

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

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

OR

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

For Quarter Ended May 29, 1999 Commission File Number 0-6365

APOGEE ENTERPRISES, INC.

(Exact Name of Registrant as Specified in Charter)

Minnesota 41-0919654

(State of Incorporation) (IRS Employer ID No.)

7900 Xerxes Avenue South, Suite 1800, Minneapolis, Minnesota 55431

(Address of Principal Executive Offices)

Registrant's Telephone Number (612) 835-1874

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

APPLICABLE ONLY TO CORPORATE ISSUERS:

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

Class	Outstanding at June 30, 1999
-----	-----
Common Stock, \$.33 1/3 Par Value	27,838,273

1

APOGEE ENTERPRISES, INC.
FORM 10-Q
TABLE OF CONTENTS
FOR THE QUARTER ENDED MAY 29, 1999

Description

Page

Item 1.	Financial Statements	
	Consolidated Balance Sheets as of May 29, 1999 and February 27, 1999	3
	Consolidated Results of Operations for the Quarters Ended May 29, 1999 and May 30, 1998	4
	Consolidated Statements of Cash Flows for the Quarters Ended May 29, 1999 and May 30, 1998	5
	Notes to Consolidated Financial Statements	6-7
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	7-11
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	11-12

PART II Other Information

Item 6.	Exhibits and Reports on Form 8-K	13
	Exhibits Index	15
	Exhibit 27 Financial Data Schedule (EDGAR filing only)	

Item 1. Financial Statements

APOGEE ENTERPRISES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Thousands of Dollars)

	May 29, 1999 ----- (unaudited)	February 27, 1999 -----
ASSETS		
Current assets		
Cash and cash equivalents	\$ 5,775	\$ 1,318
Receivables, net of allowance for doubtful accounts	111,841	118,216
Inventories	69,999	68,171
Deferred tax assets	11,650	11,622
Other current assets	5,467	6,018
	-----	-----
Total current assets	204,732	205,345
	-----	-----
Property, plant and equipment, net	198,127	180,428
Other assets		
Marketable securities - available for sale	23,942	27,239
Investments	521	570
Intangible assets, at cost less accumulated amortization of \$10,030 and \$9,446, respectively	55,116	55,077
	-----	-----
Other	2,483	2,532
	-----	-----
Total assets	\$484,921	\$471,191
	=====	=====

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities		
Accounts payable	\$ 31,601	\$ 43,166
Accrued expenses	47,572	51,738
Billings in excess of costs and earnings on uncompleted contracts	11,714	11,622
Accrued income taxes	9,709	7,385
Current installments of long-term debt	1,035	1,300
	-----	-----
Total current liabilities	101,631	115,211
	-----	-----
Long-term debt, less current installments	187,086	165,097
Other long-term liabilities	29,639	27,845
Net liabilities of discontinued operations	32,793	32,374
Shareholders' equity		
Common stock, \$.33 1/3 par value; authorized 50,000,000 shares; issued and outstanding 27,761,000 and 27,623,000 shares, respectively	9,253	9,208
Additional paid-in capital	43,879	41,903
Retained earnings	82,128	80,194
Unearned compensation	(1,450)	(721)
Net unrealized (loss)/gain on marketable securities	(38)	80
	-----	-----
Total shareholders' equity	133,772	130,664
	-----	-----
Total liabilities and shareholders' equity	\$484,921	\$471,191
	=====	=====

See accompanying notes to consolidated financial statements.

3

APOGEE ENTERPRISES, INC. AND SUBSIDIARIES
CONSOLIDATED RESULTS OF OPERATIONS
FOR THE QUARTERS ENDED MAY 29, 1999 AND MAY 30, 1998
(Thousands of Dollars Except Share and Per Share Amounts)
(unaudited)

	Quarter Ended	
	May 29, 1999	May 30, 1998
	-----	-----
Net sales	\$ 211,123	\$ 190,377
Cost of sales	164,207	149,938
	-----	-----
Gross profit	46,916	40,439
Selling, general and administrative expenses	36,777	30,937
	-----	-----
Operating income	10,139	9,502
Interest expense, net	2,580	2,490
	-----	-----
Earnings from continuing operations before income taxes and other items below	7,559	7,021
Income taxes	2,721	2,524
Equity in net loss of affiliated companies	440	300
Minority interest	(117)	--
	-----	-----
Earnings from continuing operations	4,515	4,188
Earnings (loss) from operations of discontinued businesses, net of income taxes	55	(310)
	-----	-----
Net earnings	\$ 4,570	\$ 3,878
	=====	=====
Earnings (loss) per share-basic		
Continuing operations	\$ 0.16	\$ 0.15
Discontinued operations	--	(0.01)
	-----	-----
Net earnings	\$ 0.17	\$ 0.14
	=====	=====
Earnings (loss) per share-diluted		
Continuing operations	\$ 0.16	\$ 0.15
Discontinued operations	--	(0.01)
	-----	-----
Net earnings	\$ 0.16	\$ 0.14
	=====	=====

See accompanying notes to consolidated financial statements.

4

APOGEE ENTERPRISES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE QUARTERS ENDED MAY 29, 1999 AND MAY 30, 1998

(Thousands of Dollars)
(unaudited)

	1999	1998
	-----	-----
OPERATING ACTIVITIES		
Net earnings	\$ 4,570	\$ 3,878
Adjustments to reconcile net earnings to net cash provided by continuing operating activities:		
Net (earnings) loss from discontinued operations	(55)	310
Depreciation and amortization	8,373	6,726
Provision for losses on accounts receivable	806	629
Deferred income tax expense (benefit)	634	(5,279)
Equity in net loss of affiliated companies	440	300
Minority interest	(117)	--
Other, net	49	(7)
	-----	-----
Cash flow before changes in operating assets and liabilities	14,700	6,557
Changes in operating assets and liabilities, net of effect of acquisitions:		
Receivables	6,185	(8,134)
Inventories	(1,102)	444
Other current assets	551	2,616
Accounts payable and accrued expenses	(15,730)	8,106
Billings in excess of costs and earnings on uncompleted contracts	92	1,161
Refundable income taxes and accrued income taxes	2,324	16,533
Other long-term liabilities	581	(806)
	-----	-----
Net cash provided by continuing operating activities	7,601	26,477
	-----	-----
INVESTING ACTIVITIES		
Capital expenditures	(25,285)	(8,745)
Acquisition of businesses, net of cash acquired	(1,981)	(4,701)
Increase (decrease) in marketable securities	3,116	(8,120)
Investments in and advances to affiliated companies	(390)	(200)
Proceeds from sale of property and equipment	42	68
Other, net	(168)	(43)
	-----	-----
Net cash used in investing activities	(24,666)	(21,741)
	-----	-----
FINANCING ACTIVITIES		
Payments on long-term debt	(376)	(526)
Proceeds from issuance of long-term debt	22,100	1,997
Increase in deferred debt expense	--	(2,837)
Proceeds from issuance of common stock	2,140	2,056
Repurchase and retirement of common stock	(852)	(115)
Dividends paid	(1,457)	(1,382)
	-----	-----
Net cash provided by (used in) financing activities	21,555	(807)
	-----	-----
NET CASH FLOW FROM DISCONTINUED OPERATIONS	(33)	(81)
	-----	-----
Increase in cash and cash equivalents	4,457	3,848
Cash and cash equivalents at beginning of year	1,318	7,853
	-----	-----
Cash and cash equivalents at end of period	\$ 5,775	\$ 11,701
	=====	=====

See accompanying notes to consolidated financial statements.

APOGEE ENTERPRISES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

In the opinion of the Company, the accompanying unaudited consolidated financial statements contain all adjustments (consisting of only normal recurring adjustments) necessary to present fairly the financial position as of May 29, 1999 and May 30, 1998, and the results of operations and cash flows for each of the thirteen week periods ended May 29, 1999 and May 30, 1998. Certain prior year amounts have been reclassified to conform to the current period presentation.

The financial statements and notes are presented as permitted by Form 10-Q and do not contain certain information included in the Company's annual financial statements and notes. The information included in this Form 10-Q should be read in conjunction with Management's Discussion and Analysis and financial statements and notes thereto included in the Company's Form 10-K

for the year ended February 27, 1999. The results of operations for the thirteen week periods ended May 29, 1999 and May 30, 1998 are not necessarily indicative of the results to be expected for the full year.

The Company's fiscal year ends on the Saturday closest to February 28. Each interim quarter ends on the Saturday closest to the end of the months of May, August and November.

2. Earnings per share

The following table presents a reconciliation of the denominators used in the computation of basic and diluted earnings per share.

	May 29, 1999	May 30, 1998
	-----	-----
Basic earnings per share -		
Weighted common shares outstanding	27,635,067	27,536,441
Weighted common shares assumed upon exercise of stock options	111,826	246,077
	-----	-----
Diluted earnings per share -		
Weighted common shares and potential common shares outstanding	27,746,893	27,782,518
	=====	=====

3. Inventories

Inventories consist of the following:

(Thousands of Dollars)	May 29, 1999	February 27, 1999
	-----	-----
Raw materials	\$ 17,582	\$ 16,324
Work-in process	3,920	3,157
Finished	47,530	48,330
Cost and earnings in excess of billings on uncompleted contracts	967	360
	-----	-----
Total inventories	\$ 69,999	\$ 68,171
	=====	=====

4. Discontinued Operations

On May 13, 1999, the Company completed the sale of 100% of the stock of its large-scale domestic curtainwall business, Harmon Ltd., for consideration including \$2 million cash and a \$10.2 million secured, subordinated note, subject to closing adjustments relating to working capital balances. The results of Harmon Ltd., as well as those of the Company's Detention & Security unit, which was sold in November 1998, and the Company's international curtainwall operations are reported as discontinued operations. Earnings from operations of discontinued businesses for the period were nominal. The Company does not expect to recognize a material gain or loss on the sale of Harmon, Ltd.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Sales and Earnings

Net sales for the first quarter ended May 29, 1999 were \$211.1 million, an 11% increase over the \$190.4 million reported for the prior year quarter. First quarter earnings from continuing operations increased 8% to \$4.5 million, or 16 cents per share-diluted, from \$4.2 million, or 15 cents per share-diluted, for

the prior year quarter. Last year's net sales have been restated to reflect the divestiture of the Company's detention/security systems contracting and domestic curtainwall businesses. Accordingly, the results of these businesses were reported as discontinued operations.

The following table presents sales and operating income data for the Company's two segments and on a consolidated basis for the first quarter, when compared to the corresponding period a year ago. Operating results are discussed below.

(Thousands Of Dollars)	Quarter Ended		Percentage Change
	May 29, 1999	May 30, 1998	
Net Sales			
Glass technologies	\$ 88,531	\$ 77,388	14%
Glass services	122,706	113,205	8
Intersegment elimination	(114)	(216)	47
	-----	-----	
Net sales	\$ 211,123	\$ 190,377	11%
	=====	=====	
Operating Income (Loss)			
Glass technologies	\$ 4,019	\$ 4,116	(2)%
Glass services	7,346	5,204	41
Corporate and other	(1,226)	182	NM
	-----	-----	
Operating income (loss)	\$ 10,139	\$ 9,502	7%
	=====	=====	

Glass Technologies (GT)

Net sales increased 14% over the prior period. First quarter operating income decreased to \$4.0 million compared to \$4.1 million in the year-ago quarter. The sales increase is due to primarily to continued strength at Wausau, the segment's architectural windows unit, and improving volume at Viratec's relocated Optium CRT coating operation in San Diego. Viracon's new Statesboro, Georgia facility expansion was completed during the quarter, with production volumes expected to ramp up throughout the remainder of the year. The 2% decline in operating income was partly the result of higher fixed costs associated with capacity expansions throughout the segment.

Viracon, the segment's largest operating unit, reported a 58% decline in operating income despite a sales gain of 7% as compared to the prior year's quarter. The ramping up of production at the Statesboro facility, including significant incremental depreciation charges, and the inclusion of an unusually high margin job in the prior year first quarter results all contributed to the operating income decline.

The segments' architectural products units, Wausau Window and Wall Systems and Linetec, leveraged a combined sales gain of 24% into sharply higher operating income, reflecting both the higher volume and improved productivity.

GT's Viratec unit reported a 24% increase in sales levels over the same period a year ago. Although Viratec reported an expected net loss for the period, operating income results improved by 47% over the prior year quarter, mainly as a result of the improved volume at the relocated Optium CRT coating operation in San Diego. Viratec continues to be adversely affected by lower demand for its anti-glare filter and front-surface mirror products due to the economic slowdown in Asia. The completion of Viratec's vertical coater, which will provide enhanced capabilities to Viratec, this summer will conclude the previously announced GT capital expansion projects.

Despite a seasonally soft first quarter, the segment's Tru Vue unit recorded a 62% operating income increase on an 8% sales increase compared to the prior year's quarter. Increased demand for Tru Vue's value-added glass products was the primary factor contributing to the profit increase. During the quarter, Tru Vue completed construction of its new manufacturing facility in Chicago,

Illinois. The relocation of production equipment and inventories from its old facility is expected to be completed in the second quarter.

Glass Services (GS)

Glass Services generated a net sales gain of 8% over the same period a year ago. The segment's operating income increased 41%, from \$5.2 million to \$7.3 million in the first quarter. The segment's sales growth was driven primarily by double-digit growth at Harmon, Inc., the Company's full service building glass shops, and higher sales at Curv-lite, the company's windshield manufacturing operation. Same-store unit retail sales rose by approximately 10% during the first quarter, but industry-wide pricing pressures significantly reduced the profit impact of this increase. Prior year results were depressed by investments in information technology systems and costs related to an aggressive advertising campaign by the segment's retail replacement autoglass business unit. Excluding last year's added costs, the operating earnings increase was modest, driven mainly by Harmon, Inc. and Curv-lite.

At the close of the first quarter, GS had 341 Harmon retail stores and 79 Glass Depot distribution centers.

Discontinued Operations

On May 13, 1999, the Company completed the sale of 100% of the stock of its large-scale domestic curtainwall business, Harmon Ltd., for consideration including \$2 million cash and a \$10.2 million secured, subordinated note, subject to closing adjustments relating to working capital balances. The results of Harmon Ltd., as well as those of the Company's Detention & Security unit, which was sold in November 1998, and the Company's international curtainwall operations are reported as discontinued operations. Earnings from operations of discontinued businesses for the period were nominal. The Company does not expect to recognize a material gain or loss on the sale of Harmon, Ltd.

Backlog

At May 29, 1999, Apogee's consolidated backlog was \$146 million, up slightly from February 27, 1999. The backlogs of GT's operations represented over 75% of Apogee's consolidated backlog.

8

Consolidated

The following table compares first quarter results with year-ago results, as a percentage of sales, for each caption.

	Percentage of Net Sales	
	1999	1998
Net sales	100.0	100.0
Cost of sales	77.8	78.8
Gross profit	22.2	21.2
Selling, general and administrative expenses	17.4	16.3
Operating income	4.8	5.0
Interest expense, net	1.2	1.3
Earnings from continuing operations before income and other items	3.6	3.7
Income taxes	1.3	1.3
Equity in net loss of affiliated companies	0.2	0.2
Minority interest	(0.1)	--
Earnings from continuing operations	2.1	2.2
Earnings (loss) from discontinued operations	0.0	(0.2)
Net earnings	2.2	2.0
Effective tax rate	36.0%	36.0 %

On a consolidated basis, cost of sales, as a percentage of net sales, fell slightly. Improved margins at Wausau, Viratec and Harmon, Inc., slightly offset by lower margins at Viracon, combined to reflect an increase in consolidated gross profit percentage over the prior year quarter. Selling, general and

administrative (SG&A) expenses rose by \$5.9 million, or 19%. The rise included increased personnel costs, as well as higher outside service expenditures, compared to the prior year period. Interest expense rose nominally during the quarter as slightly higher borrowing levels were mostly offset by lower borrowing rates. The effective income tax rate of 36.0% was even with the tax rate a year ago.

Liquidity And Capital Resources

Financial Condition

Net cash provided by operating activities

Operating activities produced \$7.6 million in cash flow for the quarter. That figure reflected the combination of net earnings and noncash charges, offset by a \$7.1 million increase in working capital, excluding cash. At quarter-end, the Company's working capital stood at \$103.1 million. The primary factors underlying the increase in working capital were increased cash and decreased payables and accruals, partly offset by decreased receivables, compared to the prior year quarter-end.

Net cash provided by financing activities

Total borrowings stood at \$188.1 million at May 29, 1999, up from the \$166.4 million outstanding at February 27, 1999. The additional borrowings, along with cash provided by operating activities, was sufficient to finance the period's significant investing activities and cash dividend requirements. At May 29, 1999, long-term debt stood at 49% of total capitalization, compared to 56% at fiscal year-end 1999.

The Company anticipates bank borrowings to decrease over the next three quarters as capital spending returns to a normalized level after several quarters of significant expenditures related to unprecedented capacity expansion in fiscal 1999.

9

Net cash used in investing activities

Additions to property, plant and equipment during the quarter totaled approximately \$25.3 million. Major items included expenditures for the GT capacity expansion activities noted above as well as expenditures on information systems projects throughout the Company. The Glass Services segment completed one acquisition of a wholesale distribution center for a total of \$2.0 million cash.

Cash increased \$4.5 million for the quarter.

Shareholders' Equity

At May 29, 1999, Apogee's shareholders' equity stood at \$133.8 million. Book value per share was \$4.82, up from \$4.73 per share at February 27, 1999, with outstanding common shares increasing nominally during the period. Net earnings and proceeds from common stock issued in connection with our stock-based compensation plans accounted for the increase, slightly offset by dividends paid.

Impact of Year 2000.

Each of the Company's businesses has had project teams in place to evaluate its Information Technology (IT) systems, non-IT systems, and third-party readiness for compliance with Year 2000 requirements. For these purposes, the Company defines its "IT systems" as those hardware and software systems which comprise its central management information systems and its telephone systems. All other systems, including those involved in local, on-site product design or manufacturing, are considered "non-IT systems." "Third parties" include all the Company's key suppliers and customers.

The inventory, assessment and remediation stages of the Company's IT systems is substantially complete. The Company has several Enterprise Resource Planning (ERP) system implementations designed to enable the businesses to operate more efficiently, which will also address the Year 2000 issue. At the end of May 1999, the Company believes that these ERP system implementations are approximately 50% complete, with planned completion by October 1999. Where existing systems are expected to remain in place beyond 1999, the company has identified Year 2000 issues and is completing the process of remediating, replacing or establishing alternative procedures addressing non-Year 2000

compliant systems and hardware. The Company believes these systems will also be complete by October 1999. Although the Company does not foresee a material adverse effect on its business, results of operations related to Year 2000 and the Company's IT systems, risk is not eliminated until the systems are fully installed, tested, and all non-compliant code identified, and corrected.

The Company's businesses have largely completed assessment, remediation and testing of embedded operating and applications software and hardware within its non-IT systems. The Company expects this phase to be completed by September 1999. While the Company does not believe that it is likely to experience adverse effects related to Year 2000 in the area of non-IT systems, failure to identify all Year 2000 controls or equipment, or failure to remediate them in a timely way, could result in the inability of a particular plant or facility to manufacture products or provide services in the ordinary course of business.

Virtually none of the Company's products are date sensitive.

The Company's businesses have contacted key customers and suppliers to assess Year 2000 compliance within their organizations to assure no material interruption in these important third party relationships. This dialogue and process will be ongoing throughout 1999. Non-compliant customers and suppliers will be evaluated in terms of the degree of risk posed to the Company's business. If there were significant non-compliance by key customers and suppliers, the Company might experience a material adverse effect on the businesses with those specific third-party relationships.

The Company's businesses are developing contingency plans based on their review of IT systems, non-IT systems, and third party Year 2000 compliance progress. The Company is developing third party contingency plans as it identifies critical partners with evidence of non-compliance. The Company's contingency plans may include plans, where necessary, to establish additional or alternative sources of supply and channels of distribution.

10

Based on the Company's assessments completed to date, the Company's total cost of addressing Year 2000 issues is currently estimated to be in the range of \$8 to \$11 million, of which approximately \$6 million has already been incurred. Aside from costs to implement ERP projects for other business purposes, IT related Year 2000 costs are estimated to be approximately \$7 million.

The Company recognizes that issues related to Year 2000 constitute a material known uncertainty. The Company believes it is taking reasonable steps to address the Year 2000 problem. The failure to identify and remediate Year 2000 problems or the failure of external third parties who do business with the Company to effectively remediate their Year 2000 issues could cause system failures or errors, business interruptions and, in a worst case scenario, the inability to operate in the ordinary course of business for an unknown length of time. The effect on the Company's results of operations, financial position, or liquidity could be materially adverse. Additional information pertinent to assessing Year 2000 risk is found under the Company's statement entitled "Cautionary Statement" which is contained at the end of this Management Discussion and Analysis of Financial Condition and Operations.

New Accounting Standards

In June 1998, Statement of Financial Accounting Standards (SFAS) No. 133, Accounting for Derivative Instruments and Hedging Activities, was issued and, as amended by SFAS No. 137, is effective for fiscal years beginning after June 15, 2000, although earlier application is permitted. SFAS No. 133 requires all derivatives to be measured at fair value and recognized as assets or liabilities on the balance sheet. Changes in the fair value of derivatives should be recognized in either net earnings or other comprehensive earnings, depending on the designated purpose of the derivative. The Company expects to adopt SFAS 133 in Fiscal 2002. SFAS No. 133 is not expected to have a material impact on the Company's financial position or results of operations.

Cautionary Statement

This report contains "forward-looking statements" with the meaning of the Private Securities Litigation Reform Act of 1995. A number of factors should be considered in conjunction with the report's forward-looking statements, any discussion of operations or results by the Company or its representatives and any forward-looking discussion, as well as comments contained in press releases,

presentations to securities analysts or investors, or other communications by the Company.

These factors are set forth in the cautionary statements filed as Exhibit 99 to the Company's Form 10-K for the fiscal year ended February 27, 1999 and include, without limitation, cautionary statements regarding changes in economic and market conditions, factors related to competitive pricing, commercial building market conditions, management of growth of business units, costs or difficulties related to the operation of the businesses are greater than expected, the impact of foreign currency markets, the integration of acquisitions, the realization of expected economies gained through expansion and information systems technology updates.

The Company wishes to caution investors and others to review the statements set forth in Exhibit 99 and that other factors may prove to be important in affecting the Company's business or results of operations. These cautionary statements should be considered in connection with this Form 10-Q, including the forward looking statements contained in the Management's Discussion and Analysis of the Company's two business segments. These cautionary statements are intended to take advantage of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995.

Item 3: Quantitative and Qualitative Disclosures About Market Risk

The Company does not enter into market risk-sensitive instruments for trading purposes. The Company's principal market risk is sensitivity to interest rates, due to its significant debt to total capitalization ratio. To manage the Company's direct risk from changes in market interest rates, management actively monitors the interest-sensitive components of the Company's balance sheet, primarily debt obligations, as well as market interest rates, in order to minimize the impact of changes in interest rates on net earnings and cash flow.

11

The primary measure of interest rate risk is the simulation of net income under different interest rate environments. The approach used to quantify interest rate risk is a sensitivity analysis. This approach calculates the impact on net earnings, relative to a base case scenario, of rates increasing or decreasing gradually over the next 12 months by 200 basis points. The changes in interest rates affecting the Company's financial instruments would result in approximately a \$2.0 million impact to net earnings, based upon the Company's current debt obligations. All other things being equal, as interest rates increase, net earnings decrease; as interest rates decrease, net earnings increase.

The Company also routinely uses forward exchange contracts to hedge its net exposures, by currency, related to the foreign currency-denominated monetary assets and liabilities, and future firm commitments of its operations. Forward exchange contracts are also used from time to time to manage near-term foreign currency cash requirements. The primary objective of these hedging activities is to maintain an approximately balanced position in foreign currencies so that exchange gains and losses resulting from exchange rate changes, net of related tax effects, are minimized.

Given the Company's balanced foreign exchange position described above, an adverse change in foreign exchange rates upon which these contracts are based would result in exchange losses from these contracts that would, in all material respects, be fully offset by exchange gains on the underlying net monetary exposures for which the contracts are designated as hedges.

12

PART II

OTHER INFORMATION

ITEM 6. Exhibits and Reports on Form 8-K

(a) Exhibits:

Exhibit (27). Financial Data Schedule (EDGAR filing only)
Exhibit (27.1). Restated Financial Data Schedule (EDGAR filing only)

- (b) The Company filed a Current Report on Form 8-K, dated and filed April 22, 1999, providing information on the Change in the Registrant's Independent Public Accountants.

The Company filed a Current Report on Form 8-K, dated April 9, 1999 and filed April 23, 1999, announcing a purchase agreement between the Company and CH Holdings, Inc. for the sale of the stock of the Company's Harmon, Ltd. subsidiary.

The Company filed a Current Report on Form 8-K, dated May 13, 1999 and filed May 27, 1999, announcing the completion of the sale of the stock of the Company's Harmon, Ltd. subsidiary to CH Holdings, Inc.

13

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.

APOGEE ENTERPRISES, INC.

Date: July 12, 1999

/s/ Russell Huffer

Russell Huffer
Chairman, Chief Executive Officer and
President

Date: July 12, 1999

/s/ Robert G. Barbieri

Robert G. Barbieri
Vice President Finance and
Chief Financial Officer

14

EXHIBITS INDEX

Exhibit

Exhibit 27 Financial Data Schedule (EDGAR filing only)
Exhibit 27.1 Restated Financial Data Schedule (EDGAR filing only)

<ARTICLE> 5
<MULTIPLIER> 1,000

<PERIOD-TYPE>	3-MOS	
<FISCAL-YEAR-END>		FEB-26-2000
<PERIOD-START>		FEB-28-1999
<PERIOD-END>		MAY-29-1999
<CASH>		5,775
<SECURITIES>		23,942
<RECEIVABLES>		117,542
<ALLOWANCES>		5,701
<INVENTORY>		69,999
<CURRENT-ASSETS>		204,732
<PP&E>		347,044
<DEPRECIATION>		148,917
<TOTAL-ASSETS>		484,921
<CURRENT-LIABILITIES>		101,631
<BONDS>		0
<PREFERRED-MANDATORY>		0
<PREFERRED>		0
<COMMON>		9,253
<OTHER-SE>		124,519
<TOTAL-LIABILITY-AND-EQUITY>		484,921
<SALES>		211,123
<TOTAL-REVENUES>		211,123
<CGS>		164,207
<TOTAL-COSTS>		35,971
<OTHER-EXPENSES>		0
<LOSS-PROVISION>		806
<INTEREST-EXPENSE>		2,580
<INCOME-PRETAX>		7,559
<INCOME-TAX>		2,721
<INCOME-CONTINUING>		4,515
<DISCONTINUED>		55
<EXTRAORDINARY>		0
<CHANGES>		0
<NET-INCOME>		4,570
<EPS-BASIC>		0.17
<EPS-DILUTED>		0.16

<ARTICLE> 5
<RESTATED>
<MULTIPLIER> 1,000

<PERIOD-TYPE>	3-MOS	
<FISCAL-YEAR-END>		FEB-27-1999
<PERIOD-START>		MAR-01-1998
<PERIOD-END>		MAY-30-1998
<CASH>		11,701
<SECURITIES>		26,738
<RECEIVABLES>		113,320
<ALLOWANCES>		5,348
<INVENTORY>		60,590
<CURRENT-ASSETS>		205,115
<PP&E>		259,965
<DEPRECIATION>		130,717
<TOTAL-ASSETS>		420,797
<CURRENT-LIABILITIES>		107,346
<BONDS>		0
<PREFERRED-MANDATORY>		0
<PREFERRED>		0
<COMMON>		9,207
<OTHER-SE>		104,272
<TOTAL-LIABILITY-AND-EQUITY>		420,797
<SALES>		190,377
<TOTAL-REVENUES>		190,377
<CGS>		149,938
<TOTAL-COSTS>		30,308
<OTHER-EXPENSES>		0
<LOSS-PROVISION>		629
<INTEREST-EXPENSE>		2,490
<INCOME-PRETAX>		7,021
<INCOME-TAX>		2,524
<INCOME-CONTINUING>		4,188
<DISCONTINUED>		(310)
<EXTRAORDINARY>		0
<CHANGES>		0
<NET-INCOME>		3,878
<EPS-BASIC>		0.14
<EPS-DILUTED>		0.14