

ROYAL BANK OF CANADA  
 Form 424B2  
 October 18, 2018

This pricing supplement amends and restates the pricing supplement filed on October 16, 2018.

October 2018  
 MSELN-354-C  
 Registration Statement No. 333-227001  
 Amendment No. 1 to the Pricing Supplement  
 Dated October 12, 2018  
 Filed Pursuant to Rule 424(b)(2)

## STRUCTURED INVESTMENTS

Opportunities in International Equities

\$8,059,000 Contingent Income Issuer Callable Securities due October 23, 2019

Based on the Worst Performing of the S&P 500<sup>®</sup> Index, the Russell 2000<sup>®</sup> Index and the EURO STOXX 50<sup>®</sup> Index  
 Principal at Risk Securities

Contingent Income Issuer Callable Securities do not guarantee the payment of interest or the repayment of principal. Instead, the securities offer the opportunity for investors to earn a contingent quarterly payment equal to 2.75% of the stated principal amount (11.00% per annum), but only with respect to each quarterly observation period if the closing level of each underlying index on every scheduled trading day during that period is greater than or equal to 80% of the initial index level (the “coupon threshold level”). In addition, beginning with the contingent payment date occurring in January 2019, the securities may be called at our option for an amount per security equal to the principal amount plus the contingent quarterly payment (if payable). However, if the securities are not called, the payment at maturity due on the securities will be the stated principal amount only if the final index level of each underlying index is greater than or equal to 75% of the initial index level (the “downside threshold level”). Investors will be exposed to the decline in the closing level of the worst performing underlying index, as compared to its initial index level, on a 1 to 1 basis if the final index level of any underlying index is below its downside threshold level on the final valuation date. Under these circumstances, the payment at maturity will be less than 75% of the stated principal amount and could be zero. Moreover, if the closing level of any underlying index on any scheduled trading day during an observation period is less than 80% of its initial index level, you will not receive any contingent quarterly payment for that period. As a result, investors must be willing to accept the risk of not receiving any contingent quarterly payment and also the risk of receiving payment at maturity that is significantly less than the stated principal amount of the securities and could be zero. Investors could lose their entire initial investment in the securities. Investors will not participate in any appreciation of any underlying index. The securities are our senior unsecured obligations, issued as part of our Series H Senior Global Medium-Term Notes program. All payments on the securities are subject to our credit risk.

### FINAL TERMS

Issuer:	Royal Bank of Canada
Underlying indices:	S&P 500 <sup>®</sup> Index (“SPX”), the Russell 2000 <sup>®</sup> Index (“RTY”), and the EURO STOXX 50 <sup>®</sup> Index (“SX5E”)
Aggregate principal amount:	\$8,059,000
Stated principal amount:	\$1,000 per security
Pricing date:	October 12, 2018
Issue date:	October 17, 2018
Final valuation	October 18, 2019

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date:

Maturity date: October 23, 2019

Early redemption: Beginning on the contingent payment date occurring in January 2019, we may call the securities at our option by sending notice at least three business days preceding that contingent payment date (an “early redemption notice date”).

Early redemption payment: The early redemption payment will be an amount equal to (i) the stated principal amount plus (ii) the contingent quarterly payment with respect to the related observation period, if payable.

- If the closing level of each underlying index on every scheduled trading day during the relevant observation period is greater than or equal to its coupon threshold level, we will pay a contingent quarterly payment of \$27.50 (2.75%) of the stated principal amount) per security on the related contingent payment date.

Contingent quarterly payment: · If the closing level of any underlying index on any scheduled trading day during the relevant observation period is less than its coupon threshold level, no contingent quarterly payment will be made with respect to that observation period.  
It is possible that one or more underlying indices will remain below their respective coupon threshold levels on at least one scheduled trading day during most or all of the observation periods so that you will receive few or no contingent quarterly payments during the term of the securities.

Observation periods: Each observation period will be a period of approximately 3 months, as set forth in the following table:

Observation Period Start	Observation Period End
October 12, 2018	January 14, 2019
January 15, 2019	April 12, 2019
April 15, 2018	July 12, 2019
July 15, 2019	October 18, 2019

Contingent payment dates: The 17<sup>th</sup> of January, April and July, beginning on January 17, 2019, and the maturity date.

Payment at maturity: · If the final index level of each underlying index is greater than or equal to its downside threshold level: (i) the stated principal amount plus (ii) the contingent quarterly payment with respect to the final observation period, if payable  
· If the final index level of any underlying index is less than its downside threshold level: stated principal amount x performance factor of the worst performing underlying index

Coupon threshold level: 2,213.70 with respect to the SPX, 1,237.343 with respect to the RTY and 2,555.53 with respect to the SX5E, each of which is equal to 80% of its initial index level (rounded to two decimal places with respect to the SPX and the SX5E, and rounded to three decimal places with respect to the RTY)

Downside threshold level: 2,075.35 with respect to the SPX, 1,160.009 with respect to the RTY and 2.395.81 with respect to the SX5E, each of which is equal to 75% of its initial index level (rounded to two decimal places with respect to the SPX and the SX5E, and rounded to three decimal places with respect to the RTY)

Initial index level: 2,767.13 with respect to the SPX, 1,546.679 with respect to the RTY and 3,194.41 with respect to the SX5E, each of which was its closing level on the pricing date

Final index level: As to each underlying index, its closing level on the final valuation date

Performance factor: As to each underlying index, a fraction, determined as follows: final index level/initial index level

Worst performing index: The underlying index with the lowest performance factor.

CUSIP/ISIN: 78013XN20 / US78013XN203

Listing: The securities will not be listed on any securities exchange.

Agent: RBC Capital Markets, LLC (“RBCCM”). See “Supplemental information regarding plan of distribution; conflicts of interest.”

	Price to public	Agent’s commissions	Proceeds to issuer
Commissions and issue price Per security	\$1,000.00	\$10.00 <sup>(1)</sup>	
		\$5.00 <sup>(2)</sup>	\$985.00
Total	\$8,059,000.00	\$80,590.00	\$7,938,115.00
		\$40,295.00	

(1) RBCCM, acting as agent for Royal Bank of Canada, will receive a fee of \$15 per \$1,000 stated principal amount and will pay to Morgan Stanley Wealth Management (“MSWM”) a fixed sales commission of \$10 for each security that MSWM sells. See “Supplemental information regarding plan of distribution; conflicts of interest.”

(2) Of the amount per \$1,000 stated principal amount received by RBCCM, acting as agent for Royal Bank of Canada, RBCCM will pay MSWM a structuring fee of \$5 for each security.

The initial estimated value of the securities as of the date of this document is \$973.00 per \$1,000 in principal amount, which is less than the price to public. The actual value of the securities at any time will reflect many factors, cannot be predicted with accuracy, and may be less than this amount.

The securities involve risks not associated with an investment in ordinary debt securities. See “Risk Factors” beginning on page 8.

The Securities and Exchange Commission and state securities regulators have not approved or disapproved these securities, or determined if this document or the accompanying prospectus supplement and prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The securities will not constitute deposits insured by the Canada Deposit Insurance Corporation, the U.S. Federal Deposit Insurance Corporation (the “FDIC”) or any other Canadian or U.S. government agency or instrumentality. The securities are not subject to conversion into our common shares under subsection 39.2(2.3) of the Canada Deposit Insurance Corporation Act.

You should read this document together with the related prospectus supplement and prospectus, each of which can be accessed via the hyperlinks below. Please also see “Additional Information About the Securities” at the end of this document.

[Prospectus Supplement dated September 7, 2018](#)

[Prospectus dated September 7, 2018](#)

Contingent Income Issuer Callable Securities due October 23, 2019

Based on the Worst Performing of S&P 500® Index, the Russell 2000® Index and the EURO STOXX 50® Index  
Investment Summary

The Contingent Income Issuer Callable Securities due October 23, 2019, which we refer to as the securities, provide an opportunity for investors to earn a contingent quarterly payment at an annual rate of 11.00% (2.75% per quarter) of the stated principal amount, but only if the closing level of each underlying index on every scheduled trading day during the relevant observation period is greater than or equal to 80% of its initial index level, which we refer to as the coupon threshold level. If payable, the contingent quarterly payment will be paid on the contingent payment date or the maturity date, as applicable. It is possible that one or more underlying indices could remain below their respective coupon threshold levels on at least one scheduled trading day during most or all of the observation periods, so that you may receive few or no contingent quarterly payments during the term of the securities.

Beginning with the contingent payment date occurring in January 2019, the securities may be redeemed at our option at an early redemption notice date, for the principal amount plus the contingent quarterly payment, if any, for the related observation period. An early redemption will be at our option and will not automatically occur based on the performance of any underlying index. It is more likely that we will redeem the securities when it would be advantageous for you to continue to hold the securities. As such, we will be more likely to redeem the securities when the closing level of each underlying index is at or above its coupon threshold level, which would otherwise potentially result in an amount of interest payable on the securities that is greater than instruments of a comparable maturity and credit rating trading in the market. In other words, we will be more likely to redeem the securities at a time when the securities are paying an above-market coupon. If the securities are redeemed prior to maturity, you will receive no more contingent quarterly payments, may be forced to invest in a lower interest rate environment and may not be able to reinvest at comparable terms or returns. On the other hand, we will be less likely to exercise our redemption right when the closing level of any underlying index is below its coupon threshold level and/or when the final index level for any underlying index is expected to be below its downside threshold level, such that you will receive no contingent quarterly payments and/or that you will suffer a significant loss on your investment in the securities at maturity. Therefore, if we do not exercise our redemption right, it is more likely that you will receive few or no contingent quarterly payments and suffer a significant loss at maturity.

If the securities have not been previously redeemed and the final index level of each underlying index is greater than or equal to its downside threshold level, the payment at maturity will be the stated principal amount and, if payable, the final contingent quarterly payment. However, if the securities have not been previously redeemed and the final index level of any underlying index is less than its downside threshold level, you will be exposed to the decline in the closing level of the worst performing underlying index, as compared to its initial index level, on a 1 to 1 basis and will receive a payment at maturity that is less than 75% of the stated principal amount of the securities and could be zero. Investors in the securities must be willing to accept the risk of losing their entire principal and also the risk of not receiving any contingent quarterly payments. In addition, investors will not participate in any appreciation of any of the underlying indices.

Contingent Income Issuer Callable Securities due October 23, 2019

Based on the Worst Performing of S&P 500® Index, the Russell 2000® Index and the EURO STOXX 50® Index  
Scenario Analysis

If the securities are not redeemed prior to maturity, the payment at maturity will vary depending on the final index level of the worst performing underlying index, as follows:

On every scheduled trading day during the observation periods, the closing level for each underlying index is greater than or equal to its coupon threshold level. We choose not to redeem the securities prior to maturity.

- Scenario 1
- § For each of the observation periods, investors will receive the contingent quarterly payment.
  - § The payment due at maturity will be (i) the stated principal amount and (ii) the final contingent quarterly payment.
  - § Investors will not participate in any appreciation of the underlying indices from their respective initial index levels.

On every scheduled trading day during the first 2 observation periods, the closing level for each underlying index is greater than or equal to its coupon threshold level. On any scheduled trading day during the final 2 observation periods, the closing level for at least one underlying index is less than its coupon threshold level. On the final valuation date, the closing level of at least one underlying index is less than its downside threshold level. We choose not to redeem the securities prior to maturity.

- Scenario 2
- § For each of the first 2 observation periods, investors will receive the contingent quarterly payment. For the final 2 observation periods, investors do not receive the contingent quarterly payment.
  - § The payment due at maturity will be (i) the stated principal amount multiplied by (ii) the performance factor of the worst performing underlying index. No final contingent quarterly payment will be paid at maturity in this scenario.
  - § Investors will not participate in any appreciation of the underlying indices from their respective initial index levels.
  - § Investors will lose a significant portion, and may lose all, of their principal in this scenario.

On any scheduled trading day during the first 2 observation periods, the closing level for at least one underlying index is less than its coupon threshold level. On every scheduled trading day during the 3rd observation period, the closing level for each underlying index is greater than or equal to its coupon threshold level. We choose to redeem the securities on the 3rd early redemption notice date.

- Scenario 3
- § For the first 2 observation periods, investors will not receive the contingent quarterly payment.
  - § The early redemption payment will be (i) the stated principal amount and (ii) the contingent quarterly payment for the 3rd observation period.
  - § Investors will not participate in any appreciation of the underlying indices from their respective initial index levels.

Contingent Income Issuer Callable Securities due October 23, 2019

Based on the Worst Performing of S&P 500<sup>®</sup> Index, the Russell 2000<sup>®</sup> Index and the EURO STOXX 50<sup>®</sup> Index  
How the Securities Work

The following diagrams illustrate the potential outcomes for the securities depending on (1) the closing level for each underlying index on every scheduled trading day during the relevant observation period and (2) if the securities are redeemed early, at our option no any early redemption notice date.

Diagram #1: Contingent Quarterly Payments

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Contingent Income Issuer Callable Securities due October 23, 2019

Based on the Worst Performing of S&P 500® Index, the Russell 2000® Index and the EURO STOXX 50® Index

Diagram #2: Payment at Maturity if No Early Redemption Occurs

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Contingent Income Issuer Callable Securities due October 23, 2019

Based on the Worst Performing of S&P 500® Index, the Russell 2000® Index and the EURO STOXX 50® Index

The below examples are based on the following terms:

Hypothetical Initial Index Level:	With respect to each underlying index, 100.00
Hypothetical Downside Threshold Level:	With respect to each underlying index, 75.00, which is 75% of its hypothetical initial index level
Hypothetical Coupon Threshold Level:	With respect to each underlying index, 80.00, which is 80% of its hypothetical initial index level
Hypothetical Contingent Quarterly Payment:	11.00% per annum (corresponding to \$27.50 (or 2.75%) per quarter per security) <sup>1</sup>
Stated Principal Amount:	\$1,000 per security

<sup>1</sup> The actual contingent quarterly payment will be an amount determined by the calculation agent based on the number of days in the applicable payment period, calculated on a 30/360 day count basis. The hypothetical contingent quarterly payment of \$27.50 is used in these examples for ease of analysis.

How to determine whether a contingent quarterly payment is payable with respect to an observation period:

#### Early Redemption Example

Lowest Index Closing Value on any Scheduled Trading Day  
During the Applicable Observation Period

Hypothetical Observation Periods	SPX	RTY	SX5E	Contingent Quarterly Payment
#1	90.00 (at or above its coupon threshold level)	85.00 (at or above its coupon threshold level)	105.00 (at or above its coupon threshold level)	\$27.50
#2	55.00 (below its coupon threshold level)	100.00 (at or above its coupon threshold level)	90.00 (at or above its coupon threshold level)	N/A
#3	90.00 (at or above its coupon threshold level)	85.00 (at or above its coupon threshold level)	105.00 (at or above its coupon threshold level)	\$27.50

In Early Redemption Example, on each scheduled trading day during the hypothetical observation period #1, each of the underlying indices closes at or above its coupon threshold level. Therefore, a contingent quarterly payment is made on the relevant contingent payment date for the hypothetical observation period #1. On at least one scheduled trading day during each of the hypothetical observation period #2 at least one underlying index closes at or above its coupon threshold level, but one or more other underlying indices closes below its coupon threshold level. Therefore, no contingent quarterly payment is made on the relevant contingent payment date. The securities are redeemed at our option on the 3rd early redemption notice date. Since the closing level of each underlying index is greater than or equal to its coupon threshold level on every scheduled trading day during the hypothetical observation period #3, you would receive the early redemption payment, calculated as follows:

$$\begin{aligned} \text{stated principal amount} + \text{contingent quarterly payment} &= \$1,000 + \$27.50 \\ &= \$1,027.50 \end{aligned}$$

In this example, the early redemption feature limits the term of your investment to approximately 9 months, and you may not be able to reinvest at comparable terms or returns. If the securities are redeemed early, you will not receive any additional contingent quarterly payments.





Contingent Income Issuer Callable Securities due October 23, 2019

Based on the Worst Performing of S&P 500® Index, the Russell 2000® Index and the EURO STOXX 50® Index

How to calculate the payment at maturity (if the securities have not been redeemed):

Index Closing Value on the Valuation Date (Final Index Level)

Example	SPX	RTY	SX5E	Payment at Maturity
#1	115.00 (at or above its downside threshold level)	105.00 (at or above its downside threshold level)	105.00 (at or above its downside threshold level)	\$1,000*
#2	105.00 (at or above its downside threshold level)	50.00 (below its downside threshold level)	90.00 (at or above its downside threshold level)	\$1,000 × the worst performing index performance factor = \$10 × (50.00 / 100.00) = \$500.00
#3	90.00 (at or above its downside threshold level)	60.00 (below its downside threshold level)	105.00 (at or above its downside threshold level)	\$1,000 × (60.00 / 100.00) = \$600.00

\*In addition, the final contingent quarterly payment will be payable if the closing level of each underlying index is at or above its coupon threshold level on every scheduled trading day during the final observation period.

In Example #1, the final index level of each of the underlying indices is at or above its downside threshold level.

Therefore, investors receive at maturity the stated principal amount of the securities and, if the closing level of each § underlying index on every scheduled trading day is at or above its coupon threshold level during the final observation period, the contingent quarterly payment with respect to such period. Investors will not participate in any appreciation of any underlying index.

In Examples #2 and #3, the final index level of one or more underlying indices is at or above its downside threshold level, but the final index level of one or more of the other underlying indices is below its downside threshold level.

§ Therefore, investors are exposed to the downside performance of the worst performing underlying index at maturity and receive at maturity an amount equal to the stated principal amount multiplied by the worst performing index performance factor.

If the final index level of any underlying index is below its downside threshold level, you will be exposed to the downside performance of the worst performing underlying index at maturity, and your payment at maturity will be less than 75% of the stated principal amount and could be zero.

Contingent Income Issuer Callable Securities due October 23, 2019

Based on the Worst Performing of S&P 500® Index, the Russell 2000® Index and the EURO STOXX 50® Index  
Risk Factors

The following is a non-exhaustive list of certain key risk factors for investors in the securities. For further discussion of these and other risks, you should read the section entitled “Risk Factors” in the accompanying prospectus supplement and prospectus. You should also consult your investment, legal, tax, accounting and other advisers in connection with your investment in the securities.

The securities do not guarantee the return of any principal. The terms of the securities differ from those of ordinary debt securities in that the securities do not guarantee the payment of regular interest or the return of any of the principal amount at maturity. Instead, if the securities have not been redeemed prior to maturity and if the final § index level of any underlying index is less than its downside threshold level, you will be exposed to the decline in the closing level of the worst performing underlying index, as compared to its initial index level, on a 1 to 1 basis. In this case, the payment at maturity will be less than 75% of the stated principal amount and could be zero.

The potential contingent repayment of principal represented by the downside threshold level applies only at maturity. If the securities are not redeemed, you should be willing to hold the securities until maturity. Additionally, § if the securities are not redeemed, at maturity, you will receive the stated principal amount only if the final index level of each underlying index is greater than or equal to its downside threshold level. If you are able to sell the securities prior to maturity, you may have to sell them for a loss relative to the principal amount, even if the level of each underlying index is at or above its downside threshold level.

You will not receive any contingent quarterly payment for any observation period where the closing level of any underlying index on any scheduled trading day during that period is less than its coupon threshold level. A contingent quarterly payment will be made with respect to an observation period only if the closing level of each underlying index on every scheduled trading day during the relevant observation period is greater than or equal to its coupon threshold level. It is possible that the closing level of one or more underlying indices could be below its respective coupon threshold level on at least one scheduled trading day during most or all of the § observation periods, so that you will receive few or no contingent quarterly payments. If the closing level of any underlying index on any scheduled trading day during an observation period is below its coupon threshold level, you will not receive any contingent quarterly payments for the related observation period, even if the closing level of that underlying index was at or above its coupon threshold level on most or all of the other trading days during that observation period and even if the closing levels of the other underlying indices were at or above their respective coupon threshold levels on each scheduled trading day during that observation period.

Your return on the securities may be lower than the return on a conventional debt security of comparable maturity. § The return that you will receive on the securities, which could be negative, may be less than the return you could earn on other investments. Your investment may not reflect the full opportunity cost to you when you take into account factors that affect the time value of money, such as inflation.

Investors will not participate in any appreciation in the level of any underlying index. Investors will not participate in any appreciation in the level of any underlying index from its initial index level, and the return on the securities will be limited to the contingent quarterly payments, if any, that are payable. The payment at maturity will not exceed the principal amount plus the final contingent quarterly payment, if it is payable. It is possible that the § closing level of one or more of the underlying indices could be below the applicable coupon threshold level on at least one scheduled trading day during most or all of the observation periods so that you will receive few or no contingent quarterly payments. If you do not earn sufficient contingent quarterly payments over the term of the securities, the overall return on the securities may be less than the amount that would be paid on one of our conventional debt securities of comparable maturity.

Contingent Income Issuer Callable Securities due October 23, 2019

Based on the Worst Performing of S&P 500<sup>®</sup> Index, the Russell 2000<sup>®</sup> Index and the EURO STOXX 50<sup>®</sup> Index

The early redemption feature may limit the term of your investment to approximately three months. If the securities are redeemed early, you may not be able to reinvest at comparable terms or returns. The term of your investment in the securities may be limited to as short as approximately three months by the early redemption feature. If the securities are redeemed prior to maturity, you will receive no more contingent quarterly payments and may be forced to invest in a lower interest rate environment and may not be able to reinvest at comparable terms or returns. It is more likely that we will redeem the securities when it would be advantageous for you to continue to hold the securities. As such, we will be more likely to redeem the securities when the closing level of each underlying index is at or above its coupon threshold level, which would otherwise potentially result in an amount of interest payable on the securities that is greater than instruments of a comparable maturity and credit rating trading in the market. In § other words, we will be more likely to redeem the securities at a time when the securities are paying an above-market coupon. If the securities are redeemed prior to maturity, you will receive no more contingent quarterly payments, may be forced to invest in a lower interest rate environment and may not be able to reinvest at comparable terms or returns. On the other hand, we will be less likely to exercise our redemption right when the closing level of any underlying index is below its coupon threshold level and/or when the final index level for any underlying index is expected to be below its downside threshold level, such that you will receive no contingent quarterly payments and/or that you will suffer a significant loss on your investment in the securities at maturity. Therefore, if we do not exercise our redemption right, it is more likely that you will receive few or no contingent quarterly payments and suffer a significant loss at maturity.

You are exposed to the market risk of all underlying indices, with respect to both the contingent quarterly payments, if any, and the payment at maturity, if any. Your return on the securities is not linked to a basket consisting of the underlying indices. Rather, it will be contingent upon the independent performance of each underlying index. Unlike an instrument with a return linked to a basket of underlying assets, in which risk is potentially mitigated and diversified among all the components of the basket, you will be exposed to the risks related to each of the underlying indices. Poor performance by any underlying index over the term of the securities may negatively affect your return § and will not be offset or mitigated by any positive performance by the other underlying indices. To receive any contingent quarterly payments, all underlying indices must close at or above their respective coupon threshold levels on each trading day during the applicable observation period. In addition, if any underlying index has decreased to below its respective downside threshold level as of the final valuation date, you will be fully exposed to the decrease in the worst performing underlying index on a 1 to 1 basis, even if the other underlying indices have appreciated. Under this scenario, the payment at maturity will be less than 75% of the stated principal amount and could be zero. Accordingly, your investment is subject to the market risk of each of the underlying indices.

Because the securities are linked to the performance of the worst performing underlying index, you are exposed to greater risks of receiving no contingent quarterly payments and sustaining a significant loss on your investment than if the securities were linked to just one underlying index. The risk that you will not receive any contingent quarterly payments, or that you will suffer a significant loss on your investment, is greater if you invest in the securities as § opposed to substantially similar securities that are linked to the performance of just one underlying index. With three underlying indices, it is more likely that one or more of the underlying indices will close below their respective coupon threshold levels on any scheduled trading day during any observation period or the final valuation date than if the securities were linked to only one underlying index. Therefore, it is more likely that you will not receive any contingent quarterly payments, and that you will suffer a significant loss on your investment.

The market price will be influenced by many unpredictable factors. Several factors will influence the value of the securities in the secondary market and the price at which RBCCM may be willing to purchase or sell the securities in § the secondary market. Although we expect that generally the closing levels of the underlying indices on any day may affect the value of the securities more than any other single factor, other factors that may influence the value of the securities include:

o the volatility (frequency and magnitude of changes in the level) of the underlying indices;

whether the closing level of any underlying index has been below its coupon threshold level on any scheduled trading day during any observation period;  
dividend rates on the securities included in the underlying indices;

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Contingent Income Issuer Callable Securities due October 23, 2019

Based on the Worst Performing of S&P 500® Index, the Russell 2000® Index and the EURO STOXX 50® Index  
o interest and yield rates in the market;

- o the time remaining until the securities mature;

o geopolitical conditions and economic, financial, political, regulatory or judicial events that affect the underlying indices and their levels;

o the composition of the underlying indices and changes in their constituent stocks; and

o any actual or anticipated changes in our credit ratings or credit spreads.

The levels of the underlying indices may be, and has recently been, volatile, and we can give you no assurance that the volatility will lessen. See “The Underlying Indices” below. You may receive less, and possibly significantly less, than the stated principal amount per security if you try to sell your securities prior to maturity.

The securities are subject to our credit risk, and any actual or anticipated changes to its credit ratings or credit spreads may adversely affect the market value of the securities. You are dependent on our ability to pay all amounts due on the securities on each contingent payment date or at maturity, and therefore you are subject to our credit risk.

§ If we default on our obligations under the securities, your investment would be at risk and you could lose some or all of your investment. As a result, the market value of the securities prior to maturity will be affected by changes in the market’s view of our creditworthiness. Any actual or anticipated decline in our credit ratings or increase in the credit spreads charged by the market for taking our credit risk is likely to adversely affect the market value of the securities.

Owning the securities is not the same as owning the common stocks included in the underlying indices. The return on your securities will not reflect the return you would realize if you actually owned and held the common stocks included in the underlying indices for a similar period. If the securities are redeemed, the early redemption payment that you receive will be the stated principal amount plus the contingent quarterly payment (if payable), regardless of the amount by which the closing level of any underlying index on any scheduled trading day exceeds its initial index § level. Investors will not participate in any appreciation of any underlying index. The return on the securities will be limited to any contingent quarterly payments made during the term of the securities. In addition, you will not have voting rights, the right to receive dividends, or any other rights that holders of those common stocks may have. Even if the level of any underlying index increases above its initial index level during the term of the securities, the market value of the securities may not increase by the same amount. It is also possible for the levels of one or more of the underlying indices to increase while the market value of the securities decreases.

Changes that affect the underlying indices will affect the market value of the securities and the payments on the securities. The policies of the applicable index sponsors concerning the calculation of the underlying indices, additions, deletions or substitutions of the common stocks included in those indices and the manner in which changes affecting the issuers of those stocks, such as stock dividends, reorganizations or mergers, are reflected in the applicable index could affect the levels of these indices, whether the securities are called at our option, the contingent quarterly payment, the payment at maturity, and the market value of the securities prior to maturity. The § amount payable on the securities and their market value could also be affected if an index sponsor changes these policies, for example, by changing the manner in which it calculates the underlying index, or if an index sponsor discontinues or suspends calculation or publication of an underlying index, in which case it may become difficult to determine the market value of the securities. If events such as these occur, or if the level of an underlying index is not available on the final valuation date because of a market disruption event or for any other reason and no successor index is selected, the calculation agent may determine the level of the applicable underlying index — and thus the payment at maturity — in its sole discretion.

§ No affiliation with any index sponsor. None of the applicable index sponsors is an affiliate of ours and is not involved with this offering in any way. Consequently, we have no control over the actions of those index sponsors, including any actions of the type that would affect the composition of the underlying indices, and therefore, the levels of the underlying indices. The index sponsors have no obligation of any sort with respect to the securities.

Thus, these index sponsors have no obligation to take your interests into consideration for any reason, including in taking any actions that might affect the value of the securities.

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Contingent Income Issuer Callable Securities due October 23, 2019

Based on the Worst Performing of S&P 500® Index, the Russell 2000® Index and the EURO STOXX 50® Index

An investment in the securities is subject to risks associated in investing in stocks with a small market capitalization. The RTY consists of stocks issued by companies with relatively small market capitalizations. These companies often have greater stock price volatility, lower trading volume and less liquidity than large-capitalization companies. As a result, the level of this underlying index may be more volatile than that of a market measure that does not track solely small-capitalization stocks. Stock prices of small-capitalization companies are also often more vulnerable than those of large-capitalization companies to adverse business and economic developments, and the stocks of § small-capitalization companies may be thinly traded, and be less attractive to many investors if they do not pay dividends. In addition, small capitalization companies are often less well-established and less stable financially than large-capitalization companies and may depend on a small number of key personnel, making them more vulnerable to loss of those individuals. Small capitalization companies tend to have lower revenues, less diverse product lines, smaller shares of their target markets, fewer financial resources and fewer competitive strengths than large-capitalization companies. These companies may also be more susceptible to adverse developments related to their products or services.

There are risks associated with investments in securities linked to the value of foreign equity securities. The SX5E includes equity securities issued by non-U.S. companies. An investment in securities linked to the value of non-U.S. equity securities involves particular risks. Non-U.S. securities markets may be more volatile than U.S. securities markets, and market developments may affect non-U.S. securities markets differently from the U.S. securities § markets. Direct or indirect government intervention to stabilize these non-U.S. securities markets, as well as cross shareholdings among non-U.S. companies, may affect trading prices and volumes in those markets. Also, there is generally less publicly available information in the U.S. about non-U.S. companies than about those companies that are subject to the reporting requirements of the SEC, and non-U.S. companies are subject to accounting, disclosure, auditing and financial reporting standards and requirements that differ from those applicable to U.S. reporting companies.

Securities prices in non-U.S. countries are subject to political, economic, financial and social factors that may be unique to the particular country. These factors, which could negatively affect the non-U.S. securities markets, include the possibility of recent or future changes in the economic and fiscal policies of non-U.S. governments, the possible imposition of, or changes in, currency exchange laws or other non-U.S. laws or restrictions applicable to non-U.S. companies or investments in non-U.S. equity securities, the possibility of fluctuations in the rate of exchange between currencies, the possibility of outbreaks of hostility and political instability, and the possibility of natural disaster or adverse public health developments in the region. Moreover, the economies of certain foreign countries may differ favorably or unfavorably from the U.S. economy in important respects, such as growth of gross national product, rate of inflation, trade surpluses or deficits, capital reinvestment, resources and self-sufficiency.

The securities are subject to exchange rate risk. Because securities held by the SX5E are traded in currencies other than U.S. dollars, and the securities are denominated in U.S. dollars, the amount payable on the securities at maturity may be exposed to fluctuations in the exchange rate between the U.S. dollar and each of the currencies in which § those securities are denominated. These changes in exchange rates may reflect changes in various non-U.S. economies that in turn may affect the payment on the securities at maturity. An investor's net exposure will depend on the extent to which the currencies in which the relevant securities are denominated either strengthen or weaken against the U.S. dollar and the relative weight of each security.

§ We or our affiliates may have adverse economic interests to the holders of the securities. RBCCM and other affiliates of ours may trade the common stocks included in the underlying indices and other financial instruments related to the underlying indices on a regular basis, for their accounts and for other accounts under their management. RBCCM and these affiliates may also issue or underwrite or assist unaffiliated entities in the issuance or underwriting of other securities or financial instruments linked to the underlying indices. To the extent that we or one of our affiliates serves as issuer, agent or underwriter for those securities or financial instruments, our or their interests with respect to those products may be adverse to those of the holders of the securities. Any of these trading



activities could potentially affect the performance of the underlying indices and, accordingly, could affect the value of the securities and the amounts, if any, payable on the securities.

We may hedge our obligations under the securities through certain affiliates, who would expect to make a profit on that hedge. We or our affiliates may adjust these hedges by, among other things, purchasing or selling those assets

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Based on the Worst Performing of S&P 500<sup>®</sup> Index, the Russell 2000<sup>®</sup> Index and the EURO STOXX 50<sup>®</sup> Index at any time, which could have an impact on the return of your securities. Because hedging our obligations entails risk and may be influenced by market forces beyond our or our affiliates' control, such hedging may result in a profit that is more or less than expected, or it may result in a loss.

The historical performance of the underlying indices should not be taken as an indication of their future performance. The levels of the underlying indices will determine the amounts to be paid on the securities. The historical performance of the underlying indices does not give an indication of their future performance. As a result, it is impossible to predict whether the level of any underlying index will rise or fall during the term of the securities.

§ The levels of the underlying indices will be influenced by complex and interrelated political, economic, financial and other factors. The level of an underlying index may decrease such that you may not receive any return of your investment or any contingent quarterly payment. There can be no assurance that the level of any underlying index will not decrease so that at maturity you will not lose a significant portion or all of your investment.

The securities will not be listed on any securities exchange and secondary trading may be limited. The securities will not be listed on any securities exchange. Therefore, there may be little or no secondary market for the securities. RBCCM may, but is not obligated to, make a market in the securities, and, if it chooses to do so at any time, it may cease doing so. When it does make a market, it will generally do so for transactions of routine secondary market size at prices based on its estimate of the current value of the securities, taking into account its bid/offer spread, our credit spreads, market volatility, the notional size of the proposed sale, the cost of unwinding any relating § hedging positions, the time remaining to maturity and the likelihood that it will be able to resell the securities. Even if there is a secondary market, it may not provide enough liquidity to allow you to trade or sell the securities easily.

Because we do not expect that other broker-dealers will participate significantly in the secondary market for the securities, the price at which you may be able to trade your securities is likely to depend on the price, if any, at which RBCCM is willing to transact. If, at any time, RBCCM were to cease making a market in the securities, it is likely that there would be no secondary market for the securities. Accordingly, you should be willing to hold your securities to maturity.

The initial estimated value of the securities is less than the price to the public. The initial estimated value that is set forth on the cover page of this document does not represent a minimum price at which we, RBCCM or any of our affiliates would be willing to purchase the securities in any secondary market (if any exists) at any time. If you attempt to sell the securities prior to maturity, their market value may be lower than the price you paid for them and the initial estimated value. This is due to, among other things, changes in the levels of the underlying indices, the borrowing rate we pay to issue securities of this kind, and the inclusion in the price to the public of the agent's commissions and the estimated costs relating to our hedging of the securities. These factors, together with various credit, market and economic factors over the term of the securities, are expected to reduce the price at which you § may be able to sell the securities in any secondary market and will affect the value of the securities in complex and unpredictable ways. Assuming no change in market conditions or any other relevant factors, the price, if any, at which you may be able to sell your securities prior to maturity may be less than your original purchase price, as any such sale price would not be expected to include the agent's commissions and the hedging costs relating to the securities. In addition to bid-ask spreads, the value of the securities determined for any secondary market price is expected to be based on the secondary rate rather than the internal funding rate used to price the securities and determine the initial estimated value. As a result, the secondary price will be less than if the internal funding rate was used. The securities are not designed to be short-term trading instruments. Accordingly, you should be able and willing to hold your securities to maturity.

§ Our initial estimated value of the securities is an estimate only, calculated as of the pricing date. The initial estimated value of the securities is based on the value of our obligation to make the payments on the securities, together with the mid-market value of the derivative embedded in the terms of the securities. See "Additional Information About the Securities—Structuring the securities" below. Our estimate is based on a variety of assumptions, including our credit spreads, expectations as to dividends, interest rates and volatility, and the expected term of the

securities. These assumptions are based on certain forecasts about future events, which may prove to be incorrect. Other entities may value the securities or similar securities at a price that is significantly different than we do.

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The value of the securities at any time after the pricing date will vary based on many factors, including changes in market conditions, and cannot be predicted with accuracy. As a result, the actual value you would receive if you sold the securities in any secondary market, if any, should be expected to differ materially from the initial estimated value of your securities.

The securities are not designed to be short-term trading instruments. The price at which you will be able to sell the securities to us or our affiliates prior to maturity, if at all, may be at a substantial discount from the principal amount of the securities, even in cases where the closing level of one or more of the underlying indices have appreciated since the pricing date. In addition, you may receive less, and possibly significantly less, than the stated principal amount of your securities if you try to sell your securities prior to the maturity date, and you will not receive the benefit of any contingent repayment of principal represented by the downside threshold level.

Hedging and trading activity by our subsidiaries could potentially adversely affect the value of the securities. One or more of our subsidiaries and/or third party dealers expect to carry out hedging activities related to the securities (and to other instruments linked to the underlying indices), including trading in the common stocks included in the underlying indices and in other instruments related to the underlying indices. Some of our subsidiaries also trade the common stocks included in the underlying indices and other financial instruments related to the underlying indices on a regular basis as part of their general broker-dealer and other businesses. Any of these hedging or trading activities on or prior to the pricing date could have increased the initial index level of one or more of the underlying indices and, as a result, could have increased the coupon threshold level, which is the level at or above which an underlying index must close on any scheduled trading day for each observation period in order for you to earn a contingent quarterly payment. These activities could also make it more likely that you will be exposed to the negative performance of that underlying index at maturity. Additionally, those hedging or trading activities during the term of the securities could potentially affect the levels of one or more of the underlying indices on any scheduled trading day for each observation period and the final valuation date, and, accordingly, the payments to you on the securities.

You must rely on your own evaluation of the merits of an investment linked to the underlying indices. In the ordinary course of their business, our affiliates may have expressed views on expected movement in the underlying indices, and may do so in the future. These views or reports may be communicated to our clients and clients of our affiliates. However, these views are subject to change from time to time. Moreover, other professionals who transact business in markets relating to the underlying indices may at any time have significantly different views from those of our affiliates. For these reasons, you are encouraged to derive information concerning the underlying indices from multiple sources, and you should not rely solely on views expressed by our affiliates.

The calculation agent, which is a subsidiary of the issuer, will make determinations with respect to the securities, which may create a conflict of interest. Our wholly owned subsidiaTD>

	Aluminum Forward Contracts	Valuation Allowance (in thousands)	Total
Balance at December 31, 2011	\$ (1,970)	\$ 172	\$ (1,798)
Other comprehensive income before reclassification	251		251
Amounts reclassified from accumulated other comprehensive loss	25		25
Tax effect	(108)	108	

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Net current-period other comprehensive income	168	108	276
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Balance at March 31, 2012	\$ (1,802)	\$ 280	\$ (1,522)
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Reclassification out of accumulated other comprehensive loss for the three months ended March 30, 2013, and March 31, 2012.

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

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**Table of Contents****NOTE 9. COMMITMENTS AND CONTINGENCIES***Litigation*

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

**NOTE 10. INCOME TAXES**

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

**NOTE 11. DERIVATIVE****Derivative Financial Instruments – Aluminum Contracts**

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

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

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

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

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

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

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



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

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

As of March 30, 2013  
(in thousands)

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

As of March 30, 2013  
(in thousands)

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

As of December 29, 2012  
(in thousands)

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

As of December 29, 2012  
(in thousands)

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



**Derivative Financial Instruments Interest Rate Contract**

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

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

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

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

	Amount of Gain or (Loss) Recognized in OCI on Derivatives (Effective Portion) Three Months Ended <i>(in thousands)</i>		Derivatives in Cash Flow Hedging Relationships	Amount of Gain Reclassified from Accumulated OCI into Income (Effective Portion) Three Months Ended <i>(in thousands)</i>	
	March 30, 2013	March 31, 2012	Location of Gain or (Loss) Reclassified from Accumulated OCI into Income (Effective Portion)	March 30, 2013	March 31, 2012
	Aluminum contracts	\$ 157	\$ 251	Cost of sales	\$

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

**NOTE 12. FAIR VALUE**

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

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

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

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

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



**Table of Contents****Items Measured at Fair Value on a Recurring Basis**

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

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

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

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

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

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

**Fair Value of Financial Instruments**

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

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

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

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

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

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

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

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

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**NOTE 13. GOVERNMENT INCENTIVE**

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

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

**NOTE 14. ASSETS HELD FOR SALE**

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

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

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

**Special Note Regarding Forward-Looking Statements**

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

Changes in new home starts and home remodeling trends

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The economy in the U.S. generally or in Florida where the substantial portion of our sales are generated

Raw material prices, especially aluminum

Transportation costs

Level of indebtedness

Dependence on our WinGuard branded product lines

Product liability and warranty claims

Federal and state regulations

Dependence on our manufacturing facilities

The controlling interest of JLL Partners Fund IV, L.P.

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

## **EXECUTIVE OVERVIEW**

### **Sales and Operations**

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

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

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

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

related expenses of \$0.3 million.

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

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

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

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



**Table of Contents****Performance Summary**

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

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

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

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

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

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



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**Table of Contents*****Gross margin***

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

***Selling, general and administrative expenses***

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

***Gain on assets held for sale***

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

***Interest expense, net***

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

***Other expense, net***

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

***Income tax expense***

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

**Liquidity and Capital Resources**

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

***Consolidated Cash Flows***

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

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

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

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

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

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

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

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

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

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

The Credit Agreement imposes certain restrictions on us, including restrictions on our ability to: incur debt or provide guarantees; grant or suffer to exist liens; sell certain material assets; pay dividends or make other distributions in respect of capital stock; prepay certain indebtedness, make loans, advances, investments and acquisitions; change our line of business; engage in affiliate transactions; consummate mergers, consolidations

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or other fundamental transactions; and enter into agreements with negative pledge clauses. The Credit Agreement also requires us to maintain certain minimum interest coverage ratios and maximum leverage ratios, which are tested at the end of each fiscal quarter. We were in compliance with all covenants as of March 30, 2013.

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

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

	<i>(in millions)</i>
Remainder of 2013	\$
2014	
2015	
2016	30.0
<b>Total</b>	<b>\$ 30.0</b>

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

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

**Contractual Obligations**

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

**Significant Accounting Policies and Critical Accounting Estimates**

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

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

**ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

We utilize derivative financial instruments to hedge price movements in aluminum materials used in our manufacturing process and to hedge interest rate fluctuation associated with our debt. We entered into aluminum hedging instruments that settle at various times through May 2014

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and cover approximately 45% of our anticipated need through May 2014 at an average price of \$0.92 per pound. For forward contracts for the purchase of aluminum on March 30, 2013, a 10% decrease in the price of aluminum per pound would decrease the fair value of our forward contracts of aluminum by \$0.7 million. This calculation utilizes our actual commitment of 8.0 million pounds under contract (to be settled throughout May 2014) and the market price of aluminum as of March 30, 2013, which was approximately \$0.85 per pound.

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

**ITEM 4. CONTROLS AND PROCEDURES**

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

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

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

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

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

**PART II OTHER INFORMATION****ITEM 1. LEGAL PROCEEDINGS**

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

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





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

**ITEM 1A. RISK FACTORS**

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

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

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

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

**Unregistered Sales of Equity Securities and Use of Proceeds**

None.

**Issuer Purchases of Equity Securities**

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

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

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

\* Periods represent our fiscal months.

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

**ITEM 3. DEFAULTS UPON SENIOR SECURITIES**

None.

**ITEM 4. MINE SAFETY DISCLOSURE**

Not applicable

**ITEM 5. OTHER INFORMATION**

None.

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**ITEM 6. EXHIBITS**

The following items are attached or incorporated herein by reference:

- 3.1 Amended and Restated Certificate of Incorporation of PGT, Inc. (incorporated herein by reference to Exhibit 3.1 to the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 18, 2010, Registration No. 000-52059)
- 3.2 Amended and Restated By-Laws of PGT, Inc. (incorporated herein by reference to Exhibit 3.2 to the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 18, 2010, Registration No. 000-52059)
- 4.1 Form of Specimen Certificate (incorporated herein by reference to Exhibit 4.1 to Amendment No. 2 to the Registration Statement of the Company on Form S-1, filed with the Securities and Exchange Commission on May 26, 2006, Registration No. 333-132365)
- 10.1 Credit Agreement between PGT, Inc., PGT Industries, Inc., General Electric Capital Corporation, as administrative agent, collateral agent, swing line lender, L/C issuer and lender, GE Capital Markets, Inc. and SunTrust Robinson Humphrey, Inc. as joint lead arrangers and bookrunners, and SunTrust Bank, as syndication agent, L/C issuer, and lender, and the other lender named therein, dated as of June 23, 2011, (incorporated herein by reference to Exhibit 10.1 to Current Report on Form 8-K dated June 23, 2011, filed with the Securities and Exchange Commission on June 23, 2011, Registration No. 000-52059)
- 10.2 Form of PGT, Inc. 2006 Equity Incentive Plan Non-qualified Stock Option Agreement (incorporated herein by reference to Exhibit 10.8 to Amendment No. 3 to the Registration Statement of the Company on Form S-1, filed with the Securities and Exchange Commission on June 8, 2006, Registration No. 333-132365)
- 10.3 Form of Employment Agreement, between PGT Industries, Inc. and, individually, Rodney Hershberger, Jeffery T. Jackson, Mario Ferrucci III, Deborah L. LaPinska, Monte Burns, David B. McCutcheon and Todd Antonelli (incorporated herein by reference to Exhibit 10.1 to Current Report on Form 8-K dated February 20, 2009, filed with the Securities and Exchange Commission on February 26, 2009, Registration No. 000-52059)
- 10.4 Form of PGT, Inc. 2006 Equity Incentive Plan Replacement Non-Qualified Stock Option Agreement (incorporated herein by reference to Exhibit 10.17 to the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 18, 2010, Registration No. 000-5205)
- 10.8 PGT, Inc. Amended and Restated 2006 Equity Incentive Plan (incorporated herein by reference to Exhibit 10.7 to the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 18, 2010, Registration No. 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 pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
- 32.2\*\* Certification of chief financial officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
- 101.INS XBRL Instance Document\*\*
- 101.SCH XBRL Taxonomy Extension Schema\*\*
- 101.CAL XBRL Taxonomy Extension Calculation Linkbase\*\*
- 101.LAB XBRL Taxonomy Extension Label Linkbase\*\*
- 101.PRE XBRL Taxonomy Extension Presentation Linkbase\*\*

\* Filed herewith.

\*\* Furnished herewith.



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**SIGNATURES**

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

**PGT, INC.  
(Registrant)**

Date: May 3, 2013

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

Date: May 3, 2013

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