, filed with the 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 Registrant's Annual Report on Form 10-K for the fiscal year ended January 2, 2010, filed with the 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)
- 4.2 Amended and Restated Security Holders' Agreement, by and among PGT, Inc., JLL Partners Fund IV, L.P., and the stockholders named therein, dated as of June 27, 2006 (incorporated herein by reference to Exhibit 4.2 to the Company's Quarterly Report on Form 10-Q, filed with the Securities and Exchange Commission on August 11, 2006, Registration No. 000-52059)
- 4.3 PGT Savings Plan (incorporated herein by reference to Exhibit 4.5 to the Company's Form S-8 Registration Statement, filed with the Securities and Exchange Commission on October 15, 2007, Registration No. 000-52059)
- 10.1 Second Amended and Restated Credit Agreement dated as of February 14, 2006 among PGT Industries, Inc., as Borrower, JLL Window Holdings, Inc. and the other Guarantors party thereto, as Guarantors, the lenders party thereto, UBS Securities LLC, as Arranger, Bookmanager, Co-Documentation Agent and Syndication Agent, UBS AG, Stamford Branch, as Issuing Bank, Administrative Agent and Collateral Agent, UBS Loan Finance LLC, as Swingline Lender and General Electric Capital Corporation, as Co-Documentation Agent
- 10.2 Amendment No. 3 to Second Amended and Restated Credit Agreement dated as of December 22, 2009 among PGT Industries, Inc., UBS AG, Stamford Branch, as administrative agent and the Lenders, as defined therein, further amending the Second Amended and Restated Credit Agreement dated as of February 14, 2006 (incorporated herein by reference to Exhibit 10.1 to Current Report on Form 8-K dated February 22, 2009 filed with the Securities and Exchange Commission on December 23, 2009, Registration No. 000-52059)
- 10.3 Amended and Restated Pledge and Security Agreement dated as of February 14, 2006, by PGT Industries, Inc., JLL Window Holdings, Inc. and the other Guarantors party thereto in favor of UBS AG, Stamford Branch, as First Lien Collateral Agent (incorporated herein by reference to Exhibit 10.3 to Amendment No. 1 to the Registration Statement of the Company on Form S-1, filed with the Securities and Exchange Commission on April 21, 2006, Registration No. 333-132365)
- 10.4 PGT, Inc. 2004 Stock Incentive Plan, as amended (incorporated herein by reference to Exhibit 10.5 to Amendment No. 1 to the Registration Statement of the Company on Form S-1, filed with the Securities and Exchange Commission on April 21, 2006, Registration No. 333-132365)
- 10.5 Form of PGT, Inc. 2004 Stock Incentive Plan Stock Option Agreement (incorporated herein by reference to Exhibit 10.6 to Amendment No. 1 to the Registration Statement of the Company on Form S-1, filed with the Securities and Exchange Commission on April 21, 2006, Registration No. 333-132365)
- 10.6 PGT, Inc. Amended and Restated 2006 Equity Incentive Plan (incorporated herein by reference to Appendix A to the Registrant's Definitive Proxy Statement on Schedule 14A, filed with the Securities and Exchange Commission on March 22, 2010, Registration No. 000-52059)
- 10.7

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- 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)
- 10.8 Form of Employment Agreement, dated February 20, 2009, between PGT Industries, Inc. and, individually, Rodney Hershberger, Jeffery T. Jackson, Mario Ferrucci III, Deborah L. LaPinska, Monte Burns and David B. McCutcheon (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)
- 10.9 Form of Director Indemnification Agreement (incorporated herein by reference to Exhibit 10.17 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)
- 10.10 Form of PGT, Inc. Rollover Stock Option Agreement (incorporated herein by reference to Exhibit 10.18 to Amendment No. 1 to the Registration Statement of the Company on Form S-1, filed with the Securities and Exchange Commission on April 21, 2006, Registration No. 333-132365)
- 10.11 Market Alliance Agreement between PGT Industries, Inc. and E.I. du Pont de Nemours and Company, dated February 27, 2009, with portions omitted pursuant to a request for confidential treatment (incorporated herein by reference to Exhibit 10.1 to Current Report on Form 8-K dated February 27, 2009, filed with the Securities and Exchange Commission on March 5, 2009, Registration No. 000-52059)
- 10.12 Form of PGT, Inc. 2006 Equity Incentive Plan Restricted Stock Award Agreement (incorporated herein by reference to Exhibit 10.24 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)
- 10.13 Form of PGT, Inc. 2006 Equity Incentive Plan Replacement Non-Qualified Stock Option Agreement (incorporated herein by reference to Exhibit 10.1 to Current Report on Form 8-K dated May 1, 2008 filed with the Securities and Exchange Commission on May 1, 2008, Registration No. 000-52059)
- 10.14 Sales Contract, effective as of April 1, 2010, by and between E. I. du Pont de Nemours and Company, through its Packaging & Industrial Polymers business and PGT Industries, Inc. (incorporated herein by reference to Exhibit 10.1 to Current Report on Form 8-K dated May 4, 2010 filed with the Securities and Exchange Commission on May 6, 2010, Registration No. 000-52059)
- 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 and chief financial officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

* Filed herewith.

** Furnished herewith.

