Table of Contents

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
for the fiscal year ended February 28, 2004

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
for the transition period from _____ to _____

Commission File Number 0-6365

APOGEE ENTERPRISES, INC.

(Exact name of registrant as specified in its charter)

Minnesota	**41-0919654**
(State or other jurisdiction of incorporation or organization)	**(IRS Employer Identification Number)**
7900 Xerxes Avenue South - Suite 1800 Minneapolis, Minnesota	**55431**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (952) 835-1874

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

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

Common Stock $0.33 1/3 Par Value
(Title of each class)

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 ☒ No ☐

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

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act.) Yes ☒ No ☐

As of August 30, 2003, the last business day of the registrant's most recently completed second fiscal quarter, the approximate aggregate market value of voting and non-voting stock held by non-affiliates of the registrant was $311,978,521 (based on the closing price of $11.36 per share as reported by Nasdaq as of that date.)

As of April 28, 2004, there were approximately 27,454,000 shares of the registrant's Common Stock, $0.33 1/3 par value per share, outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Certain information required in Part III hereof is incorporated by reference to the Proxy Statement for the Registrant's 2004 Annual Meeting of Shareholders to be filed with the Securities and Exchange Commission pursuant to Regulation 14A not later than 120 days after the end of the fiscal year covered by this Form 10-K.

APOGEE ENTERPRISES, INC.
Annual Report on Form 10-K
For the fiscal year ended February 28, 2004

TABLE OF CONTENTS

PART I

ITEM 1. BUSINESS

The Company

Apogee Enterprises, Inc. was incorporated under the laws of the State of Minnesota in 1949. Through its subsidiaries, the Company believes it is a leader in technologies involving the design and development of value-added glass products, services and systems. Unless the context otherwise requires, the terms "Company," "Apogee," "we," "us" and "our" as used herein refer to Apogee Enterprises, Inc. and its subsidiaries.

The Company is comprised of three reporting segments to match the markets they serve:

- The **Architectural Products and Services** segment designs, engineers, fabricates, installs, maintains and renovates the walls of glass and windows comprising the outside skin of commercial and institutional buildings.
- The **Large-Scale Optical Technologies** segment develops and produces value-added glass for custom framing and pre-framed art markets and optical thin film coatings for consumer electronics displays.
- The **Automotive Replacement Glass and Services** segment fabricates aftermarket foreign and domestic automobile windshields and windows.

Financial information about the Company's segments can be found in Note 16 to the Consolidated Financial Statements of the Company contained elsewhere in this report.

Products

The following tables describe our products, the business unit to which the product pertains, and the key features and applications of our various products.

Architectural Products and Services (Architectural) Segment

Businesses in the Architectural segment include: Viracon, Inc. (Viracon), the leading fabricator of coated, high-performance architectural glass for global commercial markets; Harmon, Inc., one of the largest U.S. full-service building glass installation, maintenance and renovation companies; Wausau Window and Wall Systems (Wausau), a manufacturer of custom aluminum window systems and curtainwall; and Linetec (Linetec), a paint and anodizing finisher of window frames and PVC shutters.

Business Unit	Product/ Service	Description	Key Features/ Applications
Viracon	Insulating Glass	Increases a window's thermal performance; constructed with two or more pieces of glass separated by a desiccant-filled spacer and sealed with an organic sealant. The desiccant absorbs the insulating glass unit's internal moisture.	Light efficiency, Comfort, Sound control, Aesthetic options
	Laminated Glass	Consists of two or more pieces of glass fused with a vinyl or urethane interlayer and is used primarily for skylights and security and hurricane-resistant applications.	Safety, Protection, Comfort, Sound control
	Coated High-Performance Architectural Glass	Provides solar control, both minimizing heat gain and controlling thermal transfer, by adding coatings to glass. In addition, coatings add color and varying levels of reflectivity to glass. Each coating, whether metal, solarscreen or low-emissivity, provides different aesthetic and performance criteria and offers a range of light and thermal transmission levels. Low-emissivity coatings, which may be used alone or with other coatings, are layers of metals, invisible to the naked eye, deposited on glass through a vacuum sputter process that selectively limit the transfer of heat through the glass, while allowing a high percentage of visible light through the glass.	Controls light and thermal transmission, Reduces energy costs, Comfort, Aesthetic options
	Spandrel	The use of full coverage paint on insulated glass or polyester opacifier film backing on high performance coated glass for the non-vision areas of the building.	Concealment, Color balance, Aesthetics
	Silk-screened Glass	Glass which has been painted to create custom patterns in a wide array of colors. Silkscreening improves the solar control performance of the glass.	Aesthetics, Comfort

	Tempered Glass	Heat-strengthened glass.	Safety, Strength
Harmon, Inc.	Glazing-New Construction	Comprehensive design, engineering, procurement, fabrication and installation of curtainwall and window projects for commercial and institutional buildings.	Custom design
	Glazing-Renovation	Revitalizing and updating the building façade and helping extend the life of a building. In-house engineering capabilities allow Harmon, Inc. to duplicate the original design or create a completely new appearance for renovated buildings.	Aesthetic enhancements, Correct system failures, Upgrade the building façade and aesthetics to improve energy efficiency, health and safety
	Glass-Service	24-hour complete repair and replacement of damaged glass.	Commercial glass replacement, Repair of doors, Custom mirror work and Security glass
Wausau Window and Wall Systems (Wausau)	Curtainwall Systems	Highly engineered wall systems consisting of glass panels and aluminum window frame designs engineered to be thermally efficient through the utilization of high-strength polyurethane to limit the transfer of heat or cold through the window frame. Includes custom engineer-to-order and configure-to-order systems.	Energy-efficient, Aesthetics
	Projected Windows	Windows that project out or in from the plane of the wall and are side hinged or pivoted at the jambs.	Egress, Ventilation
	Rolling & Hung Windows	*Rolling windows* consist of an operable sash that slides horizontally along a master frame. *Hung windows* are vertically operated windows in which the weight of the sash is offset by a balance mounted in the window frame.	Egress, Ventilation, Ease of cleaning
Linetec	Fluorpolymer Coatings (paint)	Electrostatic applications of high quality, solvent-based paints which are applied to window, curtainwall, and other metal and plastic components. These paints are sometimes preferred over anodizing because of the wider color selection.	Aesthetics
	Anodize	The immersion of a light metal, typically aluminum, into a series of electrically charged baths to create a very strong, weather resistant film of aluminum oxide, often colored, at the surface.	Durable, Weather resistant
	PVC Shutters	Applications of UV protection and durable paint applied to polyvinyl chloride (PVC) parts.	Durable, Aesthetics

Large-Scale Optical Technologies (LSO) Segment

The LSO segment consists of Tru Vue, Inc. (Tru Vue), a value-added glass and acrylic manufacturer for the custom picture framing and pre-framed art markets, and a producer of optical thin film coatings for consumer electronics displays. In March 2004, we merged Tru Vue and Viratec Thin Film, Inc., our two LSO business units, with Tru Vue being the surviving entity.

Business Unit	Product/ Service	Description	Key Features/ Applications
Tru Vue	Reflection Control Glass	Unique single-sided etch glass that reduces most of the glare of regular glass while providing clarity.	Diminishes reflections, Enhances clarity
	Anti-Reflective Glass	Significantly reduces reflection (glare) and significantly increases transmission (clarity). Using a process exclusive to the Company, highly energized metals (or oxides) are deposited onto the glass in precisely controlled thicknesses. This ensures the most consistent, durable quality and the highest brightness and contrast levels available.	Diminishes reflections, Clarity, Color transmission
	Conservation Glass	The product of a unique coating process which blocks 97 percent of the ultraviolet rays in the 300-380 nanometer range of the light spectrum to protect pictures and art against the sun's damaging rays.	>97% UV protection

	Front Surface Mirrors	Result of our patented multi-layer aluminum mirror coatings which are sputter deposited onto float glass and certified flat float glass substrates.	Reflects 94 to 97% of the visible light, Superior adhesion, Increased abrasion resistance
	Anti-Reflective Acrylic	Utilizes anti-reflective coatings on acrylic to reduce glare and static charge on the surface.	Reduced reflections, Protection, Light-weight

Automotive Replacement Glass and Services (Auto Glass) Segment

The Auto Glass segment consists of Viracon/Curvlite, Inc. (Curvlite), a U.S. fabricator of aftermarket foreign and domestic car windshields and original equipment and replacement windshields for recreational vehicles and buses.

Business Unit	Product/ Service	Description	Key Features/ Applications
Viracon/ Curvlite (Curvlite)	Automotive Replacement Glass (ARG)	Fabrication of after-market automotive replacement windshields and windows for foreign and domestic cars.	Safety
	RV/Bus - OEM & Replacement Glass	Fabrication of windshields for original equipment manufacturers of recreational vehicles and buses, as well as replacement glass for these vehicles.	Safety, Custom designed

Markets and Distribution Channels

Architectural Segment. Our businesses within the Architectural segment market our products primarily within North America, with less than 10 percent of our revenues shipping to locations outside North America. Our customers are glass distributors, contractors, curtainwall subcontractors and commercial glass fabricators, including our own window manufacturing and installation businesses.

Apogee serves primarily the architectural glass market, and we are well positioned as the leader in North America in the supply of a wide range of high performance architectural glass products to the commercial building industry and other institutions. Viracon, the largest business in this segment, holds an estimated 15 percent share of the overall U.S. non-residential glass market and is focused on the two largest sectors of this market: the $340 million core market, which requires custom coated, fabricated products for large, complex projects with lead times of four weeks or longer, and the $640 million broader market, which demands both coated and uncoated glass that can be installed in basic insulating units or laminated and delivered in four weeks or less and is more regional.

With our focus on reducing our customer lead times over the past three years, we have started servicing smaller projects in their broader market with fabricated coated and uncoated products. During fiscal 2004, our revenues from these projects were almost $30 million. Because products for the broader market must be delivered in four weeks or less, we are focused on increasing our sales to customers within 500 miles of our southern Minnesota and Georgia plants.

Harmon, Inc.’s estimated share within the regional markets served with its offices located in 13 U.S. cities ranges from 10 to 15 percent; Wausau’s share of the non-residential aluminum window and curtainwall market is 2 percent; and Linetec’s share of U.S. architectural finishing market is 5 percent.

We offer complete design, engineering, installation and replacement or glazing services for commercial, institutional and other buildings in 13 metropolitan areas in the United States through Harmon, Inc. We bid and negotiate these curtainwall and window projects with owners, architects, general contractors and property managers. While the installation of building glass in new construction projects is the primary focus of our installation business, we are broadening our offerings for glass services and retrofitting the outside skin of older commercial and institutional buildings. In some markets we offer 24-hour replacement service for storm or vandalism damage. Our in-house engineering capabilities allow us to duplicate the original design or create a completely new appearance for renovated buildings.

Wausau designs and manufactures high-quality window and curtainwall systems, engineered to be thermally efficient, utilizing high-strength polyurethane to limit the transfer of heat or cold through the window frame, primarily for commercial and institutional buildings in the United States. These products meet high standards of wind load capacity and resistance to air and moisture infiltration. Products are marketed primarily in the United States through a nationwide network of trained distributors and a direct sales staff. Wausau typically provides window or wall quotations to glazing subcontractors, including our own installation business, which in-turn bids more inclusive glass and glazing packages to general contractors

for projects in the United States. At all levels, the low-bid is an advantageous competitive position, if specified performance, warranty, aesthetic and operational characteristics are met. On complex work, engineering capability and ease of installation also become qualifying factors for window and wall manufacturers.

Harmon, Inc. and Wausau continue to develop a variety of hurricane systems incorporating laminated glass from Viracon and other manufacturers in response to new building code requirements in Florida and along the East and Gulf Coasts. Although implementation of new hurricane and energy codes is inconsistent, demand for these products is expected to increase significantly in coming years. Our businesses are also capturing major government projects requiring blast-resistant glass.

Our finishing business serves the architectural, industrial and commercial metal fabricator markets (including Wausau), as well as building product manufacturers and interior window covering businesses in the Unites States and Canada.

LSO Segment. The Company's Tru Vue brand is one of the largest domestically manufactured brands for the value-added picture-framing glass market. Under this brand, we provide our customers with a full array of picture-framing glass products, including clear, reflection control, anti-reflective and conservation glass. The products are distributed primarily in North America through independent distributors, which, in turn, supply local picture-framing markets. The Company also has limited distribution in Europe, Australia and New Zealand. We continue to convert the custom picture framing industry from clear glass to our proprietary value-added glass, TruGuard™, which preserves pictures and art. Through Tru Vue's leadership, the custom picture framing industry continues to convert to value-added picture framing glass and acrylic, a trend that is expected to continue and has helped Tru Vue boost its sales of these products approximately 20 percent annually for several years. Tru Vue holds an estimated 27 percent of the domestic custom framing glass market and approximately 60 percent of the niche that has been converted to value-added glass.

This segment also develops advanced, optical coatings for glass and acrylic for display and imaging applications for the consumer electronics market. These products are used in projection televisions and picture-framing glazing, as well as imaging devices such as scanners and copiers. These optical coatings are marketed to both domestic and foreign manufacturers of consumer electronics products and accessories. These customers provide further assembly, marketing and distribution to end-users. Based on growth projections for value-added glass, we will eventually need more of the capacity at the Minnesota plant for picture framing, thus we are transitioning away from some consumer electronics coatings.

Auto Glass Segment. The Company's manufacturing business, Curvlite, serves primarily two windshield markets, domestic and foreign automotive replacement glass (ARG) and original equipment manufacturers' (OEM) windshields for recreational vehicles and buses. Curvlite has approximately 5% to 6% of the aftermarket automotive windshield manufacturing market. Under a multi-year agreement with PPG Industries, Inc. (PPG) expiring in July 2005, Curvlite's automotive replacement glass production is primarily dedicated to supplying windshields to PPG. In March 2004, we received the required advance notice from PPG indicating that the windshield supply agreement Curvlite operates under will be terminated on the expiration date in July 2005, which is during fiscal 2006. We are in discussions with PPG regarding a new supply agreement.

In an effort to enhance efficiency, geographic coverage and customer service in the distribution of auto replacement glass, the Company and PPG combined their U.S. automotive replacement glass distribution businesses in July 2000 to create a new entity, PPG Auto Glass, LLC (PPG Auto Glass), of which the Company has a 34 percent interest. The results of PPG Auto Glass are recorded in earnings from equity in affiliated companies.

During fiscal 2004, the Company sold its subsidiary, Harmon AutoGlass. Further information regarding the transaction is provided under "Discontinued Operations" in Item 7 and Footnote 12 to the Consolidated Financial Statements below.

Warranties

We offer warranties on our products which we believe are competitive for the markets in which those products are sold. The nature and extent of these warranties depend upon the product, the market and in some cases the customer being served. Viracon and Wausau generally offer warranties up to 10 years, while our other businesses offer warranties of 2 years or less. In the event of a product claim against a product in which we have received a warranty from the supplier, we will pass the claim back to our supplier. We carry liability insurance and reserve for warranty exposures, as our insurance does not cover warranty claims. There can be no assurance that our insurance will be sufficient to cover all liability claims in the future or that the costs of this insurance and the related deductibles will not increase materially or that liability insurance will be available on terms acceptable to the Company in the future.

Sources and Availability of Raw Materials

Materials used within the Architectural segment include raw glass, vinyl, insulated glass spacer frames, silicone desiccant, metal targets, aluminum extrusions, chemicals, paints, lumber, urethane and plastic extrusions. All of these materials are readily available from a number of sources, and no supplier delays or shortages are anticipated. While certain glass products may only be available at certain times of the year, all standard glass colors are available throughout the year in abundant quantities. Chemicals purchased range from commodity to specifically formulated types of chemistries.

Materials used within the LSO segment include glass, hard-coated acrylic, acrylic substrates, coating materials and chemicals. Currently, the chemicals used for the UV resistant coating at Tru Vue are readily available from only one supplier, which meets the Company's specifications for this proprietary technology. Tru Vue is currently seeking to qualify other suppliers and alternate technologies.

Within the AutoGlass segment, raw materials consist primarily of flat glass and polyvinyl butyral, which are available from a number of sources.

The Company believes a majority of its raw materials are available from a variety of domestic sources.

Trademarks and Patents

The Company has several trademarks and trade names which it believes have significant value in the marketing of its products. Despite being a point of differentiation from its competitors, no single patent is considered to be material to the Company. Within the Architectural segment, Linetec ® and Finisher of Choice® are registered trademarks of the Company. Harmon™ and AdVantage™ are listed trademarks of the Company.

Within the LSO segment, Viratec®, Tru Vue®, TruGuard®, Conservation Clear®, Conservation Reflection Control®, Museum Glass®, Optium®, Pricing for Profit®, AR Glass®, Reflection Control®, UltraClear®, PerfectView®, UltiMat® and UltiBlack® are registered trademarks. Reflection Free Acrylic ™ and Museum Security Glass™ are trademarks of the Company. Tru Vue has several patents pertaining to its glass coating methods. Tru Vue also holds several patents on its proprietary products, including its UV coating and etch processes for non-reflective glass.

PPG Auto Glass™ is a trademark of PPG.

The Company had developed and maintained various patents related to TerraSun, the Company's research and development joint venture which the Company discontinued funding in fiscal 2002. During fiscal 2003, the Company donated all of the technology and patents to the Illinois Institute of Technology.

Seasonality

Within the Architectural segment, there is a slight seasonal effect following the commercial construction industry, with demand in late spring to late autumn that is slightly higher than during the balance of the year. The construction industry is highly cyclical in nature and can be influenced differently by the effects of the localized economy in various geographic markets.

The businesses in the LSO segment depend, in part, on sales by manufacturers of products such as rear projection televisions, computer displays and scanners, and retail picture-framing products. In particular, the rear projection television market is highly cyclical and can be seasonal, with a significant increase in sales occurring between Thanksgiving and late January. The impact of this will be reduced as we transition from consumer electronics to picture framing glass. Picture framing sales also tends to have an increase in the pre-holiday late fall, early winter timeframe.

The markets that are served by the businesses in the Auto Glass segment tend to be seasonal in nature. However, our agreement with PPG allows us to manufacture and sell our after-market automotive replacement windshield products evenly throughout the year.

Working Capital Requirements

Within the Architectural segment, receivables can be extended based on the retention amounts and project durations. Payment terms offered our customers are similar to those offered by others in the industry. However, inventory requirements are not significant to the businesses within this segment since we make-to-order rather than build-to-stock for the majority of our products. As a result, inventory levels follow the customer demand for the products produced.

Due to the PPG supply agreement, the Company's manufacturing unit maintains level volumes throughout the year for PPG, which purchases and stores the product at a PPG warehouse. In turn, this provides a just-in-time inventory relationship between PPG and PPG Auto Glass. Therefore, limited finished goods inventory is maintained within the segment, which causes a limited demand on working capital.

Dependence on a Single Customer

We do not have any one customer that exceeds 10 percent of the Company's consolidated revenues; however, there are important customers within each of our segments whose loss could have an adverse effect on the Company.

Because of the supply agreement with PPG in connection with the formation of PPG Auto Glass, the Company's auto glass distribution joint venture with PPG, PPG has become the primary customer of Curvlite. Between ARG and flat glass, PPG accounts for approximately 80 percent of the total volume at Curvlite. The Company believes the amounts received from such transactions represent the amounts that would normally be received from unrelated third parties for similar transactions.

Backlog

At February 28, 2004, the Company's total backlog of orders considered to be firm was $230.6 million compared with $153.3 million at March 1, 2003. Of this amount, approximately $224.5 million and $147.3 million of the orders were in the Architectural segment at February 28, 2004 and March 1, 2003, respectively. $214.8 million, or 93 percent, of the Company's backlog is expected to be produced and shipped in fiscal 2005. The Company's backlog of orders is not indicative of future results of the Company.

Competitive Conditions

Architectural Segment. The markets served by the businesses within the Architectural segment are very competitive, price and lead-time sensitive, and affected by changes in the North American commercial construction industry as well as changes in general economic conditions. The companies within the Architectural segment primarily serve the custom portion of the construction market in which the primary competitive factors are product quality, reliable service, warranty and the ability to provide technical engineering and design services.

In recent times, there has been a shift in competition for the Architectural segment's largest business unit, Viracon. The market has expanded from three glass fabricators in the high-end performance market each with less capacity than Viracon, to include additional competition from regional glass fabricators with shorter lead times incorporating high performance, post-temperable glass products, procured from primary glass suppliers, into their insulated glass products. The availability of these products has enabled the regional fabricators in some cases to bid on more complex projects than in the past.

Harmon, Inc. largely competes against local and regional construction companies and glazing contractors where the primary competitive factors are quality engineering, service and price. Wausau competes against several major aluminum window manufacturers in various market niches. With products at the high-end of the performance scale, and one of the industry's best standard warranties for repair or replacement of defective product, Wausau effectively leverages a well-earned reputation for engineering quality and delivery dependability into a position as a preferred provider. Linetec competes against regional paint and anodizing companies and national window covering companies.

LSO Segment. Product pricing, service and quality are the primary competitive factors in the markets within the LSO segment. The Company's competitive strength includes our excellent relationships with our customers. We compete in the value-added and conservation glass markets in North America based on the product performance afforded by our proprietary, patented processes. Until recently, we have been the only company in the picture-framing industry that has been able to produce UV products in any meaningful supply and at a consistent, high level of quality. While there is significant price sensitivity in regard to sales of clear glass to picture framers, there is significantly less pricing pressure on our value-added glass products.

Tru Vue also competes with a few significant coating manufacturers and fabricators and numerous smaller specialty coaters and fabricators in North America and abroad in the consumer electronics part of its business. Competitors in the consumer electronic market include companies developing new coatings, such as wet coatings for flat panel displays, as well as competitors who supply sputter coated films similar to those produced by us. Customers' selection of anti-reflective products is driven by quality, price, service and capacity.

Auto Glass Segment. The Auto Glass segment competes with original equipment and after-market automotive replacement glass fabrication facilities worldwide on the basis of pricing and customer service. Pricing through the entire supply chain has been affected by overcapacity in the market and the influx of imported products.

Research and Development

The amount spent on research and development activities over the past three fiscal years was $4.0 million, $3.9 million and $2.8 million in fiscal 2004, 2003 and 2002, respectively. Our research and development has been focused primarily upon development of new proprietary products and system enhancements in our Architectural and LSO segments.

In fiscal 2002, the Company decided to discontinue funding TerraSun, LLC (TerraSun), our research and development joint venture of which the Company had a 50 percent interest. As a result, TerraSun ceased its operations. TerraSun had been developing holographic optical technologies for lighting and energy systems applications. In connection with the closure of TerraSun, we acquired TerraSun's proprietary technology. We donated the patented technology developed by TerraSun to the Illinois Institute of Technology (IIT) in the fourth quarter of fiscal 2003. Until the TerraSun patents expire, the Company will have a first right of refusal for the purchase of any architectural product applications developed by IIT based on these patents.

Environment

We use hazardous materials in our manufacturing operations and have air and water emissions that require controls. As a result, we are subject to stringent federal, state and local regulations governing the storage, use and disposal of wastes. We contract with outside vendors to collect and dispose of waste at our production facilities in compliance with applicable environmental laws. In addition, we have procedures in place that we believe enable us to deal properly with the regulated materials used in our manufacturing processes and wastes created by the production processes, and we have implemented a program to monitor our compliance with environmental laws and regulations. Although we believe we are currently in material compliance with such laws and regulations, current or future laws and regulations could require us to make substantial expenditures for compliance with chemical exposure, waste treatment or disposal regulations. During fiscal 2003, we spent approximately $1.4 million at facilities to reduce wastewater solids and further reduce hazardous air emissions. We expect to incur costs to continue to comply with laws and regulations in the future, but do not expect these to be material to our financial statements.

Employees

The Company employed 4,128 persons at February 28, 2004, of whom approximately 775 were represented by labor unions. The Company is a party to 53 collective bargaining agreements with several different unions. Approximately 2 percent of the collective bargaining agreements representing 196 employees were set to expire during fiscal 2005. These agreements have been negotiated and settled in the first quarter of fiscal 2005. The number of collective bargaining agreements to which the Company is a party will vary with the number of cities in which our Harmon, Inc. subsidiary has active nonresidential construction contracts. The Company considers its employee relations to be very good and has not recently experienced any significant loss of workdays due to strike. We are highly dependent upon the continuing services of certain technical and management personnel.

Sale of Harmon AutoGlass

During fiscal 2004, the Company sold its subsidiary, Harmon AutoGlass. Further information regarding the transaction is provided under "Discontinued Operations" in Item 7 and Footnote 12 to the Consolidated Financial Statements below.

Foreign Operations and Export Sales

During the years ended February 28, 2004, March 1, 2003 and March 2, 2002, the Company's export sales, principally from Architectural operations, amounted to approximately $30.3 million, $37.2 million and $35.0 million, respectively.

Available Information

The Company maintains a website at www.apog.com. Through a link to a third-party content provider, this corporate website provides free access to the Company's Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and, if applicable, amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 as soon as reasonably practicable after electronic filing such material with, or furnishing it to, the Securities and Exchange Commission. Also available on our website are various corporate governance documents,

including our Code of Business Ethics and Conduct, Corporate Governance Guidelines, Audit Committee charter, Compensation Committee charter, and Nominating and Corporate Governance Committee charter.

ITEM 2. PROPERTIES

The following table lists, by segment, the Company's major facilities as of February 28, 2004, the general use of the facility and whether it is owned or leased by the Company.

Facility	Location	Owned/ Leased	Size (sq. ft.)	Function
Architectural Segment				
Viracon	Owatonna, MN	Owned	765,500	Mfg/Admin
Viracon	Statesboro, GA	Owned	340,800	Mfg
Viracon	Owatonna, MN	Leased	6,400	Maintenance
Harmon, Inc. Headquarters	Minneapolis, MN	Leased	11,400	Admin
Wausau Window and Wall Systems	Wausau, WI	Owned	308,800	Mfg/Admin
Wausau Window and Wall Systems	Stratford, WI	Leased	33,400	Mfg
Linetec	Wausau, WI	Owned	336,400	Mfg/Admin
LSO Segment				
Tru Vue	McCook, IL	Owned	300,000	Mfg/Admin
Tru Vue	Orlando, FL	Leased	19,300	Mfg/Admin
Tru Vue	Faribault, MN	Owned	204,600	Mfg/Admin
Auto Glass Segment				
Viracon/Curvlite	Owatonna, MN	Owned	129,300	Mfg/Admin
Viracon/Curvlite	Owatonna, MN	Leased	155,000	Warehouse/Admin
Other				
Apogee Corporate Office	Minneapolis, MN	Leased	20,200	Admin

In addition to the locations indicated above, Architectural's Harmon, Inc. unit operates from 15 leased locations, serving 13 metropolitan areas. We continue to own 17 locations that did not transfer with the sale of Harmon AutoGlass. These properties are recorded as assets held for discontinued operations.

The Curvlite plant, a portion of the Wausau Window and Wall Systems facility, the Linetec paint facility, and the owned Tru Vue facility were constructed with the use of proceeds from industrial revenue bonds issued by their applicable cities. These properties are considered owned since, at the end of the bond term, title reverts to the Company.

ITEM 3. LEGAL PROCEEDINGS

The Company has been a party to various legal proceedings incidental to its normal operating activities. In particular, like others in the construction supply industry, the Company's construction supply businesses are routinely involved in various disputes and claims arising out of construction projects, sometimes involving significant monetary damages or product replacement. The Company has also been subject to litigation arising out of employment practices, workers compensation, general liability and automobile claims. Although it is very difficult to accurately predict the outcome of such proceedings, facts currently available indicate that no such claims will result in losses that would have a material adverse effect on the financial condition of the Company.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of security holders during the fourth quarter ended February 28, 2004.

EXECUTIVE OFFICERS OF THE REGISTRANT

Name	Age	Positions with Apogee Enterprises and Five-Year Employment History
Russell Huffer	54	Chairman of the Board of Directors of the Company since June 1999 and Chief Executive Officer and President of the Company since January 1998. Various management positions within the Company since 1986.
Michael B. Clauer	47	Executive Vice President since November 2000. Chief Financial Officer (CFO) from November 2000 through February 2004. CFO at Open Port Technology from March 2000 to November 2000. Executive Vice President and CFO for Budget Group, Inc. from November 1997 to February 2000. Various financial management positions at PepsiCo, Inc. from 1987 to November 1997.
William F. Marchido	53	Chief Financial Officer since February 2004. Chief Financial Officer at Siemens Dematic, a division of Siemens AG of Germany, since 1988.
Patricia A. Beithon	50	General Counsel and Secretary since September 1999. Divisional Legal Counsel for Pfizer, Inc. subsidiaries, American Medical Systems, Inc. and Schneider (USA), Inc. from 1990 to 1999.
Gary R. Johnson	42	Vice President-Treasurer since January 2001. Various management positions within the Company since 1995.
James S. Porter	43	Vice President of Strategy and Planning since 2002. Various management positions within the Company since 1997.

Executive officers are elected annually by the Board of Directors and serve for a one-year period. There are no family relationships between the executive officers or directors of the Company.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED SHAREHOLDER MATTERS

Market Information

Apogee common stock is traded on the Nasdaq National Market (Nasdaq), under the ticker symbol APOG. During the fiscal year ended February 28, 2004, the average trading volume of Apogee common stock was 2,405,000 shares per month, according to Nasdaq.

As of April 28, 2004, there were 27,454,000 shares of common stock outstanding, of which about 6.0 percent were owned by directors and executive officers of Apogee. At that date, there were approximately 1,911 shareholders of record and 5,200 shareholders for whom securities firms acted as nominees.

The following chart shows the quarterly range and year-end closing bids for one share of the Company's common stock over the past five fiscal years.

	Quarter												
	First			Second			Third			Fourth			
	Low		High	Low		High	Low		High	Low		High	Year-end Close
2000	$ 8.750	-	$ 13.750	$ 7.875	-	$ 14.313	$5.688	-	$ 8.625	$ 4.000	-	$ 6.313	$ 5.000
2001	3.313	-	5.500	3.250	-	4.531	4.313	-	6.063	4.625	-	9.500	9.000
2002	6.281	-	11.990	9.250	-	15.700	6.860	-	17.000	9.990	-	18.650	11.300
2003	11.400	-	15.600	10.150	-	15.330	8.600	-	12.390	7.570	-	10.380	8.170
2004	7.900	-	11.190	8.380	-	11.530	9.970	-	13.070	10.500	-	12.810	12.500

Dividends

It is Apogee's policy, subject to Board review and approval, to pay quarterly cash dividends in May, August, November and February. Cash dividends have been paid each quarter since 1974. The chart below shows quarterly and annual cumulative, cash dividends per share for the past five fiscal years. Subject to future operating results, available funds and the Company's future financial condition, the Company intends to continue paying cash dividends, when and if declared by its Board of Directors.

	First	Second	Third	Fourth	Total
2000	$ 0.053	$ 0.053	$ 0.053	$ 0.053	$ 0.210
2001	0.053	0.053	0.053	0.053	0.210
2002	0.053	0.053	0.055	0.055	0.215
2003	0.055	0.055	0.058	0.058	0.225
2004	0.058	0.058	0.060	0.060	0.235

ITEM 6. SELECTED FINANCIAL DATA

The following information should be read in conjunction with Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operations and Item 8 - Financial Statements and Supplementary Data.

(In thousands, except per share data and percentages)*	2004	2003	2002	2001	2000
Results from Operations Data					
Net sales	$ 535,329	$584,882	$597,792	$655,963	$655,071
Gross profit	94,467	145,224	142,333	129,501	121,846
Operating income	7,747	45,568	42,114	32,986	29,366
Earnings from continuing operations	4,632	28,882	25,242	14,745	8,518
Net (loss) earnings	(5,593)	29,915	26,142	15,002	12,175
Earnings (loss) per share – basic					
Continuing operations	0.17	1.05	0.90	0.53	0.31
Net (loss) earnings	(0.21)	1.09	0.94	0.54	0.44
Earnings (loss) per share – diluted					
Continuing operations	0.17	1.02	0.88	0.53	0.31
Net (loss) earnings	(0.20)	1.06	0.91	0.54	0.44
Balance Sheet Data					
Current assets	$ 157,854	$ 171,463	$ 175,084	$ 175,191	$ 214,442
Total assets	335,203	382,841	409,116	432,679	481,173
Current liabilities	90,638	120,428	127,239	137,437	135,416
Long-term debt	39,650	47,258	69,098	104,206	164,371
Shareholders' equity	167,456	178,210	170,934	148,292	137,772
Cash Flow Data					
Depreciation and amortization	$ 19,748	$ 20,798	$ 23,102	$ 25,822	$ 25,721
Capital expenditures	11,459	11,208	7,703	9,714	41,403
Dividends	6,450	6,246	6,078	5,834	5,833
Other Data					
Gross margin – % of sales	17.6	24.8	23.8	19.7	18.3
Operating margin – % of sales	1.4	7.8	7.0	5.0	4.4
Effective tax rate	NM	28.9	30.4	38.8	50.8
Working capital	$ 67,216	$ 51,035	$ 47,845	$ 37,754	$ 79,025
Long-term debt as a % of total capital	19.1	21.0	28.8	41.3	54.4
Return on:					
Average shareholders' equity – %	(3.2)	17.1	16.4	10.5	9.1
Average invested capital *** – %	(2.3)	11.5	9.6	5.0	3.7
Dividend yield at year-end – %	1.9	2.8	1.9	2.3	4.2
Book value per share	6.12	6.55	6.03	5.33	4.97
Price/earnings ratio at year-end	NM	8:1	12:1	17:1	11:1
Average monthly trading volume	2,405	2,669	4,043	3,545	2,666

(In thousands, except per share data and percentages)*	1999	1998	1997	1996	1995	1994**
Results of Operations Data						
Net sales	$ 603,983	$ 563,292	$ 504,636	$ 439,967	$ 405,360	$ 325,351
Gross profit	115,310	115,717	102,689	77,724	68,714	54,759
Operating income	38,106	43,093	39,756	27,976	26,449	18,264
Earnings from continuing operations	17,959	23,465	24,487	17,377	16,119	13,117
Net earnings (loss)	25,233	(51,055)	26,220	17,836	13,050	3,833
Earnings (loss) per share – basic						
Continuing operations	0.65	0.84	0.89	0.64	0.60	0.50
Net earnings (loss)	0.91	(1.84)	0.96	0.66	0.49	0.14
Earnings (loss) per share – diluted						
Continuing operations	0.65	0.83	0.87	0.64	0.60	0.49
Net earnings (loss)	0.91	(1.80)	0.93	0.65	0.48	0.14
Balance Sheet Data						
Current assets	$ 204,308	$ 206,858	$ 159,095	$ 149,414	$ 155,608	$ 123,301
Total assets	466,389	405,526	410,522	327,233	317,085	257,877
Current liabilities	119,796	97,750	86,178	83,574	90,876	92,536
Long-term debt	165,097	151,967	127,640	79,102	80,566	35,688
Shareholders' equity	130,664	109,600	172,150	138,922	124,628	114,062
Cash Flow Data						
Depreciation and amortization	$ 18,142	$ 15,984	$ 12,913	$ 8,115	$ 8,362	$ 7,812
Capital expenditures	74,909	31,043	23,237	9,765	12,944	6,996
Dividends	5,666	5,251	4,806	4,453	4,154	3,841
Other Data						
Gross margin – % of sales	19.1	20.5	20.3	17.7	17.0	16.8
Operating margin – % of sales	6.3	7.7	7.9	6.4	6.5	5.6
Effective tax rate	37.6	37.4	31.5	35.4	35.1	32.6
Working capital	$ 84,512	$ 109,108	$ 72,917	$ 65,840	$ 64,732	$ 30,765
Long-term debt as a % of total capital***	55.8	58.1	42.6	36.3	39.3	23.8
Return on:						
Average shareholders' equity – %	21.0	(36.2)	16.9	13.5	10.9	3.4
Average invested capital *** – %	8.3	(16.7)	9.2	7.6	6.7	2.4
Dividend yield at year-end – %	2.4	1.5	0.9	1.7	1.8	2.0
Book value per share	4.73	3.99	6.17	5.14	4.64	4.28
Price/earnings ratio at year-end	10:1	NM	21:1	15:1	18:1	50:1
Average monthly trading volume	1,962	4,065	4,795	1,776	1,613	519

* Share and per share data have been adjusted for the fiscal 1997 stock dividend.

** Fiscal 1994 figures reflect the cumulative effect of a change in accounting for income taxes, which increased net earnings by $0.5 million, or 2 cents per share.

*** Long-term debt + long-term self-insurance reserves + other long-term liabilities + shareholders' equity

NM=Not meaningful

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward-Looking Statements

This discussion contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements reflect our current views with respect to future events and financial performance. The words "believe," "expect," "anticipate," "intend," "estimate," "forecast," "project," "should" and similar expressions are intended to identify "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. All forecasts and projections in this document are "forward-looking statements," and are based on management's current expectations or beliefs of the Company's near-term results, based on current information available pertaining to the Company, including the risk factors noted below. From time to time, we also may provide oral and written forward-looking statements in other materials we release to the public such as press releases, presentations to securities analysts or investors, or other communications by the Company. Any or all of our forward-looking statements in this report and in any public statements we make could be materially different from actual results.

Accordingly, we wish to caution investors that any forward-looking statements made by or on behalf of the Company are subject to uncertainties and other factors that could cause actual results to differ materially from such statements. These uncertainties and other risk factors include, but are not limited to, the following: Operational risks within (A) the Architectural segment: i) competitive, price-sensitive and changing market conditions, including unforeseen delays in project timing and work flow; ii) economic conditions and the cyclical nature of the North American commercial construction industry; iii) product performance, reliability or quality problems that could delay payments, increase costs, impact orders or lead to litigation; and iv) the segment's ability to fully utilize production capacity; (B) the Large-Scale Optical segment: i) integration of the two manufacturing facilities in this segment; ii) timing of the transition of manufacturing capacity from consumer electronics to picture framing products; iii) markets that are impacted by consumer confidence; iv) dependence on a relatively small number of customers; and v) ability to utilize manufacturing facilities; and (C) the Auto Glass segment: i) negotiation of a new long-term supply agreement between Curvlite and PPG Industries; ii) changes in market dynamics; iii) market seasonality; iv) highly competitive, fairly mature industry; and v) performance of the PPG Auto Glass, LLC joint venture. Additional factors include: i) quarterly revenue and operating results that are volatile; ii) the possibility of a material product liability event; iii) the costs of compliance with governmental regulations relating to hazardous substances; iv) management of discontinued operations exiting activities; and v) foreign currency risk related to discontinued operations. The Company cautions readers that actual future results could differ materially from those described in the forward-looking statements. For a more detailed explanation of the foregoing and other risks and uncertainties, see Exhibit 99 to this Form 10-K.

The Company wishes to caution investors that other factors might in the future prove to be important in affecting the Company's results of operations. New factors emerge from time to time; and it is not possible for management to predict all such factors, nor can it assess the impact of each such factor on the business or the extent to which any factor, or a combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. The Company undertakes no obligation to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Overview

We are a leader in technologies involving the design and development of value-added glass products, services and systems. The Company is organized in three segments: Architectural products and services (Architectural), Large-scale optical (LSO) and Automotive replacement glass and services (Autoglass). Our Architectural segment companies design, engineer, fabricate, install, maintain and renovate the walls of glass and windows comprising the outside skin of commercial and institutional buildings. Businesses in this segment are: Viracon, a leading fabricator of coated, high-performance architectural glass for global markets; Harmon, Inc., one of the largest U.S. full-service building glass installation, maintenance and renovation companies; Wausau Window and Wall Systems, a manufacturer of custom aluminum window systems and curtainwall; and Linetec, a paint and anodizing finisher of architectural aluminum and PVC shutters. Our LSO segment consists of Tru Vue, a value-added glass and acrylic manufacturer for the custom framing and pre-framed art markets, and a producer of optical thin film coatings for consumer electronics displays. Our Autoglass segment consists of Viracon/Curvlite, a U.S. fabricator of aftermarket foreign and domestic car windshields.

Our Architectural segment is the largest and most cyclical segment in our portfolio. The segment services the commercial construction markets, which have been in the low end of the construction cycle for the past two years and did not begin to turn around during our fiscal 2004 as we had anticipated. Although we outperformed the nonresidential construction market based on reports by F.W. Dodge, a leading independent provider of construction industry analysis, forecasts and trends, industry

conditions led to lower volume, project delays and pricing pressures. Additionally, isolated project management issues impacted margins in our glass installation business; and we did not anticipate the severity of the downturn and reduce segment costs quickly enough in fiscal 2004 to offset the declining demand. We are expecting market conditions to continue at the current level through fiscal 2005 with moderate market growth to begin in late fiscal 2005. These expectations are based on market forecasts provided by external sources that may not come to fruition. Additionally, we are expecting our installation business to be better able to manage projects in fiscal 2005 and, once the current backlog of jobs runs its course in early fiscal 2005, our outlook reflects this improvement in project management.

Through our identified growth strategies, we intend to capitalize on current high-potential products and markets in the Architectural segment, while adding complementary services demanded by our customers. In architectural glass, we are working to increase market share to offset our markets that are not expected to grow significantly through fiscal 2007. We are focused on increasing sales in education and health care, in addition to our already strong presence in office buildings, and also increasing our sales in certain domestic geographic markets where our presence is not as strong as in other regions.

A second architectural glass opportunity that we have targeted is to provide smaller, less complex projects with coated, fabricated glass. This broader market is regional in nature because of the shorter lead times demanded by customers. We will serve a portion of this growing regional fabrication market from our plants in Minnesota and Georgia, and we are considering investing in additional facilities to expand our coverage in the U.S.

Another architectural strategic initiative involves our architectural products and services businesses which install glass on new buildings, renovate window and curtainwall systems on older buildings, provide glass services, and design and assemble windows and curtainwall. We are improving the performance of these businesses, while also focusing on opportunities to expand our renovation and glass installation work in current markets. In addition, we are considering expansion into storefront and entrance products that will allow us to grow sales of our window and curtainwall products by offering a full product line from a single source.

Within our LSO segment, we are implementing strategies to drive greater penetration of value-added glass in traditional custom framing markets, as well as in newer institutional fine art and international sectors. During fiscal 2004, it was determined that the pricing pressures, competitive nature and our inability to compete in the consumer electronic markets was resulting in unpredictable and unprofitable results. Accordingly, we decided to focus on further expanding the use of value-added glass in the picture framing industry where our leadership position can be enhanced. Two recent decisions will further our focus on picture framing: we integrated the two businesses in the segment, resulting in cost savings and greater coating capacity to meet the growing demand for picture framing products, and, in the first quarter of fiscal 2005, sold our small framing matboard line, a non-strategic product line. Expenses relating to re-focusing this segment are anticipated to continue through fiscal 2005 as we identify more efficient means to manufacture and distribute our picture- framing products and direct our attention away from some consumer electronic markets.

The Autoglass segment experienced the greatest change during this past fiscal year. Through the sale of Harmon Autoglass, an under-performing business serving an extremely competitive market, a key step in our overall strategic repositioning was accomplished. The Harmon Autoglass business is reported as a discontinued operation throughout this discussion and the following financial statements. The remaining business, which manufactures aftermarket windshields primarily for a single customer, PPG Industries, Inc. (PPG), continues to perform at adequate levels, and we will continue to operate this business to maximize its cash flow. However, this market continues to experience pricing pressures due to the influx of offshore products. Additionally, pressure from insurance companies, which usually pay for retail windshield replacements, to lower costs, has put pressure throughout the supply chain. These influences also affect the performance of our joint venture reported in “equity in earnings (loss) of affiliated companies.” In March 2004, we received the required advance notice from PPG indicating that the windshield supply agreement Curvlite operates under will be terminated on the expiration date in July 2005, which is during fiscal 2006. We are in discussions with PPG regarding a new supply agreement. This is not anticipated to have a material effect on fiscal 2005 earnings.

Results of Operations

Net Sales

(Dollars in thousands)	2004	2003	2002	2004 vs. 2003	2003 vs. 2002
Net sales	$535,329	$584,882	$597,792	(8.5%)	(2.2%)

Fiscal 2004 Compared to Fiscal 2003

Consolidated net sales decreased 8.5 percent in fiscal 2004 to $535.3 million from $584.9 million in fiscal 2003. The net decrease was primarily attributable to volume reductions and lower pricing due to competitive pressures in the Architectural

segment, and the continued slowdown in the commercial construction industry. Weak conditions in the commercial construction market caused projects to delay throughout the year, resulting in a continual delay in the activity and, accordingly, adversely impacting revenues recognized in fiscal 2004.

Fiscal 2003 Compared to Fiscal 2002

Consolidated net sales decreased 2.2 percent in fiscal 2003 to $584.9 million from $597.8 million in fiscal 2002. The net decrease was attributable to a slowdown in the commercial construction industry affecting the Architectural segment, and volume reductions and lower pricing due to competitive pressures in the Auto Glass segment. These reductions were partially offset by revenue gains in the LSO segment from new product introductions and conversions of our customers to our higher-margin, value-added picture-framing glass.

Performance

The relationship between various components of operations, stated as a percentage of net sales, is illustrated below for the past three fiscal years.

(Percentage of net sales)	2004	2003	2002
Net sales	100.0%	100.0%	100.0%
Cost of sales	82.4	75.2	76.2
Gross profit	17.6	24.8	23.8
Selling, general and administrative expenses	16.2	17.0	16.8
Operating income	1.4	7.8	7.0
Interest income	0.1	0.2	0.4
Interest expense	0.6	0.9	1.1
Other income, net	0.0	0.2	0.0
Equity in loss of affiliated companies	(0.6)	(0.4)	(0.2)
Earnings from continuing operations before income taxes	0.3	6.9	6.1
Income tax	(0.6)	2.0	1.9
Earnings from continuing operations	0.9	4.9	4.2
(Loss) earnings from discontinued operations, net of income taxes	(1.9)	0.2	0.2
Net (loss) earnings	(1.0)%	5.1%	4.4%

Fiscal 2004 Compared to Fiscal 2003

On a consolidated basis, cost of sales, as a percentage of net sales, increased to 82.4 percent for fiscal 2004, from 75.2 percent in fiscal 2003. The primary factors for the 7.2 percentage point decrease in margins were the effects of the slowed commercial construction market affecting the Architectural segment, resulting in reduced volume, pricing pressures, as well as project management issues encountered at our glass installation business. Additionally, the LSO segment recognized integration costs and a charge associated with the sale of its matboard product line that, collectively, resulted in a 0.2 percentage point impact. These costs were offset by increased sales of higher value-added products in the LSO segment.

Selling, general and administrative (SG&A) expenses, as a percentage of net sales, decreased to 16.2 percent from 17.0 percent as expenses declined year-over-year from $99.7 million to $86.7 million in fiscal 2004. Nearly all of the decreases occurred in the Architectural segment as a result of lower performance-based incentive expenses, and lower salary and wage-related expenses from reduced headcount. These were offset by increases in outside consulting fees and lower gains from sales of non-strategic assets in the current year versus the prior period.

Net interest expense decreased to $3.1 million for fiscal 2004 from $3.4 million in fiscal 2003, reflecting lower borrowing levels and a lower weighted-average interest rate under our revolving credit agreement. Other income in fiscal 2004 was only $0.1 million versus $1.0 million in the prior year, which reflected the pretax benefit of realized gains on the sale of investments held for our self-insurance program in fiscal 2003. As part of normal investment portfolio management, our wholly owned insurance subsidiary sold appreciated marketable debt securities, creating this gain in the prior period.

Our equity in loss from affiliated companies was $3.2 million in fiscal 2004, versus equity in loss of $2.5 million in the prior year. The additional loss is related to a decline in the performance of the PPG Auto Glass joint venture as a result of a very competitive auto glass replacement industry, which has experienced reduced volume and lower pricing.

Our income tax benefit of $3.1 million in the current year represents a statutory tax rate of 37.7 percent offset by tax credits and other deductions realized for tax that did not require book expense, the most significant of which related to research and development tax credits and a higher valuation of a charitable donation of a patent donated in fiscal 2003.

Our fiscal 2004 earnings from continuing operations decreased to $4.6 million or $0.17 diluted earnings per share. This compared to earnings from continuing operations of $28.9 million, or $1.02 diluted earnings per share, a year earlier. The decrease in earnings is largely attributable to the revenue decline and operational issues in our Architectural segment.

Current year loss from discontinued operations was $10.2 million or $0.37 diluted earnings per share, compared to $1.0 million in earnings or $0.04 diluted earnings per share in fiscal 2003. During the second quarter of fiscal 2004, we announced plans to sell Harmon AutoGlass. During the third quarter, we signed a definitive agreement to sell the business to Synergistic International, Inc., a subsidiary of The Dwyer Group of Waco, Texas, and the sale was finalized during the fourth quarter. All prior period results have been restated to reflect Harmon AutoGlass as a discontinued operation. The current year results include a loss on the sale of Harmon Auto Glass and costs associated with the exit of the business totaling $7.6 million, or $0.27 per diluted share. The remaining loss of $2.6 million, or $0.10 per share, represents Harmon AutoGlass's operating results for the period in which we owned Harmon AutoGlass. The prior year total includes a loss from operations of Harmon AutoGlass of $2.6 million, or $0.09 per share, offset by income of $3.6 million, or $0.13 per diluted share, related to a reduction in our estimates of the ultimate liabilities for the discontinued European curtainwall operation described under "Discontinued Operations" below.

Our fiscal 2004 net loss was $5.6 million, or $0.20 diluted earnings per share. This compared to $29.9 million of net earnings, or $1.06 diluted earnings per share, a year ago

Fiscal 2003 Compared to Fiscal 2002

On a consolidated basis, cost of sales, as a percentage of net sales, fell to 75.2 percent for fiscal 2003, from 76.2 percent in fiscal 2002. The primary factors for the increased margins were from efficiencies gained as a result of the higher levels of capacity utilization in our LSO segment as well as efficiency gains and sales of higher-margin products in the Architectural segment. The combined impact of these items increased margins by 1.8 percentage points. This was offset by reductions in the Autoglass segment margin caused by reduced pricing.

Selling, general and administrative (SG&A) expenses, as a percentage of net sales, increased to 17.0 percent from 16.8 percent, but remained essentially flat year-over-year at approximately $100 million. Increases in the Architectural segment associated with the renovation initiative were offset in part by reductions in salaries and related costs in the segment as a result of reducing its overall cost structure as well as a reduction related to the elimination of amortization of goodwill. Decreased performance-based incentive expenses, lower training costs, gain on sale of assets and lower bad debt expenses also contributed to offset these higher expenses.

Net interest expense decreased to $3.4 million for fiscal 2003 from $4.9 million in fiscal 2002, reflecting lower borrowing levels and a lower weighted-average interest rate under our revolving credit agreement. The effects of the lower borrowing levels and rate were offset by less interest collected from tax refunds received during the year in comparison to the prior year.

Other income in fiscal 2003 reflects $1.0 million pretax benefit of realized gains on the sale of investments held for our self-insurance program as compared to $0.1 million in the prior year. The increased gains in fiscal 2003 reflect a significant sale of marketable securities. As part of normal investment portfolio management, the Company's wholly owned insurance subsidiary sold appreciated marketable debt securities, creating this gain.

Our equity in loss from affiliated companies was $2.5 million in fiscal 2003 versus equity in loss of $1.0 million in the prior year. This additional loss is related to a decline in the performance of the PPG Auto Glass joint venture as a result of strong competition and significantly reduced prices. Additionally, amendments made to supply agreements related to the PPG Auto Glass joint venture in the prior year second quarter led to lower earnings during the current year for PPG Auto Glass and increased earnings for the Auto Glass segment in the amount of $2.1 million. These declines were partially offset by the elimination of funding for the TerraSun joint venture, which was shut down during the third quarter of fiscal 2002.

Our effective income tax rate of 28.9 percent of pre-tax earnings from continuing operations decreased from the 30.4 percent of pre-tax earnings from continuing operations reported in fiscal 2002. This reduction was due to the donation of the TerraSun patented technology to the Illinois Institute of Technology in the fourth quarter of fiscal 2003, which resulted in a significant deduction that reduced the fiscal 2003 rate in comparison to the prior year.

Our fiscal 2003 earnings from continuing operations increased to $28.9 million or $1.02 diluted earnings per share. This compared to earnings from continuing operations of $25.2 million, or $0.88 diluted earnings per share, a year earlier. The increase in earnings is largely attributable to the revenue and productivity gains within our LSO segment, the elimination of goodwill amortization (due to a change in accounting standards) and reduced interest and taxes, offset by declines for our Architectural segment and losses from our affiliated companies.

Fiscal 2003 income from discontinued operations is primarily the result of a reduction in our estimates of the ultimate liabilities for the discontinued European curtainwall operation. This resulted in net income of $3.6 million, or $0.13 diluted earnings per share. The remainder represents the operating results of Harmon AutoGlass, which incurred a loss of $2.6 million, or $0.09 diluted earnings per share. In fiscal 2002, income from discontinued operations of $0.9 million consisted entirely of earnings from Harmon AutoGlass. The change in results for Harmon AutoGlass was due to lower pricing within the competitive auto glass market year-over-year.

Our fiscal 2003 net earnings were $29.9 million, or $1.06 diluted earnings per share. This compared to $26.1 million of net earnings, or $0.91 diluted earnings per share, a year ago.

Segment Analysis

Architectural Products and Services (Architectural)

(In thousands)	2004	2003	2002
Net sales	$411,425	$458,811	$479,364
Operating (loss) income	(592)	32,134	34,396
Operating income as a percent of sales	(0.1%)	7.0%	7.2%

Fiscal 2004 Compared to Fiscal 2003. Architectural net sales for fiscal 2004 decreased 10.3 percent to $411.4 million from $458.8 million in fiscal 2003. The decrease is due to the effects of the slowed economy on the North American commercial construction industry as the number of projects to bid and work on, and the pricing on those projects declined. The number and amount of delays in construction project timing also increased during the year. The impact of these items resulted in lower sales for all of our Architectural business units, but primarily affected revenues in our installation and window manufacturing businesses.

The segment experienced an operating loss for the year of $0.5 million compared to operating income in fiscal 2003 of $32.1 million. Operating margin decreased to (0.1) percent for fiscal 2004 from 7.0 percent in fiscal 2003. The reduced revenues had a significant impact on operating income and margin. Hardest hit by project delays in fiscal 2004 were our glass installation, window and architectural glass businesses. The delays, along with pricing pressures and isolated project management issues in the installation group, impacted margins and earnings. Also impacting the segment was the fact that the mix of work included more institutional work, which generally provides lower margins than the office sector projects.

Fiscal 2003 Compared to Fiscal 2002. Architectural net sales for fiscal 2003 decreased 4.3 percent to $458.8 million from $479.4 million in fiscal 2002. The decrease is due to the effects of the slowed economy on the North American commercial construction industry and to delays in construction project timing. The impact of these items resulted in lower sales for most of our Architectural business units. This segment's revenue decline was partially offset by an increase in institutional projects and revenues earned on renovation projects.

Operating income for the segment in fiscal 2003 decreased 6.6 percent to $32.1 million from $34.4 million in the prior year. Operating margin decreased to 7.0 percent for fiscal 2003 from 7.2 percent in fiscal 2003. The majority of the decline in operating income was due to excess capacity associated with the revenue decline. We took actions in the latter part of the fourth quarter of fiscal 2003 and early part of the first quarter of fiscal 2004 to lower the cost structure to reflect the current market outlook. Additionally, the level of institutional projects, which have lower margins, increased in fiscal 2003. The margin decline was partially offset by manufacturing efficiencies in our glass and window fabricating business units.

Large-Scale Optical Technologies (LSO)

(In thousands)	2004	2003	2002
Net sales	$79,367	$79,705	$67,829
Operating income (loss)	2,793	3,694	(4,350)
Operating income (loss) as a percent of sales	3.5%	4.6%	(6.4%)

Fiscal 2004 Compared to Fiscal 2003. LSO net sales of $79.4 million were flat compared to fiscal 2003. Picture-framing revenues grew approximately 2% with an increase in value-added picture framing glass offset by reduced sales in our clear

glass, matboard and consumer electronics business sales. Operating income declined to $2.8 million in fiscal 2004 from $3.7 million in fiscal 2003. The current year results included a $0.6 million charge related to restructuring the segment by merging the two business units in order to focus on picture-framing glass and reduce operating costs and a $1.1 million non-cash charge for the write-down of matboard product line inventory that we disposed of in the first quarter of fiscal 2005.

Fiscal 2003 Compared to Fiscal 2002. LSO net sales of $79.7 million increased 17.5 percent over fiscal 2002 and operating income improved from a loss of $4.4 million to income of $3.7 million in fiscal 2003. These increases were the result of several successful new product introductions, particularly in applying coatings to acrylic, and continued conversions and wider distribution of value-added picture-framing glass. Also contributing were improvements in key consumer electronics and retail framing markets. In addition, operational improvements from the company-wide six-sigma effort improved operating margins for the segment.

Automotive Replacement Glass and Services (Autoglass)

(In thousands)	2004	2003	2002
Net sales	$44,582	$46,423	$50,605
Operating income	7,779	11,800	14,076
Operating income as a percent of sales	17.4%	25.4%	27.8%

Fiscal 2004 Compared to Fiscal 2003. Auto Glass net sales, which includes only our manufacturing business, decreased 4.0 percent to $44.6 million in fiscal 2004. During the fourth quarter of fiscal 2004, pricing under the Company's supply agreement with PPG, to which a significant percentage of our manufacturing capacity is sold, was changed to better reflect market pricing. This decreased the segment's revenues by approximately 3.0 percent, or $1.4 million. Manufacturing unit volume increased over the prior year, offsetting some of the pricing declines. Additionally, average manufacturing pricing declined by 13.0 percent in the current year in comparison to fiscal 2003.

Auto Glass operating income decreased to $7.8 million in fiscal 2004 from operating income of $11.8 million in fiscal 2003 due to a combination of overall pricing declines and changes in the pricing terms of the supply agreement with PPG. These items were partially offset by volume increases and operational improvements within our manufacturing business. The net of the above caused the operating margin to decline to 17.4 percent from 25.4 percent.

This segment's operating income includes results from manufacturing and the market-based pricing amendments to the supply agreements related to the PPG Auto Glass joint venture that were effective in fiscal 2002. We agreed to amend the existing pricing amendments during the fourth quarter of fiscal 2004 in order to reflect declines in market pricing. Beginning with fiscal 2005, this will negatively impact the segment's results with an offsetting benefit to equity in earnings of affiliates.

Fiscal 2003 Compared to Fiscal 2002. Auto Glass net sales decreased 8.3 percent to $46.4 million in fiscal 2003. The decrease was primarily due to lower prices as a result of competitive pricing pressures. The average price in our manufacturing business declined by more than 20 percent for the current year in comparison to fiscal 2002. Our unit volume remained relatively consistent with the prior year, with declines in the first half of the year followed by improvements in year-over-year volumes in the second half.

Auto Glass operating income decreased to $11.8 million in fiscal 2003 from operating income of $14.1 million in fiscal 2002 due to pricing declines in manufacturing businesses. These items were partially offset by operational improvements as well as gains from the sale of real estate.

Discontinued Operations

We announced on September 10, 2003, that we intended to sell our retail auto glass business, Harmon AutoGlass. On January 2, 2004, the Company completed the cash sale of Harmon AutoGlass. During fiscal 2004, the Company recorded a $7.6 million, after-tax charge, representing a reduction in the carrying value of this business unit to its estimated fair value, less cost to sell. Estimated liabilities have been recorded for committed future cash flows related to the sale. We expect the process for the sale to be finalized during the first quarter of fiscal 2005, with any necessary working capital adjustment to the selling price to be made at that time.

In several transactions in fiscal years 1998 through 2000, the Company completed the sale of its large-scale domestic curtainwall business, the sale of the Company's detention/security business and its exit from international curtainwall operations. The majority of the future cash expenditures related to these businesses are expected to be made within the next three years. The majority of the reserve relates to the international curtainwall operations, including bonds outstanding, of which the precise degree of liability related to these matters will not be known until they are settled within the U.K. and French courts. For the outstanding matter within the U.K., the plaintiff is required to file documents with the court by September 2004

at which time we will be able to begin the discovery process and better evaluate the plaintiff demands. For the outstanding matter within France, we are expecting a ruling to be made by the French court by June 2004, which may be appealed. The reserve also covers other liability issues, consisting of warranty and rework issues, relating to these and other international construction projects.

At February 28, 2004, assets and liabilities totaling $4.6 million and $12.9 million, respectively, represented the remaining estimated future net cash outflows associated with the Company's exit from discontinued operations. This compared to $32.9 million assets and $26.4 million liabilities at March 1, 2003. The net reduction in assets and liabilities relates to Harmon AutoGlass assets and liabilities that were sold during fiscal 2004.

Related Party Transactions

As a result of our 34 percent interest in PPG Auto Glass, in which PPG holds the remaining interest, various transactions the Company enters into with PPG and PPG Auto Glass are deemed to be "related party" transactions. Under the terms of a multi-year agreement expiring in July 2005, our manufacturing auto glass business is committed to selling a significant portion of its windshield capacity to PPG. Terms of the agreement between our manufacturing business and PPG require notification of termination by July 2004. The terms are negotiated equivalent to an arm's-length basis. In March 2004, we received the required advance notice from PPG indicating that the windshield supply agreement Curvlite operates under will be terminated on the expiration date in July 2005, which is during fiscal 2006. We are in discussions with PPG regarding a new supply agreement. This is not anticipated to have a material effect on fiscal 2005 earnings. Additionally, at the time of formation of PPG Auto Glass, Harmon AutoGlass entered into a multi-year agreement pursuant to which it committed to purchase 75 percent of its windshield requirements from PPG Auto Glass. As part of the sale of Harmon AutoGlass, these purchase commitments remained with Harmon AutoGlass.

Liquidity and Capital Resources

(Cash effect, in thousands)	2004	2003	2002
Net cash provided by operating activities of continuing operations	$ 18,590	$51,971	$ 45,893
Capital expenditures	(11,459)	(11,208)	(7,703)
Proceeds from dispositions of property	4,038	4,625	5,491
Borrowing activities, net	(7,840)	(21,940)	(36,296)
Purchases and retirement of Company common stock	(1,292)	(18,000)	—

Operating activities. Cash provided by operating activities of continuing operations was $18.6 million for fiscal 2004 compared to $52.0 million in fiscal 2003. The most significant items that affected the decline from the past year is the reduction of earnings from continuing operations of $24.3 million and increases in non-cash working capital (current assets less cash and current liabilities) of $18.5 million. The increase in non-cash working capital was primarily due to the increase in refundable income taxes, as we are expecting a significant refund during fiscal 2005. Management of working capital resources is a focus for us, and we expect to reduce non-cash working capital in fiscal 2005.

Investing activities. Capital expenditures in fiscal 2004, 2003 and 2002 were $11.5 million, $11.2 million and $7.7 million, respectively. Capital expenditures for the last three years are lower compared to our historical patterns as a direct result of our focus on filling the capacity of significant expansion projects initiated in fiscal 2000 and fiscal 1999. The Architectural segment's capacity utilization at the end of fiscal 2004 was approximately 60 percent, indicating that capital requirements for expansion will be limited over the foreseeable future as growth initiatives fill the remaining available capacity.

In fiscal 2005, the Company expects to incur capital expenditures as necessary to maintain existing facilities, safety and information systems, as well as some capacity improvements within the LSO segment. Fiscal 2005 expenditures are expected to be less than $15.0 million. This amount does not include any acquisitions or regional expansions that we may consider as part of our overall strategic and performance objectives.

In fiscal 2004, 2003, and 2002, we had proceeds on the sale of certain land, buildings and equipment totaling $4.0 million, $4.6 million and $5.5 million, respectively. We have been focused on reducing our investment in non-core business assets over the past several years, which has resulted in these proceeds. Included in the fiscal 2004 and fiscal 2002 amounts were sale and leaseback agreements on miscellaneous buildings and equipment totaling $4.0 million and $2.1 million, respectively. Under these and other sale and leaseback agreements, we have an option to purchase equipment at projected future fair market value upon expiration of the leases, which occurs after fiscal 2006.

We continue to review our portfolio of businesses and their assets in comparison to our internal strategic and performance objectives. As part of this review, we may acquire other businesses, further invest in, fully divest and/or sell-off parts of our current businesses.

Financing activities. Net payments on all of our borrowings for fiscal 2004, 2003, and 2002 were $7.8 million, $21.9 million and $36.3 million, respectively. We continued to focus on debt reduction during fiscal 2004, evidenced by the reduction in our debt-to-total capital ratio, which improved to 19.1 percent at the end of fiscal 2004, compared to 21.0 percent at the end of fiscal 2003. The majority of our long-term debt at the end of the year, $31.1 million, consisted of bank borrowings under a syndicated revolving credit facility. We expect to reduce debt further during fiscal 2005.

In April 2003, the Board of Directors authorized the repurchase of 1,500,000 million shares of our Common Stock. We purchased approximately 113,000 shares during fiscal 2004, paying out $1.3 million throughout the year at an average price of $11.44. During fiscal 2003, the Board of Directors authorized the repurchase of 1,500,000 million shares of our Common Stock. We completed this repurchase program by buying back 1,500,000 million shares in fiscal 2003 paying out $18.0 million throughout the year at an average price of $12.00 per share. We also purchased $0.9 million and $1.5 million of Company stock from employees pursuant to terms of board approved compensation plans during fiscal 2004 and 2003, respectively. It is our present intention to use the repurchase shares solely to offset the dilutive impact of management stock option exercises and to fund our equity-based compensation plans. Stock purchases may be made from time to time in the open market at prevailing market prices.

Other financing activities. The following summarizes significant contractual obligations that impact our liquidity:

	Future Cash Payments Due by Period						
(In thousands)	2005	2006	2007	2008	2009	Thereafter	Total
Borrowings under credit facility	$ —	$ —	$ 31,100	$ —	$ —	$ —	$ 31,100
Industrial revenue bonds	—	—	—	—	—	8,400	8,400
Other long-term debt	308	150	—	—	—	—	458
Operating leases (undiscounted)	8,389	7,755	6,956	5,977	1,299	2,191	32,567
Purchase obligations	—	—	—	—	—	—	—
Other obligations	111	5	—	—	—	—	116
Total cash obligations	$ 8,808	$ 7,910	$38,056	$5,977	$1,299	$10,591	$ 72,641

During fiscal 2004, there were no significant changes to our overall debt structure. During fiscal 2003, the Company entered into a four-year, unsecured, revolving credit facility in the amount of $125.0 million. As defined by the credit facility, we are required to maintain levels of net worth and certain financial ratios. These ratios include maintaining an interest coverage ratio of more than 3.0 and a debt-to-cash flow ratio of less than 2.75. At February 28, 2004, these ratios were 6.68 and 1.72, respectively. If the Company is not in compliance with these ratios at the end of any quarter (with respect to interest coverage) or at the end of any day (with respect to the debt-to-cash flow ratio), the lender may terminate the commitment and/or declare any loan then outstanding to be immediately due and payable. This credit facility replaced the Company's previously existing $125.0 million secured credit facility. The industrial revenue bonds in the total above are supported by $8.4 million of letters of credit. Amounts available under the $125.0 million credit facility are reduced by the aggregate outstanding principal amount of loans and letter of credit obligations issued under the credit facility. At February 28, 2004, the Company's available commitment under the facility was $85.0 million. At February 28, 2004, we were in compliance with all of the financial covenants of the credit facility.

From time to time, we acquire the use of certain assets, such as warehouses, automobiles, forklifts, vehicles, office equipment and some manufacturing equipment, through operating leases. Many of these operating leases have termination penalties. However, because the assets are used in the conduct of our business operations, it is unlikely that any significant portion of these operating leases would be terminated prior to the normal expiration of their lease terms. Therefore, we consider the risk related to termination penalties to be minimal.

The other contractual obligations relate to non-compete and consulting agreements with former employees.

	Amount of Commitment Expiration Per Period						
(In thousands)	2005	2006	2007	2008	2009	Thereafter	Total
Standby letters of credit	$—	$108	$132	$4,654	$1,469	$ —	$6,363

In addition to the above standby letters of credit, which are predominantly issued for performance related bonds in our discontinued European curtainwall business, we are required, in the ordinary course of business, to commit to bonds that require payments to our customers for any non-performance. The outstanding face value of the bonds fluctuates with the value of installation projects that are in process and in our backlog. At February 28, 2004, these bonds totaled $162.6 million. Our installation business has never been required to pay on these performance-based bonds.

The Company maintains interest rate swap agreements that effectively convert $25.0 million and $10.0 million of variable rate borrowings into fixed rate borrowings at 5.8 percent and 4.5 percent, respectively. The swap agreements expire in fiscal 2006 and 2005, respectively. The net present liability associated with these swaps was $2.3 million and $3.2 million at the end of fiscal 2004 and 2003, respectively.

We experienced a material increase in our insurance premiums and risk retention for our third-party product liability coverages in fiscal 2003, and although we were able to continue these coverages in fiscal 2004, the premiums and retention remained high. There were no significant changes to the policies for fiscal 2005. A material construction project rework event would have a material adverse effect on our operating results.

For fiscal 2005, we believe that current cash on hand and cash generated from operating activities should be adequate to fund our working capital requirements and planned capital expenditures. If we are unable to generate enough cash through operations to satisfy our working capital requirements and planned capital expenditures, we have available funds from our committed revolving credit facility.

Off-balance sheet arrangements. With the exception of routine operating leases, we had no off-balance sheet financing arrangements at February 28, 2004 or March 1, 2003.

Outlook

The following statements are based on current expectations for fiscal 2005. These statements are forward-looking, and actual results may differ materially.

- Overall revenues for the year are expected to increase 3 to 8 percent, with most of the growth coming in the first half of the year.
    - Architectural segment revenues are expected to increase from 6 percent (no market improvement) to 11 percent (market improvement) during the year.
    - LSO revenues are expected to be flat compared to the prior year.
    - Auto Glass manufacturing revenues are expected to be more than 15 percent lower than in fiscal 2004.
- Annual gross margins are expected to be approximately 2 percentage points higher than the prior year, as operational improvements and cost reductions are somewhat offset by higher costs for wages and insurance.
- Expected annual operating margins by segment are: Architectural, approximately 1.5 to 3 percent; LSO, 6 to 11 percent; and Auto Glass, 6 to 7 percent.
- Quarterly year-over-year growth in the Architectural backlog is required to meet earnings per share expectations.
- LSO sales of value-added picture framing glass products are expected to grow 10 to 15 percent, offset by the sale of the matboard business and declining consumer electronics revenues.
- SG&A is projected to be slightly lower as a percentage of sales.
- Equity in affiliates, which now reflects Apogee's portion of the results of the PPG Auto Glass joint venture, is expected to have income of $2 million, with the increase in earnings resulting from amending the existing PPG Auto Glass joint venture pricing amendments to better reflect market pricing.
- Full-year capital expenditures are targeted at $15 million, excluding any strategic initiatives.
- Depreciation and amortization is estimated at $19 million for the year.
- Debt is expected to be reduced further by year-end, excluding any strategic initiatives.
- The effective tax rate for the full year is anticipated to be 34 percent.
- Earnings per share from continuing operations are expected to range from $0.30 to $0.50 for fiscal 2005.
- Discontinued operations in early fiscal 2005 are expected to reflect limited costs related to the finalization of the sale of Harmon AutoGlass.

Recently Issued Accounting Pronouncements

See ITEM 8, Note 1 of the Notes to Consolidated Financial Statements, for information pertaining to recently adopted accounting standards or accounting standards to be adopted in the future.

Critical Accounting Policies

Management has evaluated the accounting policies and estimates used in the preparation of the accompanying financial statements and related notes, and believes those policies and estimates to be reasonable and appropriate. We believe that the most critical accounting policies and estimates applied in the presentation of our financial statements relate to accounting for future events. Future events and their effects cannot be determined with absolute certainty. Therefore, management is required to exercise judgment both in assessing the likelihood that a liability has been incurred as well as in estimating the amount of potential loss. We have identified the following accounting policies as critical to our business and in the understanding of our results of operations and financial position:

Revenue recognition – Normally our sales terms are "free on board" (FOB) shipping point or FOB destination for our product sales and revenue is recognized when title has transferred. However, during fiscal 2004, approximately 26 percent of our consolidated sales and 34 percent of our Architectural segment sales are recorded on a percentage-of-completion basis as it relates to revenue earned from construction contracts. Under this methodology, we compare the total costs incurred to date to the total estimated costs for the contract, and record that proportion of the total contract revenue in the period. Contract costs include materials, labor and other direct costs related to contract performance. Provisions are established for estimated losses, if any, on uncompleted contracts in the period in which such losses are determined. Amounts representing contract change orders, claims or other items are included in sales only when customers have approved them. A significant number of estimates are used in these computations.

Goodwill impairment – To determine if there has been any impairment in accordance with Statement of Financial Accounting Standards (SFAS) No. 142, we evaluate the goodwill on our balance sheet annually, or more frequently if impairment indicators exist. We base our determination of value using a discounted cash flow methodology that involves significant judgments based upon projections of future performance. There can be no assurances that these forecasts will be attained. Changes in strategy and/or market conditions may result in adjustments to recorded asset balances.

Reserves for disputes and claims regarding product liability and warranties – From time to time, we are subject to claims associated with our products and services, principally as a result of disputes with our customers involving our Architectural products. The time period from when a claim is asserted to when it is resolved either by dismissal, negotiation, settlement or litigation can be several years. While we maintain product liability insurance, the insurance policies include significant self-retention of risk in the form of policy deductibles. In addition, certain claims could be determined to be uninsured. We reserve based on our estimates of known claims, as well as on anticipated claims for possible product warranty and rework costs based on historical product liability claims as a ratio of sales.

Reserves for discontinued operations – We reserve for the remaining estimated future cash outflows associated with our exit from discontinued operations. The majority of these cash expenditures are expected to be made within the next three years. The primary components of the accruals relate to the remaining exit costs from the international curtainwall operations of our large-scale construction business. These long-term accruals include settlement of outstanding performance bonds, of which the precise degree of liability related to these matters will not be known until they are settled within the U.K. and French courts. We also reserve for product liability issues and the related legal costs for specific projects completed both domestically and internationally. We reserve based on known claims, estimating their expected losses, as well as on anticipated claims for possible product warranty and rework costs for these discontinued operations projects.

Self-insurance reserves – We obtain substantial amounts of commercial insurance for potential losses for general liability, workers' compensation, automobile liability, employment practices and architectural errors and omissions risk. However, an amount of risk is retained on a self-insured basis through a wholly owned insurance subsidiary. Reserve requirements are established based on actuarial projections of ultimate losses. Additionally, we maintain a self-insurance reserve for our health insurance programs maintained for the benefit of our eligible employees. We estimate a reserve based on historical levels of amounts incurred but not reported.

As part of our ongoing financial reporting process, a collaborative effort is undertaken involving our management with responsibility for financial reporting, credit, product and project management, quality, legal, tax and outside advisors such as consultants, engineers, lawyers and actuaries. The results of this effort provide management with the necessary information on which to base its judgments on these future events and develop the estimates used to prepare the financial statements. We believe that the amounts recorded in the accompanying financial statements related to these events are based on the best estimates and judgments of Apogee management. However, outcomes could differ from our estimates and could materially adversely affect our future operating results, financial position and cash flows.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our principal market risk is sensitivity to interest rates, which is the risk that changes in interest rates, will reduce net earnings of the Company. To manage our direct risk from changes in market interest rates, management actively monitors the interest sensitive components of our 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.

We use interest rate swaps to fix a portion of our variable rate borrowings from fluctuations in interest rates. As of February 28, 2004, we had interest swaps covering $35.0 million of variable rate debt. The net present liability associated with these swaps was $2.3 million at the end of fiscal 2004.

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. This change in interest rates affecting our financial instruments would result in approximately a $0.03 million impact to net earnings. As interest rates increase, net earnings decrease; as interest rates decrease, net earnings increase.

We generally do not have exposure to foreign exchange risk as the majority of our sales are within the United States and those outside the United States are generally denominated in U.S. dollars.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements and related information are the responsibility of management. They have been prepared in conformity with accounting principles generally accepted in the United States of America and include amounts that are based on our best estimates and judgments under existing circumstances. The financial information contained elsewhere in this report is consistent with that in the consolidated financial statements.

We maintain internal accounting control systems that are adequate to provide reasonable assurance that assets are safeguarded from loss or unauthorized use and that our financial records provide a reliable basis for the preparation of our consolidated financial statements. We believe our systems are effective, and the costs of the systems do not exceed the benefits obtained. These systems of control are supported by the selection of qualified personnel, by organizational assignments that provide appropriate division of responsibilities and by the dissemination of written finance policies. This control structure is further supported by a program of internal audits.

The Audit Committee of the Board of Directors has reviewed the financial data included in this report. The Audit Committee, comprised entirely of independent directors, assists the Board of Directors in monitoring the integrity of our financial statements, the effectiveness of our internal audit function and independent accountants, and our compliance systems. In carrying out these responsibilities, the Audit Committee meets regularly with management to consider the adequacy of our internal controls and the objectivity of our financial reporting. The Audit Committee also discusses these matters with our independent accountants, with appropriate personnel from our finance organization and with our internal auditors, and meets privately on a regular basis with the independent accountants and internal auditors, each of whom reports and has unrestricted access to the Audit Committee.

The role of the independent accountants is to render an independent, professional opinion on management's consolidated financial statements to the extent required by auditing standards generally accepted in the United States of America. Their report expresses an independent opinion on the fairness of presentation of our consolidated financial statements.

We recognize the responsibility to conduct our affairs according to the highest standards of personal and corporate conduct. This responsibility is reflected in our compliance policy and in our code of ethics and business conduct, which are distributed to all employees.

/s/ Russell Huffer

Russell Huffer
Chairman, President and Chief Executive Officer

/s/ William F. Marchido

William F. Marchido
Chief Financial Officer

INDEPENDENT AUDITORS' REPORT

To The Board of Directors and Shareholders of Apogee Enterprise, Incorporated

We have audited the accompanying consolidated balance sheets of Apogee Enterprises, Inc. and subsidiaries as of February 28, 2004 and March 1, 2003, and the related consolidated results of operations, statement of cash flows, and statement of changes in shareholders' equity for the each of the three years in the period ended February 28, 2004. Our audits also include the financial statement schedule listed in the Table of Contents at Item 15. These consolidated financial statements and the financial statements schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of the Company at February 28, 2004 and March 1, 2003, and the results of their operations and their cash flows for each of the three years in the period ending February 28, 2004, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

As discussed in Note 1 to the consolidated financial statements, effective March 3, 2002, the Company changed its method of accounting for goodwill and other intangible assets.

Deloitte & Touche LLP
Minneapolis, Minnesota
April 30, 2004

Table of Contents

CONSOLIDATED BALANCE SHEETS

(In thousands, except per share data)	February 28, 2004	March 1, 2003
Assets		
Current assets		
Cash and cash equivalents	$ 7,822	$ 10,166
Receivables, net of allowance for doubtful accounts	99,968	103,286
Inventories	35,533	35,868
Refundable income taxes	2,578	—
Current assets of discontinued operations	1,343	14,013
Deferred tax assets	6,700	5,549
Other current assets	3,910	2,581
Total current assets	157,854	171,463
Property, plant and equipment, net	98,536	108,966
Marketable securities available for sale	13,987	16,373
Investments in affiliated companies	16,668	19,752
Assets of discontinued operations	3,260	18,901
Goodwill	42,960	42,960
Intangible assets, at cost less accumulated amortization of $845 and $501, respectively	1,365	1,797
Other assets	573	2,629
Total assets	$ 335,203	$ 382,841
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable	$ 38,293	$ 46,873
Accrued expenses	41,294	44,076
Current liabilities of discontinued operations	3,643	17,186
Billings in excess of costs and earnings on uncompleted contracts	7,100	4,401
Accrued income taxes	—	7,352
Current installments of long-term debt	308	540
Total current liabilities	90,638	120,428
Long-term debt, less current installments	39,650	47,258
Long-term self-insurance reserves	14,065	13,696
Other long-term liabilities	14,104	14,040
Liabilities of discontinued operations	9,290	9,209
Commitments and contingent liabilities (Notes 7 and 17)		
Shareholders' equity		
Common stock of $0.33-1/3 par value; authorized 50,000,000 shares; issued and outstanding, 27,358,000 and 27,203,000, respectively	9,119	9,068
Additional paid-in capital	55,749	52,623
Retained earnings	106,271	120,859
Common stock held in trust	(5,368)	(5,179)
Deferred compensation obligations	5,368	5,179
Unearned compensation	(2,474)	(2,482)
Accumulated other comprehensive loss	(1,209)	(1,858)
Total shareholders' equity	167,456	178,210
Total liabilities and shareholders' equity	$ 335,203	$ 382,841

See accompanying notes to consolidated financial statements.

Table of Contents

CONSOLIDATED RESULTS OF OPERATIONS

(In thousands, except per share data)	Year-Ended Feb. 28, 2004	Year-Ended March 1, 2003	Year-Ended March 2, 2002
Net sales	$535,329	$ 584,882	$597,792
Cost of sales	440,862	439,658	455,459
Gross profit	94,467	145,224	142,333
Selling, general and administrative expenses	86,720	99,656	100,219
Operating income	7,747	45,568	42,114
Interest income	568	1,071	2,439
Interest expense	3,713	4,468	7,301
Other income, net	67	958	57
Equity in loss of affiliated companies	(3,165)	(2,530)	(1,026)
Earnings from continuing operations before income taxes	1,504	40,599	36,283
Income tax (benefit) expense	(3,128)	11,717	11,041
Earnings from continuing operations	4,632	28,882	25,242
(Loss) earnings from discontinued operations, net of income taxes	(10,225)	1,033	900
Net (loss) earnings	$ (5,593)	$ 29,915	$ 26,142
Earnings per share – basic			
Earnings from continuing operations	$ 0.17	$ 1.05	$ 0.90
(Loss) earnings from discontinued operations	(0.38)	0.04	0.04
Net (loss) earnings	$ (0.21)	$ 1.09	$ 0.94
Earnings per share – diluted			
Earnings from continuing operations	$ 0.17	$ 1.02	$ 0.88
(Loss) earnings from discontinued operations	(0.37)	0.04	0.03
Net (loss) earnings	$ (0.20)	$ 1.06	$ 0.91
Weighted average basic shares outstanding	27,037	27,521	27,910
Weighted average diluted shares outstanding	27,819	28,347	28,817
Cash dividends declared per common share	$ 0.235	$ 0.225	$ 0.215

See accompanying notes to consolidated financial statements.

Table of Contents

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)	Year-Ended Feb. 28, 2004	Year-Ended March 1, 2003	Year-Ended March 2, 2002
Operating Activities			
Net (loss) earnings	$ (5,593)	$ 29,915	$ 26,142
Adjustments to reconcile net (loss) earnings to net cash provided by operating activities:			
Net loss (earnings) from discontinued operations	10,225	(1,033)	(900)
Depreciation and amortization	19,748	20,798	23,102
Deferred income taxes	5,014	(1,680)	(515)
Equity in loss of affiliate companies	3,165	2,530	1,026
Gain on disposal of assets	(1,067)	(2,989)	(2,678)
Other, net	(1,329)	178	561
Changes in operating assets and liabilities, net of effect of acquisitions:			
Receivables	3,318	(754)	2,347
Inventories	335	(1,117)	3,885
Accounts payable and accrued expenses	(11,052)	5,819	(2,536)
Billings in excess of costs and earnings on uncompleted contracts	2,699	(1,726)	(4,203)
Refundable and accrued income taxes	(7,090)	1,908	(1,359)
Other, net	217	122	1,021
Net cash provided by continuing operating activities	18,590	51,971	45,893
Investing Activities			
Capital expenditures	(11,459)	(11,208)	(7,703)
Proceeds from sales of property, plant and equipment	4,038	4,625	5,491
Acquisition of businesses, net of cash acquired	—	(300)	(247)
(Investments in) dividends received from equity investments	(81)	(172)	2,411
Purchases of marketable securities	(14,142)	(25,961)	(8,438)
Sales/maturities of marketable securities	16,642	31,627	10,383
Net cash (used in) provided by investing activities	(5,002)	(1,389)	1,897
Financing Activities			
Net payments on revolving credit agreement	(7,300)	(22,300)	(35,300)
Proceeds from issuance of long-term debt	—	1,000	2,000
Payments on long-term debt	(540)	(640)	(2,996)
Payments on debt issue costs	—	(835)	(223)
Proceeds from issuance of common stock, net of cancellations	1,031	1,455	2,486
Repurchase and retirement of common stock	(1,292)	(18,000)	—
Dividends paid	(6,450)	(6,246)	(6,078)
Net cash used in financing activities	(14,551)	(45,566)	(40,111)
Cash (used in) provided by discontinued operations	(1,381)	(10,211)	2,993
(Decrease) increase in cash and cash equivalents	(2,344)	(5,195)	10,672
Cash and cash equivalents at beginning of year	10,166	15,361	4,689
Cash and cash equivalents at end of year	$ 7,822	$ 10,166	$ 15,361
Supplemental schedule of non-cash investing activities:			
Net assets acquired through assumption of debt (see Note 13)	$ —	$ —	$ 1,500

See accompanying notes to consolidated financial statements.

Table of Contents

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(in thousands)	Common Shares Outstanding	Common Stock	Additional Paid-In Capital	Retained Earnings	Common Stock Held in Trust	Deferred Compensation Obligation	Unearned Compensation	Accumulated Other Comprehensive (Loss) Income	Comprehensive Earnings
Bal. at March 3, 2001	**27,825**	**$ 9,275**	**$45,773**	**$ 93,543**	**$ (4,306)**	**$ 4,306**	**$ (757)**	**$ 458**	
Net earnings	—	—	—	26,142	—	—	—	—	$ 26,142
Unrealized gain on marketable securities, net of $112 tax expense	—	—	—	—	—	—	—	207	207
Initial impact of adoption of SFAS No. 133, net of $672 tax benefit	—	—	—	—	—	—	—	(1,109)	(1,109)
Unrealized loss on derivatives, net of $257 tax benefit	—	—	—	—	—	—	—	(423)	(423)
Issuance of stock, net of cancellations	396	132	3,398	(61)	(249)	249	(1,807)	—	
Amortization of restricted stock	—	—	—	—	—	—	1,017	—	
Tax benefit associated with stock plans	—	—	400	—	—	—	—	—	
Exercise of stock options	123	41	966	—	—	—	—	—	
Other share retirements	(10)	(3)	(16)	(164)	—	—	—	—	
Cash dividends ($0.215 per share)	—	—	—	(6,078)	—	—	—	—	
Bal. at March 2, 2002	**28,334**	**$ 9,445**	**$ 50,521**	**$113,382**	**$ (4,555)**	**$ 4,555**	**$ (1,547)**	**$ (867)**	**$ 24,817**
Net earnings	—	—	—	29,915	—	—	—	—	$ 29,915
Unrealized loss on marketable securities, net of $276 tax benefit	—	—	—	—	—	—	—	(511)	(511)
Unrealized loss on derivatives, net of $292 tax benefit	—	—	—	—	—	—	—	(480)	(480)
Issuance of stock, net of cancellations	264	88	3,567	(247)	(624)	624	(1,899)	—	
Amortization of restricted stock	—	—	—	—	—	—	964	—	
Tax benefit associated with stock plans	—	—	179	—	—	—	—	—	
Exercise of stock options	216	72	1,421	—	—	—	—	—	
Share repurchases	(1,500)	(500)	(2,872)	(14,628)	—	—	—	—	
Other share retirements	(111)	(37)	(193)	(1,317)	—	—	—	—	

Cash dividends ($0.225 per share)	—	—	—	(6,246)	—	—	—	—	
Bal. at March 1, 2003	**27,203**	**$ 9,068**	**$52,623**	**$ 120,859**	**$(5,179)**	**$ 5,179**	**$ (2,482)**	**$ (1,858)**	**$ 28,924**
Net loss	—	—	—	(5,593)	—	—	—	—	$ (5,593)
Unrealized gain on marketable securities, net of $40 tax expense	—	—	—	—	—	—	—	74	74
Unrealized gain on derivatives, net of $348 tax expense	—	—	—	—	—	—	—	575	575
Issuance of stock, net of cancellations	190	63	2,210	(545)	(189)	189	(809)	—	
Amortization of restricted stock	—	—	—	—	—	—	817	—	
Tax benefit associated with stock plans	—	—	84	—	—	—	—	—	
Exercise of stock options	158	53	1,217	(251)	—	—	—	—	
Share repurchases	(113)	(38)	(228)	(1,026)	—	—	—	—	
Other share retirements	(80)	(27)	(157)	(723)	—	—	—	—	
Cash dividends ($0.235 per share)	—	—	—	(6,450)	—	—	—	—	
Bal. at Feb. 28, 2004	**27,358**	**$ 9,119**	**$ 55,749**	**$106,271**	**$ (5,368)**	**$ 5,368**	**$ (2,474)**	**$ (1,209)**	**$ (4,944)**

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 Summary of Significant Accounting Policies and Related Data

Basis of Consolidation. The accompanying consolidated financial statements include the accounts of Apogee Enterprises, Inc. (the Company), a Minnesota corporation, and all majority-owned subsidiaries. Transactions between Apogee and its subsidiaries have been eliminated in consolidation. The equity method is used to account for the Company's joint ventures, and, as a result, our share of the earnings or losses of such equity in affiliates is included in the Results of Operations and our share of these companies' shareholders' equity is included in the accompanying Balance Sheet. These financial statements have been restated to reflect Harmon AutoGlass, a business unit within our Autoglass segment sold during the fourth quarter of fiscal 2004, as a discontinued operation.

Fiscal Year. Apogee's fiscal year ends on the Saturday closest to February 28. Fiscal years 2004, 2003 and 2002 each consisted of 52 weeks.

Cash and Cash Equivalents. Investments with an original maturity of three months or less are included in cash and cash equivalents.

Inventories. Inventories, which consist primarily of purchased glass and aluminum, are valued at the lower of cost or market. Approximately 91 percent of the inventories are valued by use of the last-in, first-out (LIFO) method, which does not exceed market. If the first-in, first-out (FIFO) method had been used, inventories would have been $2.8 million and $2.9 million higher than reported at February 28, 2004, and March 1, 2003, respectively.

Property, Plant and Equipment. Property, plant and equipment is recorded at cost. Significant improvements and renewals are capitalized. Repairs and maintenance are charged to expense as incurred. When property is retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any related gains or losses are included in income. Depreciation is computed on a straight-line basis, based on the following estimated useful lives:

	Years
Buildings	25
Machinery and equipment	3 to 15
Office equipment	3 to 10

Financial Instruments. Unless otherwise noted, the carrying amount of the Company's financial instruments approximates fair value.

Goodwill and Other Intangible Assets. Goodwill represents the excess of the cost over the net tangible and identified intangible assets of acquired businesses. We adopted Statement of Financial Accounting Standards (SFAS) No. 142, *Goodwill and Other Intangible Assets*, effective March 3, 2002 and have discontinued the amortization of goodwill and have determined that we do not have intangible assets with indefinite useful lives. Under SFAS No. 142, goodwill and intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, or more frequently if events warrant. Intangible assets with discrete useful lives are amortized on a straight-line basis over their estimated useful lives. During the fourth quarter of fiscal 2004, using discounted cash flow methodologies, we completed our annual impairment test for those identifiable assets not subject to amortization and determined there was no impairment charge. In addition, the Company reassessed the useful lives of its identifiable intangible assets and determined that the lives were appropriate. The Company tests goodwill of each of its reporting units for impairment annually in connection with its fourth quarter planning process or more frequently if impairment indicators exist.

If the Company had been accounting for its goodwill and intangible assets under SFAS No. 142 for all prior periods presented, the Company's net income and earnings per common share would have been as follows:

(In thousands, except per share data)	2004	2003	2002
Net income:			
Reported net earnings	$ (5,593)	$29,915	$26,142
Add back amortization expense, net of tax	—	—	1,646
Adjusted net income	$ (5,593)	$29,915	$27,788
Earnings per share – basic			
Reported earnings per share	$ (0.21)	$ 1.09	$ 0.94
Impact of amortization expense, net of tax	—	—	0.06
Adjusted earnings per share – basic	$ (0.21)	$ 1.09	$ 1.00
Earnings per share – diluted			
Reported earnings per share	$ (0.20)	$ 1.06	$ 0.91
Impact of amortization expense, net of tax	—	—	0.06
Adjusted earnings per share – diluted	$ (0.20)	$ 1.06	$ 0.97
Weighted average common shares outstanding			
Basic	27,037	27,521	27,910
Diluted	27,819	28,347	28,817

Long-Lived Assets. The carrying value of long-lived assets such as property, plant and equipment and intangible assets is reviewed when circumstances suggest that the assets have been impaired. We consider many factors, including short- and long-term projections of future performance associated with these assets. If this review indicates that the long-lived assets will not be recoverable based on the estimated undiscounted cash flows over the remaining amortization period, the carrying value of such assets is reduced to estimated fair value.

Self-Insurance. The Company obtains commercial insurance for potential losses for general liability, workers' compensation, automobile liability, employment practices and architectural errors and omissions risk. However, a reasonable amount of risk is retained on a self-insured basis through a wholly owned insurance subsidiary, Prism Assurance, Inc. (Prism). Reserve requirements are established based on actuarial projections of ultimate losses. Losses estimated to be paid within 12 months are classified as accrued expenses, while losses expected to be payable in later periods are included in long-term self-insurance liabilities. Additionally, we maintain a self-insurance reserve for our health insurance programs maintained for the benefit of our eligible employees. We estimate a reserve based on historical levels of amounts incurred, but not reported.

Revenue Recognition. Generally, our sales terms are "free on board" (FOB) shipping point or FOB destination for our product-type sales and revenue is recognized when title has transferred. The Company recognizes revenue from construction contracts on a percentage-of-completion basis, measured by the percentage of costs incurred to date to estimated total costs for each contract, and records that proportion of the total contract revenue in that period. Contract costs include materials, labor and other direct costs related to contract performance. Provisions are established for estimated losses, if any, on uncompleted contracts in the period in which such losses are determined. Amounts representing contract change orders, claims or other items are included in sales only when they have been approved by customers. Approximately 26 percent, 25 percent and 25 percent of our consolidated sales in fiscal 2004, 2003 and 2002, respectively, were recorded on a percentage-of-completion basis. Sales returns, volume rebates and other sales discounts are not material to our operations.

Income Taxes. The Company accounts for income taxes as prescribed by SFAS No. 109, *Accounting for Income Taxes*, which requires use of the asset and liability method. This method recognizes deferred tax assets and liabilities based upon the future tax consequences of temporary differences between financial and tax reporting.

Stock-Based Compensation. Pursuant to SFAS No. 123, A*ccounting for Stock-Based Compensation*, we account for activity under our stock-based employee compensation plans under the recognition and measurement principles of Accounting Principles Board (APB) Opinion No. 25 *, Accounting for Stock Issued to Employees*. Accordingly, we do not recognize compensation expense in connection with employee stock option grants because we grant stock options at exercise prices not less than the fair value of our common stock on the date of grant.

The following table shows the effect of net (loss) earnings and (loss) earnings per share had we applied the fair value expense recognition provisions of SFAS No. 123, *Accounting for Stock-Based Compensation*, to stock-based employee compensation.

(In thousands, except per share data)	2004	2003	2002
Net earnings			
As reported	$ (5,593)	$29,915	$ 26,142
Compensation expense, net of income taxes	1,251	1,480	955
Pro forma	$ (6,844)	$ 28,435	$25,187
Earnings per share – basic			
As reported	$ (0.21)	$ 1.09	$ 0.94
Pro forma	(0.25)	1.03	0.90
Earnings per share – diluted			
As reported	$ (0.20)	$ 1.06	$ 0.91
Pro forma	(0.25)	1.00	0.87
Weighted average common shares outstanding			
Basic	27,037	27,521	27,910
Diluted	27,819	28,347	28,817

The above pro forma amounts may not be representative of the effects on reported net earnings for future years. The weighted average fair value per option at the date of grant for options granted in fiscal 2004, 2003 and 2002 was $4.16, $6.24 and $4.23, respectively. The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions used for grants in 2004, 2003 and 2002:

	2004	2003	2002
Dividend yield	2.4%	1.7%	2.4%
Expected volatility	65.7%	67.4%	67.3%
Risk-free interest rate	2.0%	2.5%	4.4%
Expected lives	4.5 years	4.6 years	4.6 years

Derivatives. Effective March 3, 2001, we adopted the provisions of SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities,* as amended. These standards require us to recognize all derivatives, including those embedded in other contracts, as either assets or liabilities at fair value in our balance sheet. If the derivative is designated as a fair-value hedge, the changes in the fair value of the derivative and the hedged item are recognized in earnings. If the derivative is designated and is effective as a cash-flow hedge (as is the case with the Company's interest rate swap as described in Footnote 7 to the Consolidated Financial Statements below), changes in the fair value of the derivative are recorded in other comprehensive income (OCI) and are recognized in the consolidated results of operations when the hedged item affects earnings. SFAS No. 133 defines new requirements for designation and documentation of hedging relationships as well as ongoing effectiveness assessments in order to use hedge accounting. For a derivative that is not designated as or does not qualify as a hedge, changes in fair value are reported in earnings immediately.

Accounting Estimates. The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of net sales and expenses during the reporting period. Amounts subject to significant estimates and assumptions include, but are not limited to, assessment of recoverability of long-lived assets, including goodwill, insurance reserves, warranty reserves, reserves related to discontinued operations, net sales recognition for construction contracts, and the status of outstanding disputes and claims. Actual results could differ from those estimates.

New Accounting Standards. In June 2002, the FASB issued SFAS No. 146, *Accounting for Costs Associated with Exit or Disposal.* This statement addresses financial accounting and reporting for costs associated with exit or disposal activities and nullifies Emerging Issues Task Force (EITF) Issue No. 94-3, *Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring).* The provisions of this statement are effective for exit or disposal activities initiated after December

31, 2002. The adoption of this statement in fiscal 2003 did not have a significant impact on the Company's consolidated financial statements.

In December 2003, the FASB revised SFAS No. 132, *Employer's Disclosures about Pensions and Other Post-retirement Benefits.* The revised standard requires new disclosures in addition to those required by the original standard about the assets, obligations, cash flows and net periodic benefit cost of defined benefit pension plans and other defined benefit post-retirement plans. As revised, SFAS No. 132R, is effective for financial statements with fiscal years ending after December 15, 2003. The interim-period disclosures required by this standard are effective for interim periods beginning after December 15, 2003. However, disclosure of the estimated future benefit payments is effective for fiscal years ending after June 14, 2004. See Note 9 for these new disclosures regarding our defined benefit pension plan.

In January 2003, the FASB issued Interpretation No. 46, *Consolidation of Variable Interest Entities (VIE), an Interpretation of ARB No. 51,* which requires all VIEs to be consolidated by the primary beneficiary. The primary beneficiary is the entity that holds the majority of the beneficial interests in the VIE. In December 2003, the FASB revised FIN 46, delaying the effective dates for certain entities created before February 1, 2003, and making other amendments to clarify application of the guidance. For potential variable interest entities other than any Special Purpose Entities (SPEs), the revised FIN 46 (FIN46R) is now required to be applied no later than the end of the first fiscal year or interim reporting period ending after March 15, 2004. The original guidance under FIN 46 is still applicable, however, for all SPEs created prior to February 1, 2003 at the end of the first interim or annual reporting period ending after December 15, 2003. FIN 46 may be applied prospectively with a cumulative-effect adjustment as of the date it is first applied, or by restating previously issued financial statements with a cumulative-effect adjustment as of the beginning of the first year restated. FIN 46R also requires certain disclosures of an entity's relationship with variable interest entities. We will adopt FIN 46R for non-SPE entities in our first quarter, ending May 29, 2004. We have not yet determined the effect of adopting the provisions of FIN 46R. However, we do not believe it will have a material effect on our consolidated financial position or results of operations.

2 Working Capital

Receivables

(In thousands)	2004	2003
Trade accounts	$ 70,681	$ 76,427
Construction contracts	21,157	20,680
Contract retainage	8,722	8,672
Other receivables	2,439	562
Total receivables	102,999	106,341
Less allowance for doubtful accounts	(3,031)	(3,055)
Net receivables	$ 99,968	$103,286

Inventories

(In thousands)	2004	2003
Raw materials	$11,271	$ 14,057
Work-in-process	5,819	5,088
Finished goods	12,326	7,395
Costs and earnings in excess of billings on uncompleted contracts	6,117	9,328
Total inventories	$35,533	$35,868

Accrued Expenses

(In thousands)	2004	2003
Payroll and related benefits	$ 12,300	$19,302
Insurance	10,549	8,888
Taxes, other than income taxes	1,875	1,942
Retirement savings plan	3,760	5,039
Warranties	3,045	2,398
Interest	430	458
Other	9,335	6,049
Total accrued expenses	$41,294	$44,076

3 Property, Plant and Equipment

(In thousands)	2004	2003
Land	$ 2,879	$ 2,773
Buildings and improvements	74,074	75,587
Machinery and equipment	133,144	131,175
Office equipment and furniture	37,419	37,958
Construction in progress	4,740	1,823
Total property, plant and equipment	252,256	249,316
Less accumulated depreciation	(153,720)	(140,350)
Net property, plant and equipment	$ 98,536	$108,966

Depreciation expense was $18.8 million, $19.8 million and $21.0 million in 2004, 2003 and 2002, respectively.

4 Marketable Securities

The Company's wholly owned insurance subsidiary, Prism, insures a portion of the Company's workers' compensation, general liability and automobile liability risks using reinsurance agreements to meet statutory requirements. The reinsurance carrier requires Prism to maintain fixed maturity investments for the purpose of providing collateral for Prism's obligations under the reinsurance agreement. Prism's fixed maturity investments are classified as "available for sale" and are carried at market value as prescribed by SFAS No. 115, *Accounting for Certain Investments in Debt and Equity Securities* . Unrealized gains and losses are reported in a separate component of shareholders' equity, net of income taxes, until the investments are sold. The amortized cost, gross unrealized gains and losses, and estimated fair values of investments available for sale at February 28, 2004 and March 1, 2003 are as follows:

(in thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Market Value
February 28, 2004				
Municipal bonds	$ 13,635	$ 352	$ —	$ 13,987
Total investments	$ 13,635	$ 352	$ —	$ 13,987
March 1, 2003				
Municipal bonds	$ 16,136	$ 241	$ (4)	$ 16,373
Total investments	$ 16,136	$ 241	$ (4)	$ 16,373

The amortized cost and estimated fair values of investments at February 28, 2004 by contractual maturity are shown below. Expected maturities may differ from contractual maturities as borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

(in thousands)	Amortized Cost	Estimated Market Value
Due within one year	$ —	$ —
Due after one year through five years	3,842	3,945
Due after five years through ten years	8,609	8,835
Due after ten years through fifteen years	—	—
Due beyond fifteen years	1,184	1,207
Total	$ 13,635	$ 13,987

Gross realized gains of $0.1 million, $1.1 million and $0.1 million and gross realized losses of $0, $0.1 million and $0 million were recognized in fiscal 2004, 2003 and 2002, respectively, and are included in other income, net in the accompanying Consolidated Results of Operations.

5 Equity Investments

In fiscal 2001, the Company and PPG Industries, Inc. (PPG) combined their U.S. automotive replacement glass distribution businesses into a joint venture, PPG Auto Glass, LLC (PPG Auto Glass), of which the Company has a 34

percent interest. The Company's investment in PPG Auto Glass was $16.3 million and $19.5 million at February 28, 2004 and March 1, 2003, respectively. At February 28, 2004 and March 1, 2003, the excess of the cost of the investment over the value of the underlying net tangible assets when the joint venture was formed was $7.3 million. This excess is reported as goodwill.

In connection with the formation of PPG Auto Glass, the Company agreed to supply the joint venture, through PPG, with most of the Company's windshield fabrication capacity at agreed upon terms and conditions. The Company and PPG, through commercial negotiations agreed to amend the agreements during fiscal 2002 to better reflect market pricing at the time. During the fourth quarter of fiscal 2004, the Company and PPG agreed that the amendments no longer provided for market-based pricing and agreed to terminate them. PPG Auto Glass's calendar financial results are reported on a two-month lag. Accordingly, the termination of the amendments had a $1.4 million negative impact on the earnings of the Company for fiscal 2004. Beginning with fiscal 2005, this will negatively impact the Auto Glass segment's results with an offsetting benefit to equity in income of affiliated companies.

The agreement expires any time after June 2005 with a one-year notification, which may be delivered by either party at any time from and after June 2004. In March 2004, the Company received the required advance notice from PPG indicating that the windshield supply agreement Curvlite operates under will be terminated on the expiration date in July 2005, which is during fiscal 2006. The Company is in discussions with PPG regarding a new supply agreement. This is not anticipated to have a material effect on fiscal 2005 earnings.

In addition, in connection with the formation of PPG Auto Glass, Harmon Auto Glass, the Company's automobile windshield repair and replacement business divested during the fourth quarter of fiscal 2004, reported as a discontinued operation, had agreed to purchase at least 75 percent of its windshield needs from PPG Auto Glass on market-based terms and conditions. Purchases from PPG Auto Glass were $41.2 million (10 months), $44.0 million and $44.8 million for fiscal 2004, 2003 and 2002, respectively. Amounts owed to PPG Auto Glass were $0, $6.9 million and $5.5 million at the end of fiscal 2004, 2003 and 2002, respectively, and are recorded within current liabilities of discontinued operations. As part of the sale of Harmon AutoGlass, the aforementioned purchase commitments remained with Harmon AutoGlass.

In the third quarter of fiscal 2002, the Company decided to discontinue funding TerraSun, LLC, its research and development joint venture in which the Company had a 50 percent interest. As a result, TerraSun discontinued its operations and sold its tangible assets. In connection with the closure of TerraSun, we acquired TerraSun's proprietary technology. In the fourth quarter of fiscal 2003, the Company donated the patented technology developed by TerraSun to the Illinois Institute of Technology (IIT). Until the TerraSun patents expire, the Company will have a first right of refusal for the purchase of any architectural product applications developed by IIT based on these patents.

The Company's share of earnings for its affiliated companies included $0.4 million of amortization of the excess cost over the value of the underlying net tangible assets and expenses retained by the Company in fiscal 2002 .

Summarized financial information of PPG Auto Glass and TerraSun are as follows:

(In thousands)	2004	2003	2002
Sales	$334,095	$340,504	$ 380,803
Gross profit	94,104	96,003	115,037
Net earnings	(9,007)	(6,881)	3,883

(In thousands)	2004	2003
Current assets	$90,799	$99,190
Non-current assets	9,460	10,879
Current liabilities	54,116	56,086
Non-current liabilities	1,752	818

6 Goodwill and Other Identifiable Intangible Assets

There has been no change in the carrying amount of goodwill from fiscal 2003 to fiscal 2004. Goodwill attributable to each business segment for the year ended February 28, 2004 was as follows:

(In thousands)	Architectural	LSO	Auto Glass	Corporate and Other	Total
Balance, February 28, 2004	$ 24,178	$10,607	$ —	$8,175	$42,960

The Company's identifiable intangible assets with finite lives are being amortized over their estimated useful lives and are detailed below. "Corporate and Other" includes the excess of the cost of the investment over the value of the underlying net tangible assets related to the formation of the PPG Auto Glass joint venture.

	2004			2003		
(In thousands)	Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net
Debt issue costs	$1,710	$ (694)	$1,016	$1,798	$ (419)	$1,379
Other	500	(151)	349	500	(82)	418
Total	$2,210	$ (845)	$1,365	$2,298	$ (501)	$1,797

Amortization expense on these identifiable intangible assets was $0.5 million in 2004. The estimated future amortization expense for identifiable intangible assets during the next five years is as follows:

(In thousands)	2005	2006	2007	2008	2009
Estimated amortization expense	$476	$476	$187	$25	$16

7 Long-Term Debt

During fiscal 2003, the Company entered into a four-year, unsecured, revolving credit facility in the amount of $125.0 million. This credit facility requires us to maintain levels of net worth and certain financial ratios. These ratios include maintaining an interest coverage ratio of more than 3.0 and a debt-to-cash flow ratio of less than 2.75. At February 28, 2004, these ratios were 6.68 and 1.72, respectively. If the Company is not in compliance with these ratios at the end of any quarter (with respect to interest coverage) or at the end of any day (with respect to debt-to-cash flow ratio), the lender may terminate the commitment and/or declare any loan then outstanding to be immediately due and payable. This credit facility replaced the Company's previously existing $125.0 million secured credit facility.

(In thousands)	2004	2003
Borrowings under revolving credit agreement, interest at 2.54% for 2004 and 2.69% for 2003	$ 31,100	$ 38,400
Other, interest at 1.16% for 2004 and 1.35% for 2003	8,858	9,398
Total long-term debt	39,958	47,798
Less current installments	(308)	(540)
Net long-term debt	$39,650	$47,258

The Company's $8.4 million of industrial revenue bonds, included in the total above, are supported by $8.4 million of letters of credit that reduce the Company's availability of funds under the $125.0 million credit facility.

Long-term debt maturities are as follows:

(In thousands)	2005	2006	2007	2008	2009	Thereafter	Total
Maturities	$308	$150	$31,100	$ —	$ —	$ 8,400	$39,958

Selected information related to bank borrowings is as follows:

(In thousands, except percentages)	2004	2003
Average daily borrowings during the year	$48,886	$53,295
Maximum borrowings outstanding during the year	59,700	69,738
Weighted average interest rate during the year, excluding swap agreements	2.7%	3.3%
Weighted average interest rate during the year, including swap agreements	5.7%	6.3%

The Company maintains interest rate swap agreements that effectively convert $25.0 million and $10.0 million of variable rate borrowings into fixed rate borrowings at 5.8 percent and 4.5 percent, respectively. The swap agreements expire in fiscal 2006 and 2005, respectively. The net present liability associated with these swaps was $2.3 million and $3.2 million at the end of fiscal 2004 and 2003, respectively. The variable to fixed interest rate swaps are designated as and are effective as cash-flow hedges, and are included on the balance sheet with other long-term liabilities, with changes in fair values included in other comprehensive income. Derivative gains and losses included in other comprehensive income are reclassified into earnings at the time the related interest expense is recognized or the settlement of the related commitment occurs. We estimate $0.9 million of net derivative losses will be reclassified into earnings in fiscal 2005. No hedging relationships were de-designated during fiscal 2004.

8 Interest Expense

(In thousands)	2004	2003	2002
Interest on debt	$3,091	$3,693	$6,633
Other interest expense	622	775	668
Total interest expense	$ 3,713	$ 4,468	$ 7,301

Interest payments were $3.7 million, $4.5 million and $7.5 million in 2004, 2003 and 2002, respectively.

9 Employee Benefit Plans

Retirement Savings Plan

Effective July 1, 2002, the assets in the qualified defined contribution pension plan, covering substantially all full-time, non-union employees, were merged into the 401(k) savings plan resulting in a single 401(k) retirement savings plan. This plan includes an annual Company contribution based on a percentage of employees' base earnings. The contribution was $5.0 million and $5.2 million in fiscal 2004 and 2003, respectively, of which $1.2 million and $1.4 million represented contributions related to discontinued operations for fiscal 2004 and 2003, respectively.

In addition to the contribution above, employees are also allowed to contribute to this plan from 13 percent to 60 percent of their wages, up to statutory limits. The Company contributes a match of 30 percent of the first 6 percent of the employee contributions. The Company match for fiscal 2004, 2003 and 2002 was $2.0 million, $2.1 million and $1.7 million, respectively. Of the total match made by the Company, $0.4 million, $0.5 million and $0.4 million represented contributions related to discontinued companies for fiscal 2004, 2003 and 2002, respectively.

Prior to the merging of the two plans, the Company maintained a separate qualified defined contribution pension plan that covered substantially all full-time, non-union employees. Annual contributions to the plan were based on a percentage of employees' base earnings. Contributions to the plan were $4.3 million in fiscal year 2002, of which $1.1 million represented contributions related to discontinued operations.

Plans under Collective Bargaining Agreements

The Company also contributes to various multi-employer union retirement plans and three single employer union retirement plans under collective bargaining agreements, which provide retirement benefits for substantially all of its union employees. The aggregate amounts contributed in accordance with the requirements of these plans were $5.2 million, $4.2 and $5.0 million in fiscal 2004, 2003 and 2002, respectively. Of these total contributions, $0.5 million, $0.3 million and $0.2 million represented contributions related to discontinued operations for fiscal 2004, 2003 and 2002, respectively. Two of the single employer union plans are part of discontinued operations. Accordingly, the Company will not be making any contributions to this plan beyond fiscal 2004. Union employees who are currently participating in the third single employer union retirement plan will cease participating in this separate plan and will begin participating in the Company's 401(k) Retirement Savings Plan in fiscal 2005. The Multi-employer Pension Plan Amendments Act of 1980 defines certain employer obligations under multi-employer plans. Information regarding union retirement plans is not available from plan administrators to enable the Company to determine its share of unfunded vested liabilities.

Officer's Supplemental Executive Retirement Plan (SERP)

The Company also sponsors the SERP to named executive officers. The plan is considered a defined-benefit pension plan which is based principally on an employee's years of service and/or compensation levels near retirement. The Company uses a December 31 measurement date.

Obligations and Funded Status (SERP)

The following tables present reconciliations of the benefit obligation of the plan and the funded status of the plan:

(In thousands)	2004	2003
Change in benefit obligation		
Benefit obligation beginning of year	$ 4,288	$ 3,856
Service cost	247	216
Interest cost	281	271
Plan amendments	791	—
Actuarial (gain) loss	(290)	193
Benefits paid	(248)	(248)
Benefit obligation end of year	$ 5,069	$ 4,288
Change in plan assets		
Fair value of plan assets beginning of year	$ —	$ —
Actual return on plan assets	—	—
Company contributions	248	248
Benefits paid	(248)	(248)
Fair value of plan assets end of year	$ —	$ —
Funded status		
Plan assets less than benefit obligation	$(5,069)	$ (4,288)
Unrecognized cost:		
Net actuarial loss	82	372
Prior service cost	2,679	2,060
Benefits paid	41	41
Net amount recognized	$ (2,267)	$(1,815)

Amounts recognized in the consolidated balance sheets of:

(In thousands)	2004	2003
Prepaid benefit cost	$ —	$ —
Accrued benefit liability	(3,581)	$ (2,805)
Intangible asset	1,314	990
Accumulated other comprehensive income – pre-tax	—	—
Net amount recognized	$(2,267)	$(1,815)

Information for the pension plan related to the accumulated benefit obligation and projected benefit obligation in excess of plan assets are as follows:

Components of the SERP's net periodic benefit cost are as follows:

	Pension benefits		
(In thousands)	2004	2003	2002
Service cost	$ 247	$ 216	$ 117
Interest cost	281	271	206
Amortization of prior year service cost	172	172	172
Recognized net actuarial gain	—	—	(29)
Net periodic benefit cost	$ 700	$659	$466

Additional Information (SERP)

Assumptions

Weighted-average assumptions used to determine the SERP benefit obligation at December 31 are as follows:

	Pension benefits

(Percentages)	2004	2003	2002
Discount rate	6.25	6.75	7.25
Rate of compensation increase	3.00	4.75	4.75

Weighted-average assumptions used to determine the SERP's net periodic benefit cost for years ending December 31 are as follows:

(Percentages)	Pension benefits 2004	2003	2002
Discount rate	6.75	7.25	7.50
Rate of compensation increase	4.75	4.75	4.75

SERP discount rate. The discount rate reflects the current rate at which the SERP's pension liabilities could be effectively settled at the end of year based on our December 31 measurement date. The discount rate was determined by matching our expected benefit payments to payments from a stream of AA or higher bonds available in the marketplace, adjusted to eliminate the effects of call provisions. This produced a discount rate of 6.25 percent. There are no known or anticipated changes in our discount rate assumption that will impact our pension expense in fiscal year 2005.

SERP net periodic benefit cost. Total SERP net periodic pension benefits cost was $0.7 million in fiscal 2004, $0.7 million in fiscal 2003 and $0.5 million in fiscal 2002. Total net periodic pension benefits cost is expected to be approximately $0.8 million in fiscal 2005. The increasing trend in net periodic pension cost from fiscal 2002 forward is largely driven by increasing service and interest costs and the decrease in the discount rate in 2002. The net periodic pension benefit cost for fiscal 2005 has been estimated assuming a discount rate of 6.25 percent.

10 Shareholders' Equity and Stock Option Plans

A class of 200,000 shares of junior preferred stock with a par value of $1.00 is authorized, but unissued.

The Company has a Shareholders' Rights Plan, under which each share of outstanding common stock has an associated preferred share purchase right. The rights are exercisable only under certain circumstances, including the acquisition by a person or group of 10 percent of the outstanding shares of the Company's common stock. Upon exercise, the rights would allow holders of such rights to purchase common stock of Apogee or an acquiring company at a discounted price, which generally would be 50 percent of the respective stock's current fair market value.

The 2002 Omnibus Stock Incentive Plan and the 1997 Omnibus Stock Incentive Plan (the "Plans") provide for the issuance of 1,800,000 and 2,500,000 shares, respectively, for various forms of stock-based compensation while the 1987 Stock Option Plan provides for the issuance of 2,500,000 options to purchase Company stock. Awards under these Plans, either in the form of incentive stock options, nonstatutory options or restricted stock, are exercisable at an option price equal to the fair market value at the date of award. The 1987 Stock Option Plan has expired and no new grants of stock options may be made under this plan.

A summary of option transactions under the Plans for fiscal years 2004, 2003 and 2002 follows:

	Options Outstanding		
	Number of Shares	Average Exercise Price	Option Price Range
Balances, March 3, 2001	2,111,778	$ 10.67	$ 3.75-$25.00
Options granted	560,200	8.83	8.60- 14.40
Options exercised	(123,509)	8.15	4.19- 16.75
Options canceled	(84,090)	8.43	4.81- 16.75
Balances, March 2, 2002	2,464,379	$ 10.45	$ 3.75-$25.00
Options granted	619,160	12.86	8.95- 13.10
Options exercised	(216,280)	6.83	4.31- 14.00
Options canceled	(203,400)	10.68	4.19- 25.00
Balances, March 1 2003	2,663,859	$ 11.20	$ 3.75-$19.25
Options granted	469,780	9.44	9.15- 12.57
Options exercised	(179,713)	7.08	3.75- 12.84
Options canceled	(435,997)	11.36	4.81- 16.75
Balances, February 28, 2004	2,517,929	$ 11.14	$ 3.75-$19.25

The following table summarizes information about stock options outstanding and exercisable at February 28, 2004:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding	Remaining Contractual Life	Weighted-Average Exercise Price	Number Exercisable	Weighted-Average Exercise Price
$ 3.75 - $ 5.00	242,473	5.7 years	$ 4.56	162,951	$ 4.48
5.01 - 10.00	817,048	7.1 years	8.62	367,698	8.35
10.01 - 15.00	1,085,658	5.8 years	12.79	769,058	12.79
15.01 - 19.25	372,750	2.3 years	16.09	372,750	16.09
	2,517,929	5.7 years	$ 11.14	1,672,457	$ 11.74

The Amended and Restated 1987 Partnership Plan (the "Partnership Plan"), a plan designed to increase the ownership of Apogee stock by key employees, allows participants selected by the Compensation Committee of the Board of Directors to defer earned incentive compensation through the purchase of Apogee common stock. The purchased stock is then matched by an equal award of restricted stock, which vests over a predetermined period. The restricted stock is recorded as unearned compensation in the equity section of the balance sheet. In accordance with EITF 97-14, *Accounting for Compensation Arrangements Where Amounts Earned are Held in a Rabbi Trust and Invested,* the deferred compensation in the form of Company's stock is recorded at historical cost and classified as Common Stock Held in Trust. Since the investments are all in Company stock, an offsetting amount is recorded as Deferred Compensation Obligations in the equity section of the balance sheet. Common shares of 4,000,000 are authorized for issuance under the Partnership Plan. As of February 28, 2004, 3,109,000 shares have been issued or committed under the Partnership Plan. The Company expensed $0.5 million, $2.5 million and $2.3 million in conjunction with the Partnership Plan in fiscal years 2004, 2003 and 2002, respectively.

During fiscal 2004, the Board of Directors authorized a share repurchase program of 1,500,000 shares of Common Stock. The Company has repurchased 112,999 shares under this program for a total of $1.3 million. During fiscal 2003, the Board of Directors authorized a share repurchase program for a total of 1,500,000 shares. The Company repurchased all of the 1,500,000 shares authorized under the fiscal 2003 program for a total of $18.0 million. In addition to the 1,500,000 million shares, the Company also purchased $0.9 million and $1.5 million of Company stock from employees pursuant to terms of board approved compensation plans during fiscal 2004 and 2003, respectively.

The following table summarizes the accumulated other comprehensive (loss) income at February 28, 2004 and March 1, 2003.

(In thousands)	2004	2003
Net unrealized gain on marketable securities	$ 229	$ 154
Net unrealized loss on derivatives	(1,438)	(2,012)
Total accumulated other comprehensive loss	$(1,209)	$(1,858)

11 Income Taxes

The components of income tax (benefit) expense for each of the last three fiscal years are as follows:

(In thousands)	2004	2003	2002
Current:			
Federal	$(7,735)	$11,901	$ 10,137
State and local	(407)	1,496	1,419
Total current for continuing operations	$ (8,142)	$ 13,397	$11,556
Deferred:			
Federal	$ 4,622	$ (1,536)	$ (692)
State and local	392	(144)	177
Total deferred for continuing operations	$ 5,014	$ (1,680)	$ (515)
Income tax (benefit) expense:			
Continuing operations	$ (3,128)	$11,717	$ 11,041
Discontinued operations	(6,005)	696	703
Total income tax (benefit) expense	$ (9,133)	$ 12,413	$ 11,744

Income tax payments, net of refunds, were $3.3 million, $12.0 million and $13.0 million in fiscal years 2004, 2003 and 2002, respectively.

A reconciliation of the statutory federal income tax expense (benefit) for continuing operations is as follows:

(In thousands)	2004	2003	2002
Expected income tax expense	$ 524	$ 14,210	$12,699
State and local income taxes, net of federal tax benefit	(9)	880	1,041
Tax credits	(1,574)	(447)	(571)
Foreign sales	(263)	(280)	(183)
Goodwill amortization	—	—	349
Meals and entertainment	133	147	188
Charitable contributions	(750)	(1,400)	—
Tax exempt interest	(181)	(191)	(347)
Tax reserves	(914)	(1,084)	(2,187)
Other, net	(94)	(118)	52
Income tax (benefit) expense, continuing operations	$ (3,128)	$11,717	$ 11,041

Tax benefits for deductions associated with the stock-based incentive plans amounted to $0.1 million, $0.2 million and $0.4 million in 2004, 2003 and 2002, respectively. These benefits were added directly to additional paid-in capital and were not reflected in the determination of income tax benefit or expense.

Deferred tax assets and deferred tax liabilities for continuing operations at February 28, 2004 and March 3, 2001 are as follows:

	2004		2003	
(In thousands)	Current	Noncurrent	Current	Noncurrent
Accounts receivable	$ 1,094	$ —	$ 1,794	$ —
Accrued insurance	—	3,011	—	3,001
Deferred compensation	37	5,722	37	6,641
Restructuring reserve	1,121	1,442	460	1,632
Inventory	2,224	—	1,357	—
Depreciation	—	(8,720)	—	(3,818)
Mark-to-market interest rate swaps	—	873	—	1,221
Capital loss carryforward	—	1,895	—	—
Other	2,224	(5,020)	1,901	(6,518)
Deferred tax assets (liabilities)	$ 6,700	$ (797)	$ 5,549	$ 2,159

12 Discontinued Operations

We announced on September 10, 2003, that we intended to sell our retail auto glass business, Harmon AutoGlass. On January 2, 2004, the Company completed the cash sale of Harmon AutoGlass with the selling price subject to a final working capital adjustment during the first quarter of fiscal 2005. During fiscal 2004, the Company recorded a $7.6 million, after-tax charge, representing a reduction in the carrying value of this business unit to its estimated fair value, less cost to sell. Liabilities have been established for committed future cash flows related to the sale.

In several transactions in fiscal years 1998 through 2000, the Company completed the sale of its large-scale domestic curtainwall business, the sale of the Company's detention/security business and its exit from international curtainwall operations. Related to these discontinued operations, accruals totaling $11.5 million ($9.3 million classified as long-term liabilities) and $11.8 million ($9.2 million classified as long-term liabilities) represented the remaining estimated liabilities associated with the exit from discontinued operations at February 28, 2004 and March 1, 2003, respectively. The majority of these cash expenditures are expected to be made within the next three years. The majority of the reserve relates to the international curtainwall operations, including bonds outstanding, of which the precise degree of liability related to these matters will not be known until they are settled within the U.K. and French courts. For the outstanding matter within the U.K., the plaintiff is required to file documents with the court by September 2004 at which time we will be able to begin the discovery process and better evaluate the plaintiff's demands. For the outstanding matter within France, we are expecting a ruling to be made by the French court by June 2004, which may be appealed. The reserve also covers other liability issues, consisting of warranty and rework issues, relating to these and other international construction projects.

(In thousands)	2004	2003	2002
Condensed Statement of Operations from Discontinued Businesses			
Net sales	$156,402	$186,957	$204,528
(Loss) earnings before income taxes (prior to loss on disposal)	(4,090)	1,728	1,604
Income tax (benefit) expense	(1,513)	695	704
(Loss) earnings from operations, net of income taxes	(2,577)	1,033	900
Loss on disposal, net of income taxes	(7,648)	—	—
Net (loss) earnings	$ (10,225)	$ 1,033	$ 900

(In thousands)	2004	2003
Summary Balance Sheets of Discontinued Businesses		
Receivables, net of allowance for doubtful accounts	$ 1,343	$ 11,827
Other current assets	—	2,186
Property, plant and equipment, net	3,260	5,560
Goodwill	—	12,955
Other non-current assets	—	386
Accounts payable and accrued liabilities	3,643	17,186
Long-term liabilities	9,290	9,209

The property, plant and equipment for discontinued operations relates to 17 owned locations that did not transfer to the buyer upon the sale of Harmon AutoGlass. We expect these properties to be sold during fiscal 2005.

13 Acquisitions

In fiscal 2002, the LSO segment expanded its pre-framed art business by purchasing a third high-end pre-framed art company. The purchase price of this business was $1.7 million, including the assumption of $1.5 million in debt, and resulted in recording $1.6 million as goodwill. In fiscal 2003, the contingent purchase price payment associated with an earlier pre-framed art business acquisition was incurred and recorded as additional goodwill in the amount of $0.3 million.

In fiscal 2002, liabilities of $1.5 million were assumed in the above transactions. All of the above transactions were accounted for by the purchase method. Accordingly, the consolidated financial statements include the net assets and results of operations from the dates of acquisition.

14 Quarterly Data (Unaudited)

(In thousands, except per share data)	Quarter				
	First	Second	Third	Fourth	Total
Fiscal 2004					
Net sales	$ 121,467	$ 135,844	$143,562	$ 134,456	$535,329
Gross profit	22,475	24,376	28,330	19,286	94,467
Earnings from continuing operations	409	2,501	5,454	(3,732)	4,632
Loss from discontinued operations	(101)	(4,352)	(3,004)	(2,768)	(10,225)
Net earnings (loss)	308	(1,851)	2,450	(6,500)	(5,593)
Earnings (loss) per share – basic					
From continuing operations	0.02	0.09	0.20	(0.14)	0.17
From discontinued operations	(0.01)	(0.16)	(0.11)	(0.10)	(0.38)
Net earnings (loss)	0.01	(0.07)	0.09	(0.24)	(0.21)
Earnings (loss) per share – diluted					
From continuing operations	0.01	0.09	0.20	(0.14)	0.17
From discontinued operations	—	(0.16)	(0.11)	(0.10)	(0.37)
Net earnings (loss)	0.01	(0.07)	0.09	(0.24)	(0.20)
Fiscal 2003					
Net sales	$136,799	$147,789	$ 154,417	$145,877	$ 584,882
Gross profit	33,828	37,423	37,906	36,067	145,224
Earnings from continuing operations	4,414	7,092	9,869	7,507	28,882
Earnings (loss) from discontinued operations	824	1,476	(2,308)	1,041	1,033
Net earnings	5,238	8,568	7,561	8,548	29,915
Earnings (loss) per share – basic					
From continuing operations	0.16	0.26	0.36	0.27	1.05
From discontinued operations	0.03	0.05	(0.08)	0.04	0.04
Net earnings	0.19	0.31	0.28	0.31	1.09
Earnings (loss) per share – diluted					
From continuing operations	0.15	0.25	0.35	0.27	1.02
From discontinued operations	0.03	0.05	(0.08)	0.04	0.04
Net earnings	0.18	0.30	0.27	0.31	1.06

15 Earnings Per Share

Basic earnings per share is computed by dividing net income or loss by the weighted average number of common shares outstanding. Diluted earnings per share is computed by dividing net income by the weighted average common shares outstanding, including the dilutive effects of stock options and restricted stock. When the Company has a loss from continuing operations, diluted earnings per share computations are computed using basic shares. The following table presents a reconciliation of the share amounts used in the computation of basic and diluted earnings per share:

(In thousands)	2004	2003	2002
Basic earnings per share - weighted common shares outstanding	27,037	27,521	27,910
Weighted common shares assumed upon exercise of stock options	343	429	596
Unvested shares held in trust for deferred compensation plans	439	397	311
Diluted earnings per share - weighted common shares and potential common shares outstanding	27,819	28,347	28,817

There were 1,208,000, 1,697,000 and 881,000 stock options excluded in fiscal 2004, 2003 and 2002, respectively, from the computation of diluted earnings per share due to their anti-dilutive effect.

16 Business Segments Data

The Company's segments are aligned to match the markets they serve. The segments are Architectural Products and Services (Architectural), Large-Scale Optical Technologies (LSO), Automotive Replacement Glass and Services (Auto Glass). The Architectural segment designs, engineers, fabricates, installs, services, maintains and renovates the walls of glass and windows comprising the outside skin of commercial and institutional buildings. The LSO segment develops and produces value-added glass for custom framing and pre-framed art markets and optical thin film coatings for consumer electronics displays. The Auto Glass segment fabricates aftermarket foreign and domestic automobile windshields and windows.

(In thousands)	2004	2003	2002
Net Sales			
Architectural	$ 411,425	$458,811	$ 479,364
Large-scale optical	79,367	79,705	67,829
Auto glass	44,582	46,423	50,605
Intersegment elimination	(45)	(57)	(6)
Total	$ 535,329	$584,882	$597,792
Operating Income (Loss)			
Architectural	$ (592)	$ 32,134	$ 34,396
Large-scale optical	2,793	3,694	(4,350)
Auto glass	7,779	11,800	14,076
Corporate and other	(2,233)	(2,060)	(2,008)
Total	$ 7,747	$ 45,568	$ 42,114
Depreciation and Amortization			
Architectural	$ 14,996	$ 15,424	$ 16,206
Large-scale optical	2,250	2,409	3,193
Auto glass	1,325	1,596	2,090
Corporate and other	1,177	1,369	1,613
Total	$ 19,748	$ 20,798	$ 23,102
Capital Expenditures			
Architectural	$ 8,789	$ 9,925	$ 5,078
Large-scale optical	2,054	822	2,229
Auto glass	526	404	337
Corporate and other	90	57	59
Total	$ 11,459	$ 11,208	$ 7,703
Identifiable Assets			
Architectural	$198,226	$ 203,903	$ 225,038
Large-scale optical	52,724	51,431	53,781
Auto glass	11,747	44,283	48,336
Corporate and other	72,506	83,224	81,961
Total	$ 335,203	$ 382,841	$ 409,116

The Company's fiscal 2004, 2003 and 2002 investment in the PPG Auto Glass joint venture of $16.3 million, $19.5 million and $21.7 million, respectively, and the marketable securities held for sale at the Company's wholly owned insurance subsidiary of $14.0 million, $16.4 million and $22.8 million, respectively, are included in the identifiable assets for Corporate and Other.

Apogee's export net sales of $30.3 million, $37.2 million and $35.0 million for fiscal 2004, 2003 and 2002, respectively, were less than 10 percent of consolidated net sales each year. No single customer, including government agencies, accounts for 10 percent or more of consolidated net sales. Segment operating income is net

sales less cost of sales and operating expenses. Operating income does not include provision for interest expense or income taxes. Corporate and other includes miscellaneous corporate activity not allocable to business segments.

17 Commitments and Contingent Liabilities

Operating lease commitments. As of February 28, 2004, the Company was obligated under noncancelable operating leases for buildings and equipment. Certain leases provide for increased rentals based upon increases in real estate taxes or operating costs. Future minimum rental payments under noncancelable operating leases are:

(In thousands)	2005	2006	2007	2008	2009	Thereafter	Total
Total minimum payments	$8,389	$7,755	$6,956	$5,977	$1,299	$2,191	$32,567

Total rental expense was $15.3 million, $15.6 million and $10.9 million in 2004, 2003 and 2002, respectively.

During fiscal 2004 and 2002, the Company entered into agreements for the sale and leaseback of a certain building and certain production equipment, which are significant to the operations of the businesses. The sale price of the items was $6.1 million. Under these and its other sale and leaseback agreements, the Company has an option to purchase the building and equipment at projected future fair market value upon expiration of the leases, which occurs in fiscal 2007, 2008, 2009 and 2014. The leases are classified as operating leases in accordance with SFAS No. 13, *Accounting for Leases*.

Under the Company's sale and leaseback transactions, total gains of $10.8 million have been deferred and are being recognized over the terms of the respective leases. The February 28, 2004 and March 1, 2003 unamortized portion of the deferred gain of $6.2 million and $6.3 million, respectively, is included in the balance sheet captions accrued expenses and other long-term liabilities. The average annual lease payment over the life of these leases is $5.2 million.

Bond commitments. In the ordinary course of business, predominantly in our installation business, we are required to commit to bonds that require payments to our customers for any non-performance. The outstanding face value of the bonds fluctuates with the value of installation projects that are in process and in our backlog. At February 28, 2004, these bonds totaled $162.6 million. We have never been required to pay on these performance-based bonds.

Guarantees and warranties. In November 2002, the FASB issued FASB Interpretation No. 45 (FIN 45), *Guarantors Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others.* FIN 45 requires liability to be recognized at the time a company issues a guarantee for the fair value of the obligations assumed under certain guarantee agreements. Additional disclosures or liabilities associated with guarantee agreements are also required in the interim and annual financial statements. The disclosure requirements of FIN 45 are effective for the years ending after December 15, 2002. The liability recognition requirements are effective for guarantees entered into after January 1, 2003. The adoption of this new standard did not have a material effect on our consolidated financial position or results of operations for the period ended February 28, 2004.

The Company accrues for warranty and claim costs as a percentage of sales based on historical trends. Actual warranty and claim costs are deducted from the accrual when incurred. The Company's warranty and claim accruals are detailed below.

(In thousands)	2004	2003
Beginning warranty accrual	$ 2,398	$ 3,330
Additional accruals	2,603	700
Claims paid	1,956	1,632
Ending warranty accrual	$ 3,045	$2,398

Letters of credit. At February 28, 2004, the Company had ongoing letters of credit related to its risk management programs, construction contracts and certain industrial development bonds. The total value of letters of credit under which the Company is obligated as of February 28, 2004 was approximately $14.8 million, of which $8.4 million is issued and has reduced our total availability of funds under our $125.0 million credit facility.

Non-compete agreements. The Company has entered into a number of noncompete and consulting agreements associated with former employees. As of February 28, 2004, future payments of $0.1 million were committed under such agreements.

Litigation. The Company has been a party to various legal proceedings incidental to its normal operating activities. In particular, like others in the construction supply industry, the Company's construction supply businesses are routinely involved in various disputes and claims arising out of construction projects, sometimes involving significant monetary damages or product replacement. The Company has also been subject to litigation arising out of employment practice, workers compensation, general liability and automobile claims. Although it is very difficult to accurately predict the outcome of such proceedings, facts currently available indicate that no such claims will result in losses that would have a material adverse effect on the financial condition of the Company.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None

ITEM 9A. CONTROLS AND PROCEDURES

a) Evaluation of disclosure controls and procedures. As of the end of the period covered by this report (the "Evaluation Date"), we carried out an evaluation, under the supervision and with the participation of management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as such term is defined in Rule 13a-15(e) of the Securities and Exchange Act of 1934 (the "Exchange Act")). Based upon that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that, as of the Evaluation Date, our disclosure controls and procedures were effective at alerting them on a timely basis of material information required to be included in our periodic filings with the Securities and Exchange Commission.

b) Changes in internal controls. There have not been any changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal period to which this report relates that would have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

We have adopted a Code of Business Ethics and Conduct which applies to all of our employees and directors. The Code of Business Ethics and Conduct is published on our website at www.apog.com. Any amendments to the Code of Business Ethics and Conduct and waivers of the Code of Business Ethics and Conduct for our Chief Executive Officer and Chief Financial Officer will be published on our website.

The other information required by this item, other than the information set forth in Part I above under the heading "Executive Officers of the Registrant", is set forth under the headings "Proposal 1: Election of Directors", "Corporate Governance" and "Section 16(a) Beneficial Ownership Reporting Compliance" in the Proxy Statement for the Company's Annual Meeting of Shareholders to be held on June 22, 2004, which will be filed with the Securities and Exchange Commission within 120 days after our fiscal year-end. This information is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this item is set forth under the headings "Executive Compensation" (other than the Compensation Committee Report) "Corporate Governance – Director Compensation and Related Policies" and "Certain Relationships and Related Transactions" in the Proxy Statement for the Company's Annual Meeting of Shareholders to be held on June 22, 2004, which will be filed with the Securities and Exchange Commission within 120 days after our fiscal year-end. This information is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Equity Compensation Plan Information

The following table summarizes, with respect to our equity compensation plans, the number of shares of our common stock to be issued upon exercise of outstanding options, warrants and other rights to acquire shares, the weighted-average exercise price of these outstanding options, warrants and rights and the number of shares remaining available for future issuance under our equity compensation plans as of February 28, 2004.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights[1]	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in the first column)[2]
Equity compensation plans approved by security holders	2,517,553	$ 11.14	2,920,113
Equity compensation plans not approved by security holders	None	Not Applicable	None
Total	2,517,553	$ 11.14	2,920,113

(1) Includes shares underlying options granted under our 2002 Omnibus Stock Incentive Plan, our 1997 Omnibus Stock Incentive Plan and our 1987 Stock Option Plan.

(2) Of these shares, 918,017 are available for issuance under our Amended and Restated 1987 Partnership Plan, 1,468,455 are available for grant under our 2002 Omnibus Stock Incentive Plan, 343,064 are available for grant under our 1997 Omnibus Stock Incentive Plan, and 190,577 are available for grant under our Non-Employee Director Deferred Compensation Plan. The 1,468,455 and 343,064 shares available for grant under the 2002 Omnibus Stock Incentive Plan and the 1997 Omnibus Stock Incentive Plan, respectively, may become the subject of future awards in the form of stock options, stock appreciation rights, restricted stock, restricted stock units, performance awards or other stock-based awards, except that not more than 703,064 shares are available for granting restricted stock, restricted stock units and performance awards under both of these plans.

The other information required by this item is set forth under the headings “Security Ownership of Certain Beneficial Owners” and “Security Ownership of Management” in the Proxy Statement for the Company’s Annual Meeting of Shareholders to be held on June 22, 2004, which will be filed with the Securities and Exchange Commission within 120 days after our fiscal year-end. This information is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required by this item is set forth under the heading “Certain Relationships and Related Transactions” in the Proxy Statement for the Company’s Annual Meeting of Shareholders to be held on June 22, 2004, which will be filed with the Securities and Exchange Commission within 120 days after our fiscal year-end. This information is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this item is set forth under the headings “Audit Fees, Audit-Related Fees, Tax Fees and All Other Fees” and “Policy on Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services Provided by Our Independent Auditors” in the Proxy Statement for the Company’s Annual Meeting of Shareholders to be held on June 22, 2004, which will be filed with the Securities and Exchange Commission within 120 days after our fiscal year-end. This information is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

a) List of documents filed as a part of this report:

1. Financial Statements – The consolidated financial statements of the Registrant are set forth in Item 8 of Part II of this report.

2. Financial Statement Schedules – Valuation and Qualifying Accounts

(in thousands)	Balance at Beginning of Period	Charged to Costs and Expenses	Deductions from Reserves [1]	Balance at End of Period
Allowances for doubtful receivables				
For the year ended February 28, 2004	$ 3,055	$ 881	$ 905	$ 3,031
For the year ended March 1, 2003	3,964	354	1,263	3,055
For the year ended March 2, 2002	7,216	(600)	2,652	3,964

[1] Net of recoveries

All other schedules for which provision is made in the applicable accounting regulations of the Securities and Exchange Commission have been omitted because they are not applicable or the required information is shown in the financial statements or notes thereto.

3. Exhibits – See Item (c) below.

b) Reports on Form 8-K

On December 18, 2003, the Company furnished a Current Report on Form 8-K dated December 17, 2003 announcing earnings for the quarter ended November 29, 2003 and attaching a press release related thereto.

On January 7, 2004, the Company filed a Current Report on Form 8-K dated January 2, 2004 announcing its sale of Harmon AutoGlass to Glass Doctor and attaching a press release related thereto.

On January 14, 2004, the Company filed a Current Report on Form 8-K dated January 5, 2004 related to the Rule 10b5-1 trading plan entered into by a director of the Company.

On February 2, 2004, the Company filed a Current Report on Form 8-K dated February 2, 2004 announcing earnings guidance for fiscal 2004 and promotion of one of its officers and attaching a press release thereto.

On February 20, 2004, the Company filed a Current Report on Form 8-K dated February 18, 2004 announcing its appointment of a new chief financial officer and attaching a press release related thereto.

c) Exhibits marked with an asterisk (*) identify each management contract or compensatory plan or arrangement. Exhibits marked with a double asterisk (**) are filed herewith. The remainder of the exhibits have heretofore been filed with the Commission and are incorporated herein by reference.

Exhibit No.	
3.1**	Restated Articles of Incorporation.
3.2	Restated By Laws of Apogee Enterprises, Inc. Incorporated by reference to Exhibit 3B to Registrant's Quarterly Report on Form 10-Q for the quarter ended May 30, 1998.
4.1	Specimen certificate for shares of common stock of Apogee Enterprises, Inc. Incorporated by reference to Exhibit 4A to Registrant's Annual Report on Form 10-K for the year ended March 2, 2002.
4.2	Amended and Restated Rights Agreement dated November 12, 2001, between Registrant and Bank of New York. Incorporated by reference to Registrant's Form 8-A/A filed on November 30, 2001.
10.1*	Amended and Restated 1987 Apogee Enterprises, Inc. Partnership Plan. Incorporated by reference to Appendix A-2 to the Registrant's Schedule 14A Information Proxy Statement filed in connection with the June 19, 2001 Annual Meeting of Shareholders, filed May 10, 2001.
10.2*	Employment Agreement between Registrant and Richard Gould dated May 23, 1994. Incorporated by reference to Exhibit 10I to Registrant's Annual Report on Form 10-K for year ended February 25, 1995.
10.3*	Amendment to Apogee Enterprises, Inc. Employment Agreement with Richard Gould dated July 7, 1998. Incorporated by reference to Exhibit 10.4 to Registrant's Quarterly Report on Form 10-Q for the quarter ended November 28, 1998.

10.4*	1987 Apogee Enterprises, Inc. Stock Option Plan. Incorporated by reference to Registrant's S-8 registration statement dated July 18, 1990.
10.5*	1997 Omnibus Stock Incentive Plan. Incorporated by reference to Exhibit A of Registrant's proxy statement for the 1997 Annual Meeting of Shareholders, filed May 16, 1997.
10.6*	Resignation Agreement between Apogee Enterprises, Inc. and James L. Martineau. Incorporated by reference to Exhibit 10.1 to Registrant's Quarterly Report on Form 10-Q for the quarter ended November 28, 1998.
10.7*	Apogee Enterprises, Inc. Officers' Supplemental Executive Retirement Plan. Incorporated by reference to Exhibit 10.2 to Registrant's Quarterly Report on Form 10-Q for the quarter ended November 28, 1998.
10.8*	First Amendment of Apogee Enterprises, Inc. Officers' Supplemental Executive Retirement Plan, dated May 11, 1999. Incorporated by reference to Exhibit 10J to Registrant's Annual Report on Form 10-K for the year ended February 27, 1999.
10.9*	Apogee Enterprises, Inc. Executive Supplemental Plan. Incorporated by reference to Exhibit 10.3 to Registrant's Quarterly Report on Form 10-Q for the quarter ended November 28, 1998.
10.10*	Forms of Severance Agreement between the Company and certain senior executive officers of the Company. Incorporated by reference to Exhibit 10P to Registrant's Annual Report on Form 10-K for the year ended March 3, 2001.
10.11	Stock Purchase Agreement dated November 10, 1998 between Apogee Enterprises, Inc. and CompuDyne Corporation. Incorporated by reference to Registrant's Current Report on Form 8-K filed November 10, 1998.
10.12	Stock Purchase Agreement between the Company and CH Holdings, Inc. Incorporated by reference to Registrant's Current Report on Form 8-K filed on April 23, 1999.
10.13*	Deferred Compensation Plan for Non-Employee Directors. Incorporated by reference to Exhibit A of the Registrant's proxy statement for the 1999 Annual Meeting of Shareholders, filed May 17, 1999.
10.14	Contribution and Assumption Agreement dated June 13, 2000, among PPG Industries, the Company, certain subsidiaries of the Company and PPG Auto Glass. Incorporated by reference to Registrant's Current Report on Form 8-K filed on August 1, 2000.
10.15	Limited Liability Company Agreement dated June 13, 2000, between PPG Industries and the Company. Incorporated by reference to Registrant's Current Report on Form 8-K filed on August 1, 2000.
10.16*	Apogee Enterprises, Inc. 2002 Omnibus Stock Incentive Plan. Incorporated by reference to Exhibit A of Registrant's proxy statement for the 2002 Annual Meeting of Shareholders, filed May 14, 2002.
10.17*	Apogee Enterprises, Inc. Executive Management Incentive Plan. Incorporated by reference to Exhibit B of Registrant's proxy statement for the 2002 Annual Meeting of Shareholders, filed May 14, 2002.
10.18	Credit Agreement dated as of April 25, 2003 between Apogee Enterprises, Inc. and banks party to the agreement, including related contribution and subsidiary guaranty agreements. Incorporated by reference to Exhibit 10.1 to Registrant's Quarterly Report on Form 10-Q for the quarter ended June 1, 2002.
10.19*	Employment Agreement between Registrant and Joseph T. Deckman effective as of July 16, 2002. Incorporated by reference to Exhibit 10.1 to Registrant's Quarterly Report on Form 10-Q for the quarter ended November 30, 2002.
10.20	Apogee Enterprises, Inc. Amendment to the Amended and Restated 1987 Apogee Enterprises, Inc. Partnership Plan. Incorporated by reference to Exhibit A of the Registrant's proxy statement for the 2003 Annual Meeting of Shareholders filed May 13, 2003.
10.21**	Agreement between Registrant and Joseph T. Deckman effective as of December 5, 2003.
10.22**	Resignation agreement between Registrant and Larry D. Stordahl effective as of February 27, 2004.
10.23**	Apogee Enterprises, Inc. Amended and Restated Employee Stock Purchase Plan and amendment thereto, dated January 14, 2004.
21**	Subsidiaries of the Registrant.
23**	Consent of Deloitte & Touche LLP.
31.1**	Certification of Chief Executive Officer pursuant to rule 13a-14(a) under the Securities Exchange Act of 1934.
31.2**	Certification of Chief Financial Officer pursuant to rule 13a-14(a) under the Securities Exchange Act of 1934.
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.
99**	Private Securities Litigation Reform Act of 1995 - Cautionary Statements.

Table of Contents

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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, on May 5, 2004.

APOGEE ENTERPRISES, INC.

By: /s/ Russell Huffer

Russell Huffer
Chairman of the Board of Directors

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities indicated on May 5, 2004.

Signature	Title	Signature	Title
/s/ Russell Huffer Russell Huffer	Chairman, President, CEO and Director (Principal Executive Officer)	/s/ William F. Marchido William F. Marchido	CFO (Principal Financial and Accounting Officer)
/s/ Bernard P. Aldrich Bernard P. Aldrich	Director	/s/ Stephen C. Mitchell Stephen C. Mitchell	Director
_____ Robert L. Edwards	Director	/s/ Ray C. Richelson Ray C. Richelson	Director
/s/ Donald W. Goldfus Donald W. Goldfus	Director	/s/ Michael E. Shannon Michael E. Shannon	Director
/s/ Barbara B. Grogan Barbara B. Grogan	Director		
/s/ J. Patrick Horner J. Patrick Horner	Director		
/s/ James L. Martineau James L. Martineau	Director		

Exhibit 3.1

ARTICLES OF INCORPORATION
OF
HARMON GLASS CO., INC.

We, the undersigned, of full age, for the purpose of forming a corporation under and pursuant to the provisions of Chapter 300 of the Laws of Minnesota, 1933, known as the Minnesota Business Corporation Act, and laws amendatory thereof and supplementary thereto, do hereby associate ourselves as a body corporate and adopt the following Articles of Incorporation:

ARTICLE I.

The name of this corporation shall be HARMON GLASS CO., INC.

ARTICLE II.

The purposes for which this corporation is formed are as follows:

To engage in and conduct a general business dealing in glass, and glass and other products including the handling, processing, distributing, manufacturing, cutting, selling, retailing, and wholesaling of all such products; to purchase, pledge or lease any or all of its own stock; to issue bonds and execute mortgages; to buy, sell, lease, and exchange property; to acquire, hold, mortgage, pledge or dispose of the shares, bonds, stocks, securities and other evidences of indebtedness of any domestic or foreign corporation; and to do any act or deed necessary or incidental to its business.

ARTICLE III.

The duration of the corporation shall be perpetual.

ARTICLE IV.

The location and post office address of its registered office in this State is 1112 Harmon Place, Minneapolis, Minnesota.

ARTICLE V.

The amount of stated capital with which this corporation will begin business is One Thousand Dollars ($1,000).

ARTICLE VI.

The names and post office addresses of the incorporators of this corporation are:

NAME	POST OFFICE ADDRESS
Al Westra	476 Brimhall Street, St. Paul, Minnesota.
Harold Burrows	24 So. 13th Street, Minneapolis, Minnesota.
Walter Carlson	2556 Aldrich Avenue So., Minneapolis, Minnesota.

ARTICLE VII.

The government of this corporation and the management of its affairs shall be vested in a Board of Directors consisting of not less than two and not more than five members, who shall be elected at the annual meeting of the stockholders, which annual meeting shall be held on the first Tuesday in May of each year, at ten o'clock A.M. Such directors shall hold office for one year, and until their successors are elected and qualified.

ARTICLE VIII.

The names and post office addresses of the first directors of the corporation are:

NAME	POST OFFICE ADDRESS
Al Westra	476 Brimhall Street, St. Paul, Minnesota.
Harold Burrows	24 So. 13th Street, Minneapolis, Minnesota.
Walter Carlson	2556 Aldrich Avenue So., Minneapolis, Minnesota.

ARTICLE IX.

The officers of the corporation shall be President, Vice President, Secretary, and Treasurer. Any two of such offices may be held by one person, except that of President and Vice President. All of such officers shall be elected by the Board of Directors for the ensuing year at the annual meeting of such board following the annual meeting of the stockholders, which meeting shall be held on the same day and such officers shall hold office for one year and until their successors are elected and qualified.

ARTICLE X.

The following persons shall be officers of the corporation until their successors are elected by the Board of Directors:

Al Westra	President
Harold Burrows	Vice President
Walter Carlson	Secretary and Treasurer

ARTICLE XI.

The total authorized number of shares of par value is Two Hundred and Fifty (250), and the par value of each share is One Hundred Dollars ($100), there being no shares without par value authorized.

ARTICLE XII.

The description of the classes of shares, the number of shares in each class, and the relative rights, voting power, preferences and restrictions are as follows: The amount of the capital stock of this corporation shall be Twenty-five Thousand Dollars ($25,000) consisting of Two Hundred and Fifty (250) shares of the par value of One Hundred Dollars ($100) per share, all of which shall be common stock and shall be paid in money or property, or both, as the Board of Directors shall determine. Each share of stock shall be, in all respects, equal to every other share, and each shareholder of record shall be entitled to one (1) vote for each share standing in his name on the books of the corporation at all shareholders' meetings.

IN WITNESS WHEREOF, We have hereunto set our hands and seals this 29th day of June, 1949.

/s/ Al Westra

IN THE PRESENCE OF:

/s/ Lester J. Elliott

/s/ Harold Burrows

/s/ Wm W. Cohoon

/s/ Walter Carlson

STATE OF MINNESOTA

ss.

COUNTY OF HENNEPIN

On this 29 day of June, 1949, before me, a Notary Public, within and for said County, personally appeared Al Westra, Harold Burrows, and Walter Carlson, to me known to be the persons named in and who executed the foregoing Articles of Incorporation, and each acknowledged this to be of his free act and deed, and for the uses and purposes therein expressed.

/s/ Leona Peterson

Notary Public, Hennepin County, Minnesota
My Commission expires 2-4-53.

CERTIFICATE OF AMENDMENT OF ARTICLES OF INCORPORATION
OF
HARMON GLASS CO., INC.

We, the undersigned, Harold L. Burrows and Emma I. Burrows, respectively the President and the Secretary of HARMON GLASS CO., INC., a corporation subject to the provisions of Chapter 301, Minnesota Statutes, 1953, known as the Minnesota Business Corporation Act, do hereby certify that at a special meeting of the shareholders of said corporation, notice of such meeting, proposal to amend and nature of such proposal having been mailed to each shareholder entitled to vote thereon at least ten days prior to such meeting, held at 1315 Harmon Place, in the city of Minneapolis, County of Hennepin as designated in such notice, on the 11th day of 1955, resolutions as hereinafter set forth were adopted by an unanimous vote of said shareholders represented in person or by proxy:

RESOLVED that Articles IV, XI and XII of the articles of incorporation of HARMON GLASS CO., INC. be, and the same hereby are amended to read as follows:

ARTICLE IV

The location and post office address of the registered office in this State is 1315 Harmon Place, Minneapolis 3, Minnesota.

ARTICLE IX

The total authorized number of shares of par value is five thousand (5000) shares of Common Stock having a par value of Ten Dollars ($10) per share, and two hundred and fifty (250) shares of Preferred Stock having a par value of One Hundred Dollars ($100) per hare, there being no shares without par value.

ARTICLE XII

The capital of this corporation shall consist of five thousand (5,000) shares of Common stock and two hundred fifty (250) shares of Preferred stock. The Common stock shall have a par value of Ten Dollars ($10) per share, each share of Common stock shall be, in all respects, equal to every other share of Common stock, and each shareholder of Common stock shall be entitled to one (1) vote for each share of Common stock standing in his name on the books of the corporation at all shareholders' meetings. The Preferred stock shall have a par value of One Hundred Dollars ($100) per share, and each share of Preferred stock shall be, in all respects, equal to every other share of Preferred stock. The holders of the Preferred stock shall be entitled to receive, when and as declared by the board of directors from the surplus or net profits of the corporation, a yearly dividend at the rate of six per cent (6%) per annum payable semi-annually and at such times as the board of directors may determine before any dividends shall be set apart or paid on the Common stock; in event said dividend is not paid on the preferred stock as hereinbefore provided, said dividend shall accumulate and shall be paid in full before any

dividends shall be set apart or paid on the Common stock. In addition to said dividend, the Preferred stock shall participate equally, share for share, with any dividends set apart or paid on the Common stock. The Preferred stock shall be subject to redemption in whole or in part at One Hundred and Ten Dollars ($110) per share, plus accumulated dividends, at such times and in such manner as the board of directors shall determine. In the event of any liquidation or dissolution (either voluntarily or involuntarily) of the corporation, the holders of the Preferred stock shall be entitled to be paid in full One Hundred Dollars ($100) per share plus accumulated dividends before any amount shall be paid to the holders of Common stock, and the remaining assets shall be distributed among the holders of Common stock exclusively in proportion to their holdings. Except as otherwise provided by law, the holders of Preferred stock shall not by reason of their holdings thereof be entitled to vote, the voting power being vested exclusively in the holders of Common stock.

RESOLVED FURTHER that the President and the Secretary of this corporation be and they hereby are, authorized and directed to make, execute and acknowledge a certificate under the corporate seal of this corporation, embracing the foregoing resolutions, and to cause such certificate to be filed for record in the manner required by law.

IN WITNESS WHEREOF, we have subscribed our names and caused the corporate seal of said corporation to be hereto affixed this 14th day of March, 1955.

/s/ Harold L. Burrows

Harold L. Burrows, President

In presence of:

/s/ Russell H. Baumgardner

/s/ Emma I. Burrows

Emma I. Burrows, Secretary

/s/ Jeanne L. Hill

CORPORATE SEAL

STATE OF MINNESOTA)
) ss.
COUNTY OF RAMSEY)

Harold L. Burrows and Emma I. Burrows being first duly sworn, on oath depose and say that they are respectively the president and the secretary of HARMON GLASS CO., INC., the corporation named in the foregoing certificate; that said certificate contains a true statement of the actions of the shareholders and board of directors of said corporation, duly held as aforesaid; that the seal attached is the corporate seal of said corporation; that said certificate is executed on behalf of said corporation, by its express

authority; and they further acknowledge the same to be their free act and deed and the free act and deed of said corporation.

/s/ Harold L. Burrows

/s/ Emma I. Burrows

Subscribed and sworn to before me this 14th day of March, 1955.

/s/ Alice E. Anderson

Notary Public, Ramsey County, Minn.
My commission expires: Jan 6, 1959

CERTIFICATE OF AMENDMENT OF ARTICLES OF INCORPORATION
OF
HARMON GLASS CO., INC.

We, the undersigned, Russell H. Baumgardner and Emma I. Burrows, respectively the President and the Secretary of HARMON GLASS CO., INC., a Corporation subject to the provisions of Chapter 301, Minnesota Statutes, 1953, known as the Minnesota Business Corporation Act, do hereby certify that at a special meeting of the shareholders of said Corporation, notice of such meeting, proposal to amend and nature of such proposal having been mailed to each shareholder entitled to vote thereon at least 10 days prior to said meeting, held at 1315 Harmon Place, in the City of Minneapolis, County of Hennepin as described in such notice, on the 15th day of January, 1958, resolutions as hereinafter set forth were adopted by an unanimous vote of said shareholders represented in person or by proxy:

RESOLVED, that Article XI and XII of the Articles of Incorporation of HARMON GLASS CO., INC. be and the same hereby are amended to read as follows:

ARTICLE XI

The total authorized number of shares of par value is One Hundred Thousand (100,000) shares of Common Stock having a par value of One Dollar ($1.00) per share, and Five Thousand (5,000) shares of Preferred Stock having a par value of Ten Dollars ($10.00) per share, there being no shares without par value.

ARTICLE XII

The Capital of this Corporation shall consist of One Hundred Thousand (100,000) shares of Common Stock and Five Thousand (5,000) shares of Preferred Stock. The Common Stock shall have a par value of One Dollar ($1.00) per share; each share of Common Stock shall be, in all respects, equal to any other share of Common Stock, and each shareholder of Common Stock shall be entitled to One (1) vote for each share of Common Stock standing in his name on the books of the Corporation at all shareholders meetings.

The Preferred Stock shall have a par value of Ten Dollars ($10.00) per share; and each share of Preferred Stock shall be, in all respects, equal to any other share of Preferred Stock.

The holders of Preferred Stock shall be entitled to receive annual dividends of Six Percent (6%) upon the par value thereof, such dividends to be paid semiannually during the month of March and September, as fixed by the Board of Directors; which dividend shall be cumulative and no dividend shall be paid on the Common Stock while any dividends are unpaid on the Preferred Stock. In addition to said dividend, the Preferred

Stock shall participate equally, share for share, with any dividend set apart or paid on the Common Stock.

In event of any liquidation or dissolution (either voluntary or involuntary) of the Corporation, the holders of the Preferred Stock shall be entitled to be paid in full Ten Dollars ($10.00) per share plus accumulated dividends, before any amount shall be paid to the holders of the Common Stock, and remaining assets shall be distributed among the holders of Common Stock exclusively in proportion to their holdings.

The Preferred Stockholders shall have no vote in the affairs of the Corporation; provided, however, that in the event that dividends payable on the Preferred Stock shall be in default in the amount equivalent to three annual dividends on any shares thereof then outstanding, and until all the dividends in default shall have been paid, the holders of the shares of Preferred Stock, voting separately as a class, shall be entitled to elect the smallest number of directors necessary to constitute a majority of the Board of Directors, and the holders of the Common Stock, voting separately as a class, shall be entitled to elect the remaining directors.

The Board of Directors of said Corporation may, at any time after one year from the issuance thereof, call and redeem all or any part of the Preferred Stock, by giving Six (6) months notice of intention so to do to the holders thereof. Such notice shall be given by personal service, or by mail addressed to the stockholders at the addresses appearing in the stock book. The amount payable in redemption of such shares to the holders thereof shall be the par value thereof together with all dividends earned or accrued thereon, and in addition a premium of Ten Percent (10%) upon the par value thereof. No dividends shall accrue or become payable upon any Preferred Stock as to which notice of intention to call and redeem has been given, subsequent to the day specified for redemption in such notice. In the event the Board of Directors shall vote to redeem less than all of the outstanding shares of Preferred Stock, the shares to be redeemed shall be determined by lot, in the manner determined by the Board of Directors.

The Preferred Stockholders shall have the option to exchange the Preferred Stock for Common Stock at a ratio of One (1) share of Preferred Stock for Three (3) shares of Common Stock at any time prior to July 1, 1960. Thereafter, the Preferred Stockholders shall have the option at any time to exchange the Preferred Stock for Common Stock at a ratio of One (1) share of Preferred Stock for Two and One-Half (2-1/2) shares of Common Stock.

FURTHER RESOLED, that the President and the Secretary of this Corporation be and they hereby are, authorized and directed to make, execute and acknowledge a certificate under the Corporate Seal of this Corporation, embracing the foregoing resolutions, and cause such certificate to be filed for record in the manner required by law.

IN WITNESS WHEREOF, we have subscribed our names and cause the Corporate Seal of said Corporation to be affixed this 17th day of January, 1958.

IN THE PRESENCE OF:

/s/ Russell H. Baumgardner

Russell H. Baumgardner, President

/s/ Mrs. Clem Hillund

/s/ Emma I. Burrows

Emma I. Burrows, Secretary

/s/ John D. Eichler

CORPORATE SEAL

STATE OF MINNESOTA)
) ss.
COUNTY OF HENNEPIN)

Russell H. Baumgardner and Emma I. Burrows being first duly sworn, on oath depose and say: that they are respectively the President and the Secretary of HARMON GLASS CO., INC., the Corporation named in the foregoing certificate; that said certificate contains a true statement of the actions of the shareholders and Board of Directors of said Corporation, duly held as aforesaid; that the seal attached is a Corporate Seal of said Corporation; that said certificate is executed on behalf of said Corporation, by its express authority; and they further acknowledge the same to be their free act and deed and the free act and deed of said Corporation.

/s/ Russell H. Baumgardner

Russell H. Baumgardner

/s/ Emma I. Burrows

Emma I. Burrows

Subscribed and sworn to before me this 17 day of January, 1958.

/s/ Jeanne Lorraine Hill

Notary Public, Hennepin County, Minnesota
My commission expires: May 18, 1962

CERTIFICATE OF AMENDMENT OF ARTICLES OF INCORPORATION
OF
HARMON GLASS CO., INC.

We, the undersigned, Russell H. Baumgardner and Emma I. Burrows, respectively the President and the Secretary of HARMON GLASS CO., INC., A Corporation subject to the provisions of Chapter 301, Minnesota Statutes, 1953, as amended, known as the Minnesota Business Corporation Act, do hereby certify that a special meeting of the shareholders of said Corporation, notice of such meeting, proposal to amend and nature of such proposal having been mailed to each shareholder entitled to vote thereon at least 10 days prior to said meeting, held at 1410 Harmon Place, in the City of Minneapolis, County of Hennepin as described in such notice, on the 16th day of June, 1959, resolutions as hereinafter set forth were adopted by an unanimous vote of said shareholders present in person or by proxy:

RESOLVED, that Article IV, Article VII, Article IX, Article XI, and Article XII of the Articles of Incorporation of HARMON GLASS CO., INC. be and the same hereby are amended to read as follows:

ARTICLE IV

The location and post office address of its registered office in this State is 1410 Harmon Place, Minneapolis 3, Minnesota.

ARTICLE VII

The government of this Corporation and the management of its affairs shall be vested in the Board of Directors consisting of not less than Three (3) and not more than Seven (7) members, who shall be elected at the annual meeting of the shareholders. The annual meeting shall be held on the second Tuesday in September of each year at 10:00 o'clock A.M. The date of the annual meeting may be changed by the affirmative vote of the majority of the stockholders at any annual meeting or any special meeting called for that purpose. Directors shall hold office for one year, and until their successors are elected and qualified.

ARTICLE IX

The officers of the Corporation shall be a President, Executive Vice President, Vice President, Secretary, and Treasurer. Additional officers may be created by the Board of Directors subject to ratification by the stockholders. Any two such offices may be held by one person except that of President, Executive Vice President, and Vice President. All such officers shall be elected by the Board of Directors for the ensuing year at the annual meeting of such Board following the annual meeting of the stockholders, which meeting shall be held on the same day and such officers shall hold office for one year, and until their successors are elected and qualified.

ARTICLE XI

The total number of shares of par value is Two Hundred Thousand (200,000) shares of Common Stock having a par value of One Dollar ($1.00) per share, and Five Thousand (5,000) shares of Preferred Stock having a par value of Ten Dollars ($10.00) per share, there being no shares without par value.

ARTICLE XII

The Capital of this Corporation shall consist of Two Hundred Thousand (200,000) shares of Common Stock and Five Thousand (5,000) shares of Preferred Stock. The Common Stock shall have a par value of One Dollar ($1.00) per share; each share of Common Stock shall be, in all respects, equal to any other share of Common Stock, and each shareholder of Common Stock shall be entitled to One (1) vote for each share of Common Stock standing in his name on the books of the Corporation at all shareholders meetings.

The Preferred Stock shall have a par value of Ten Dollars ($10.00) per share; and each share of Preferred stock shall be, in all respects, equal to any other share of Preferred Stock.

The holders of Preferred Stock shall have a par value of Ten Dollars ($10.00) per share; and each share of Preferred Stock shall be, in all respects, equal to any other share of Preferred Stock.

The holders of Preferred Stock shall be entitled to receive annual dividends of Six Percent (6%) upon the par value thereof, such dividends to be paid semiannually during the month of March and September, as fixed by the Board of Directors, which dividend shall be cumulative and no dividend shall be paid on the Common Stock while any dividends are unpaid on the Preferred Stock. In addition to said dividend, the Preferred Stock shall participate equally, share for share, with any dividends set apart or paid on the Common Stock.

In the event of any liquidation or dissolution (either voluntary or involuntarily) of the Corporation, the holders of the Preferred Stock shall be entitled to be paid in full Ten Dollars ($10.00) per share plus accumulated dividends before any amount shall be paid to the holders of Common Stock, and remaining assets shall be distributed among the holders of Common Stock exclusively in proportion to their holdings.

The Preferred Stockholders shall have no vote in the affairs of the Corporation; provided however, that in the event that dividends payable on the Preferred Stock shall be in default in the amount equivalent to three annual dividends on any shares thereof then outstanding, and until all the dividends in default shall have been paid, the holders of the shares of Preferred Stock voting separately as a class, shall be entitled to elect the smallest number of directors necessary to constitute a majority of the Board of Directors, and the holders of the Common Stock, voting separately as a class, shall be entitled to elect the remaining directors.

The Board of Directors of said Corporation may, at any time after one year from the issuance thereof, call and redeem all or any part of the Preferred Stock, by giving Six (6) months notice of intention to do so to the holders thereof. Such notice shall be given by personal service, or by mail addressed to the stockholders at their addresses appearing in the stock book. The amount payable in redemption of such shares to the holders thereof shall be the par value thereof together with all dividends earned or accrued thereon, and in addition a premium of Ten Percent (10%) upon the par value thereof. No dividends shall accrue or become payable upon any Preferred Stock as to which notice of intention to call and redeem has been given, subsequent to the day specified for redemption in such notice. In the event the Board of Directors shall vote to redeem less than all of the outstanding shares of Preferred Stock, the shares to be redeemed shall be determined by lot, in the manner determined by the Board of Directors.

The Preferred Stockholders shall have the option to exchange the Preferred Stock for Common Stock at a ratio of One (1) share of Preferred Stock for Three (3) shares of Common Stock at any time prior to July 1, 1960. Thereafter, the Preferred Stockholders shall have the option at any time to exchange the Preferred Stock for Common Stock at a ratio of One (1) share of Preferred Stock for Two and One-half (2-1/2) shares of Common Stock.

FURTHER RESOLVED, that the President and the Secretary of this Corporation be and they hereby are, authorized and directed to make, execute and acknowledge a certificate under the Corporate Seal of this Corporation, embracing the foregoing resolutions, and causing such certificate to be filed for record in the manner required by law.

IN WITNESS WHEREOF, we have subscribed our names and cause the Corporate Seal of said Corporation to be hereto affixed this 22nd day of June, 1959.

/s/ Russell H. Baumgardner

Russell H. Baumgardner, President

IN THE PRESENCE OF:

/s/ Judith Olson

/s/ Emma I. Burrows

Emma I. Burrows, Secretary

/s/ V.G. Benning

CORPORATE SEAL

STATE OF MINNESOTA)
) ss.
COUNTY OF HENNEPIN)

Russell H. Baumgardner and Emma I. Burrows being first duly sworn, on oath depose and say: that they are respectively the President and the Secretary of HARMON GLASS CO., INC., the Corporation named in the foregoing certificate; that said certificate contains a true statement of the actions of the shareholders of said Corporation, duty held as aforesaid; that the seal attached is a Corporate Seal of said Corporation; that said certificate is executed on behalf of said Corporation, by its expressed authority; and they further acknowledge the same to be their free act and deed and the free act and deed of said Corporation.

/s/ Russell H. Baumgardner

Russell H. Baumgardner

/s/ Emma I. Burrows

Emma I. Burrows

Subscribed to and sworn to before me this 22nd day of June, 1959.

/s/ Jeanne Lorraine Hill

Notary Public, Hennepin County, Minnesota
My commission expires: May 18, 1962

CERTIFICATE OF AMENDMENT
OF
ARTICLES OF INCORPORATION
OF
HARMON GLASS CO., INC.

We, the undersigned, John D. Eichler and Donald W. Goldfus, respectively, the President and the Secretary of Harmon Glass Co., Inc. a corporation subject to the provisions of Chapter 300, Laws of Minnesota, 1933, known as the Minnesota Business Corporation Acts, and laws amendatory thereof and supplementary thereto, do certify that at the Annual Meeting of the Shareholders of said Corporation in the City of Minneapolis, Minnesota, on the 10th day of May, 1966, at 10:00 a.m. pursuant to notice of said Annual Meeting mailed to all Stockholders as provided by law of Minnesota on April 28, 1966, at which meeting 58,812 shares of the Corporation then issued and outstanding, being a majority, were present in person or by Proxy, the following resolutions were passed by the unanimous vote of said issued and outstanding stock, there being no votes opposed to said resolutions, to wit:

RESOLVED, that Article XI and Article XII of the Articles of Incorporation of Harmon Glass Co., Inc. be, and the same hereby are, amended to read as follows:

ARTICLE XI

The authorized capital stock of this Corporation shall consist of Five Hundred Thousand (500,000) shares of common stock, par value One ($1.00) Dollar per share, to be issued from time to time to such persons and for such considerations and on such terms as may be fixed from time to time by the Board of Directors.

ARTICLE XII

The capital of this Corporation shall consist of Five Hundred Thousand (500,000) Shares of common stock. The common stock shall have a par value of One ($1.00) Dollar per share. Each share of common stock shall be, in all respects, equal to any other share of common stock, and each shareholder of common stock shall be entitled to one (1) vote for each share of common stock standing in his name on the Books of the Corporation at all stockholders' meetings.

FURTHER RESOLVED, that the President and the Secretary of this Corporation be, and they hereby are, authorized and instructed to make, execute, and acknowledge a certificate under the Corporate Seal of this Corporation, apprising the foregoing resolutions amending the Articles of Incorporation of this Corporation and cause such certificate to be filed of record in the manner required by law.

IN WITNESS WHEREOF, we have hereunto set our hands and caused the Corporate Seal of said Corporation to be affixed this 12th day of May, 1966.

/s/ John D. Eichler

John D. Eichler, President

(SEAL)

/s/ Donald W. Goldfus

Donald W. Goldfus, Secretary

STATE OF MINNESOTA)
) ss.
COUNTY OF HENNEPIN)

On this 12 day of May, 1966, before me, a Notary Public, within and for said County, personally appeared, John D. Eichler and Donald W. Goldfus, to me personally known, who being each by me duly sworn did say that they are respectively the President and the Secretary of Harmon Glass Co., Inc., the Corporation named in the foregoing Certificate of Amendments, and that the Seal affixed to the said instrument is the Corporate Seal of said Corporation, and acknowledged that they signed said instrument as their free act and deed by authority of the Shareholders of said Corporation for the purposes and uses therein expressed.

/s/ F.J. Dobmeyer

Notary Public
Hennepin County, Minnesota
My Commission expires 12/26/72

CERTIFICATE OF AMENDMENT
OF
ARTICLES OF INCORPORATION
OF
HARMON GLASS CO., INC.

We, the undersigned, John D. Eichler and Donald W. Goldfus, respectively, the President and the Secretary of Harmon Glass Co., Inc., a Corporation subject to the provisions of Chapter 300, Laws of Minnesota, 1933, known as the Minnesota Business Corporation Act, and the laws amendatory thereof and supplementary thereto, do certify that at a special meeting of the Shareholders of said Corporation held in the City of Minneapolis, Minnesota, on the 28th day of February, 1968, at 10:00 o'clock in the morning pursuant to a written notice of said special meeting mailed to all stockholders as provided by law on February 16, 1968, at which meeting 203,346 shares of the Corporation then issued and outstanding, being a majority in excess of Sixty Seven Per Cent (67%), were present in person or by proxy, the following resolutions were passed by the unanimous vote of the said issued and outstanding stock, there being no votes opposed to said resolutions to wit:

RESOLVED, that Articles I and II of the Articles of Incorporation of Harmon Glass Co., Inc., be and the same hereby are amended to read as follows:

ARTICLE I

The name of the corporation shall be Apogee Enterprises, Inc.

ARTICLE II

The nature of the business, objects and purposes to be transacted, promoted and carried on are:

To engage in and furnish business management services and render consulting services in the fields of business administration, finance, production, personnel, labor relations, marketing, sales, advertising, accounting, purchasing, mergers, acquisitions, and diversification programs and generally engage in and conduct a business management and consulting business.

To acquire, own, purchase, sell, convey, exchange, manage and otherwise deal in companies, corporations or other entities engaged in manufacturing, selling, marketing, services or any other business activity of any nature whatsoever.

To engage directly or indirectly as principal, as agent, as factor, as broker, as contractor, or in any other capacity in any lawful business or activity or any character, either alone or in connection with any person, firm, association or corporation.

To issue bonds, borrow money, issue debentures, incur obligation and arrange all necessary financing for any of the objects and purposes of this Corporation.

To acquire, hold, mortgage, pledge and dispose of shares of stock, bonds, securities, and other evidences of indebtedness of this Corporation, its subsidiaries, or any other corporation.

Generally, enjoy all rights, privileges and powers necessary, incidental to and convenient to the operation and conduct of its business.

If the foregoing clauses shall be construed as specific objects in powers, it is hereby especially provided that the foregoing numeration shall not be held to limit or restrict the powers of this Corporation.

FURTHER RESOLVED, that the President and the Secretary of this Corporation be, and they hereby are, authorized and instructed to make, execute, and acknowledge a certificate under the Corporate Seal of this Corporation, apprising the foregoing resolution amending the Articles of Incorporation of this Corporation and caused such Certificate to be filed or record in the manner required by law.

IN WITNESS WHEREOF, we have hereunto set our hands and caused the Corporate Seal of said Corporation to be hereunto affixed this 29th day of February, 1968.

/s/ John D. Eichler

John D. Eichler, President

CORPORATE SEAL

/s/ Donald W. Goldfus

Donald W. Goldfus, Secretary

STATE OF MINNESOTA

ss

COUNTY OF HENNEPIN

On this 29th day of February, 1968, before me, a Notary Public, within and for said company, personally appeared, John D. Eichler and Donald W. Goldfus, to me personally known, who being each by me duly sworn did say that they are respectively the President and the Secretary of Harmon Glass Co., Inc., the Corporation named in the foregoing Certificate of Amendment, and that the Seal fixed to the said instrument is the Corporate Seal of said Corporation, and acknowledged that they signed said instrument as their free act and deed by authority of the Shareholders of said Corporation for the purposes and uses therein expressed.

/s/ F. J. Dobmeyer

F. J. Dobmeyer, Notary Public
Hennepin County, Minnesota
My Commission expires Dec. 26, 1972

CERTIFICATE OF RESTATED
ARTICLES OF INCORPORATION
OF
APOGEE ENTERPRISES, INC.

We, the undersigned, John D. Eichler and Donald W. Goldfus, respectively the President and Secretary of APOGEE ENTERPRISES, INC., a Minnesota corporation, do hereby certify that at the annual meeting of the shareholders entitled to vote of said corporation duly called and held for that purpose at the office of the corporation, 1410 Harmon Place, Minneapolis, Minnesota, on May 13, 1969, at 7:30 o'clock P.M., notice of the holding and of the purposes of which meeting was given at least 10 days prior to said meeting to the holders of all of the issued and outstanding shares of capital stock of the corporation, the holders of 244,732 shares so entitled to vote being represented in person and 24,961 shares represented by proxy, and at which meeting Restated Articles of Incorporation as hereinafter set forth were adopted by the affirmative vote of the holders of 269,693 shares of capital stock, being more than two-thirds (2/3) of the shares issued and outstanding, and entitled to vote:

RESOLVED: That the Articles of Incorporation be restated to read as follows:

ARTICLE I

The name of this corporation shall be Apogee Enterprises, Inc.

ARTICLE II

The nature of the business, objects and purposes to be transacted, promoted and carried on are:

To engage in and furnish business management services and render consulting services in the fields of business administration, finance production, personnel, labor relations, marketing, sales, advertising, accounting, purchasing, mergers, acquisitions, engage in and conduct a business management and consultant business.

To acquire, own, purchase, sell, convey, exchange, manage and otherwise deal in companies, corporations or other entities engaged in manufacturing, selling, marketing services or any other business activity of any nature whatsoever.

ARTICLE III

The duration of the corporation shall be perpetual.

ARTICLE IV

The location and post office address of its registered office in this state is 1410 Harmon Place, Minneapolis 3, Minnesota.

ARTICLE V

The amount of stated capital of this corporation at this time is Three Hundred Fifty-nine Thousand Seven Hundred and One Dollars ($359,701).

ARTICLE VI

The government of this Corporation and the management of its affairs shall be vested in the Board of Directors consisting of not less than Three (3) and not more than Nine (9) members, who shall be elected at the annual meeting of stockholders. The annual meeting shall be held on the second Tuesday in May of each year at 10:00 o'clock A.M. The date of the annual meeting may be changed by the affirmative vote of the majority of the stockholders at any annual meeting or any special meeting called for that purpose. Directors shall hold office for one year, and until their successors are elected and qualified.

ARTICLE VII

The officers of the Corporation shall be a President, Executive Vice President, Vice President, Secretary, and Treasurer. Additional officers may be created by the Board of Directors subject to ratification by the stockholders. Any two such offices may be held by one person except that of President, Executive Vice President and Vice President. All such officers shall be elected by the Board of Directors for the ensuing year at the annual meeting of such Board following the annual meeting of the stockholders, which meeting shall be held on the same day and such officers shall hold office for one year and until their successors are elected and qualified.

ARTICLE VIII

The names and addresses of the Directors of the corporation are:

Russell H. Baumgardner
1429 E. Old Shakopee Road
Bloomington, Minnesota 55420

John D. Eichler
4841 15th Avenue South
Minneapolis, Minnesota 55417

Laurence J. Niederhofer
3408 Downers Drive
Minneapolis, Minnesota 55418

Donald W. Goldfus
1910 Major Drive
Golden Valley, Minnesota 55427

O. Walter Johnson
323 Edgecumbe Drive
White Bear Lake, Minnesota 55115

Alfred L. Hoedeman
5215 Morgan Avenue South
Minneapolis, Minnesota 55419

Maurice N. Anderson
3301 Wendhurst N.E.
Minneapolis, Minnesota 55418

ARTICLE IX

The authorized capital stock of this Corporation shall consist of Five Hundred Thousand (500,000) shares of common stock, par value One ($1.00) per share, to be issued from time to time to such persons and for such considerations and on such terms as may be fixed from time to time by the Board of Directors.

ARTICLE X

The capital of this Corporation shall consist of Five Hundred Thousand (500,000) Shares of common stock. The common stock shall have a par value of One ($1.00) Dollar per share. Each share of common stock shall be, in all respects, equal to any other share of common stock, and each shareholder of common stock shall be entitled on one (1) vote for each share of common stock standing in his name on the Books of the Corporation at all stockholders' meetings.

RESOLVED FURTHER: That these Restated Articles of Incorporation supersede and take the place of existing Articles of Incorporation and all amendments thereto.

RESOLVED FURTHER: That the President and Secretary be and they are hereby authorized and directed to make, execute and acknowledge a certificate under the corporate seal of this corporation embracing the foregoing Restated Articles of Incorporation, and to cause such certificate to be filed and recorded in the manner required by law.

IN WITNESS WHEREOF, We, the undersigned, respectively the President and Secretary of APOGEE ENTERPRISES, INC., have hereunto subscribed our names as such officers and caused the corporate seal of said corporation to be affixed this 23rd day of May, 1969.

In the presence of:

APOGEE ENTERPRISES, INC.

/s/ Russell H. Baumgardner

/s/ John D. Eichler

John D. Eichler, President

/s/ Bernice A. Ylinen

/s/ Donald W. Goldfus

Donald W. Goldfus, Secretary

STATE OF MINNESOTA)
) SS
COUNTY OF HENNEPIN)

On this 23rd day of May, 1969, before me, a Notary Public, within the aforesaid County, personally appeared John D. Eichler and Donald W. Goldfus, to me personally known, who, being each by me duly sworn did say that they are respectively the President and Secretary of APOGEE ENTERPRISES, INC., the corporation named in the foregoing instrument; that the seal affixed to said instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and said John D. Eichler and Donald W. Goldfus acknowledge said instrument to be the free act and deed of said corporation.

/s/ Alfred L. Hoedeman

Alfred L. Hoedeman, Notary Public
Hennepin County, Minnesota
My Commission Expires: Oct. 9, 1970

CERTIFICATE OF RESTATED
ARTICLES OF INCORPORATION
OF
APOGEE ENTERPRISES, INC.

We, the undersigned, JOHN D. EICHLER and DONALD W. GOLDFUS, respectively the President and Secretary of APOGEE ENTERRISES, INC., a Minnesota corporation, do hereby certify that at the adjourned annual meeting of the shareholders entitled to vote of said corporation duly called and held for that purpose at the principal office of the corporation, 1410 Harmon Place, Minneapolis, Minnesota, on April 5, 1971, at 7:30 o'clock P.M., notice of the holding and of the purposes of which meeting was duly given to the holders of all of the issued and outstanding shares of Common capital stock of the corporation, the holders of a majority of such shares adopted by affirmative vote the Restated Articles of Incorporation which are hereinafter set forth; we further certify that at that meeting there were represented in person or by proxy 227,161 shares of the Common stock out of a total of 305,190 shares, the affirmative vote being more than two-thirds of the shares entitled to vote.

RESOLVED: That the Articles of Incorporation be restated to read as follows:

ARTICLE I

The name of this corporation shall be Apogee Enterprises, Inc.

ARTICLE II

The nature of the business, objects and purposes to be transacted, promoted and carried on are:

To engage in and furnish business management services and render consulting services in the fields of business administration, finance, production, personnel, labor relations, marketing, sales, advertising, accounting, purchasing, mergers, acquisitions, and diversification programs and generally engage in and conduct a business management and consultant business.

ARTICLE III

The duration of the corporation shall be perpetual.

ARTICLE IV

The location and post office address of its registered office in this state is 1410 Harmon Place, Minneapolis, Minnesota 55403.

ARTICLE V

The amount of stated capital of this corporation at this time is Three Hundred Five Thousand, One Hundred Ninety Dollars ($305,190.00).

ARTICLE VI

The government of this Corporation and the management of its affairs shall be vested in the Board of Directors consisting of not less than three (3) and not more than nine (9) members, who shall be elected at the annual meeting of the stockholders. The annual meeting shall be held on the second Tuesday in June of each year at 10:00 o'clock A.M. The date of the annual meeting may be changed by the affirmative vote of the majority of the stockholders at any annual meeting or any special meeting called for that purpose. Directors shall hold office for one year, and until their successors are elected and qualified.

ARTICLE VII

The names and addresses of the Directors of the corporation are:

Russell H. Baumgardner
1429 E. Old Shakopee Road
Bloomington, Minnesota 55420

John D. Eichler
4841 15th Avenue South
Minneapolis, Minnesota 55417

Laurence J. Niederhofer
1217 Kreutzer Boulevard
Wausau, Wisconsin 54401

Donald W. Goldfus
1910 Major Drive
Golden Valley, Minnesota 55422

O. Walter Johnson
323 Edgecumbe Drive
White Bear Lake, Minnesota 55110

Alfred L. Hoedeman
5215 Morgan Avenue South
Minneapolis, Minnesota 55419

Maurice N. Anderson
3301 Wendhurst Avenue N.E.
Minneapolis, Minnesota 55418

ARTICLE VIII

The authorized capital stock of this Corporation shall consist of Two Million (2,000,000) shares of common stock, par value of Thirty-Three and one-third cents (33 1/3 cents) per share and One Hundred Thousand (100,000) shares of preferred of the par value of Ten Dollars ($10.00) per share.

Except as may be otherwise provided in this Certificate of Incorporation, the holders of the Common stock shall have full voting power and be entitled to one vote per share in the election of directors and upon each other matter coming before any meeting of stockholders. Ownership of shares of this corporation shall not entitle the holders thereof to any pre-emptive right to subscribe for or purchase or have offered to them for subscription or purchase any additional share or shares either of that authorized in these Restated Articles of Incorporation, or thereafter authorized, it being the purpose and intent of this provision that the Board of Directors shall have the full right, power, and authority to offer for subscription or sale, or to make disposal of any and all unissued shares of the corporation or of any shares issued and thereafter acquired by the corporation to such persons, corporations, or other entities and for such consideration as may be permitted by law, as the Board of Directors shall from time to time determine. Cumulative voting shall not be permitted.

The Board of Directors shall have the power from time to time to issue one or more series of Preferred stock having such voting powers, full or limited, or no voting powers, and such designations, preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions thereof, as shall be stated and expressed in the resolution or resolutions of the Board of Directors providing for the issue of such stock.

The Board of Directors may in the resolution or resolutions provide for the issue of the Preferred stock or of any series thereof:

(1) Make any such Preferred stock or any series thereof subject to redemption at such time or times and at such price or prices as shall be provided in such resolution or resolutions.

(2) Establish the dividends that the holders thereof shall be entitled to receive at such rates, on such conditions and at such times as shall be stated in such resolution or resolutions payable in preference to, or in such relation to, the dividends payable on any other class or classes or of any other series of stock, and cumulative or non-cumulative as shall be so stated and expressed.

(3) Provide such rights upon the dissolution of, or upon any distribution of the assets of the Corporation, to the holders of such Preferred stock or any series thereof as shall be stated and expressed in such resolution or resolutions.

(4) Make the Preferred stock or any series thereof convertible into, or exchangeable for shares or any other class or classes of stock or of any other series thereof, of the Corporation at such price or prices or at such rates of exchange and with such adjustments as shall be stated in such resolution or resolutions.

ARTICLE IX

These articles may be amended at any annual meeting of the stockholder or at any special meeting called for that express purpose by the affirmative vote of the holders of the majority of the outstanding capital stock of the corporation.

RESOLVED FURTHER: That these Restated Articles of Incorporation supersede and take the place of existing Articles of Incorporation and all amendments thereto.

RESOLVED FURTHER: That the President and Secretary be and they are hereby authorized and directed to make, execute and acknowledge a certificate under the corporate seal of this corporation embracing the foregoing Restated Articles of Incorporation, and to cause such certificate to be filed and recorded in the manner required by law.

IN WITNESS WHEREOF, We, the undersigned, respectively the President and Secretary of APOGEE ENTERPRISES, INC., have hereunto subscribed our names as such officers and caused the corporate seal of said corporation to be affixed this 5th day of April, 1971.

In the Presence of:

/s/ Alfred L. Hoedeman

/s/ Russell H. Baumgardner

APOGEE ENTERPRISES, INC.

/s/ John D. Eichler

John D. Eichler, President

/s/ Donald W. Goldfus

Donald W. Goldfus, Secretary

(Corporate Seal)

STATE OF MINNESOTA)
) SS
COUNTY OF HENNEPIN)

On this 5th day of April, 1971, before me, a Notary Public within the aforesaid County, personally appeared JOHN D. EICHLER and DONALD W. GOLDFUS, to me personally known, who, being each by me duly sworn did say that they are respectively the President and Secretary of APOGEE ENTERPRISES, INC., the corporation named in the foregoing instrument, that the seal affixed to said instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and said JOHN D. EICHELR and DONALD W. GOLDFUS acknowledged said instrument to be the free act and deed of said corporation.

/s/ Alfred L. Hoedeman

Alfred L. Hoedeman, Notary Public
Hennepin County, Minnesota
My commission expires Oct. 9, 1997

CERTIFICATE OF AMENDMENT TO
RESTATED ARTICLES OF INCORPORATION
OF
APOGEE ENTERPRISES, INC.

We, the undersigned, JOHN D. EICHLER and DONALD W. GOLDFUS, respectively the President and Secretary of APOGEE ENTERPRISES, INC., a Minnesota corporation do hereby certify that at the adjourned annual meeting of the shareholders entitled to vote of said corporation duly called and held for that purpose at the principal office of the corporation, 1410 Harmon Place, Minneapolis, Minnesota, on June 21, 1971, at 7:30 o'clock P.M., notice of the holding and of the purposes of which meeting was duly given to the holders of all of the issued and outstanding shares of Common capital stock of the corporation, the holders of a majority of such shares adopted by affirmative vote the Amendment to the Restated Articles of Incorporation which are hereinafter set forth; we further certify that at that meeting there were represented in person or proxy 828,261 shares of the Common stock out of a total of 915,570 shares, the affirmative vote being more than two-thirds of the shares entitled to vote:

RESOLVED: That Article II of the Restated Articles of Incorporation be amended by substituting therefore a new Article II to read as follows:

ARTICLE II

The corporation shall have general business purposes and the nature of the business, objects and purposes of the corporation shall include but not be limited to the following:

(1) To engage in and furnish business management services and render consulting services in the fields of business administration, finance, production, personnel, labor relations, marketing, sales, advertising, accounting, purchasing, mergers, acquisitions, and diversification programs and generally engage in and conduct a business management and consultant business.

(2) To acquire, own, hold, manage and operate either separately or as part of the business of this corporation, other businesses, firms, corporations or enterprises.

(3) To acquire, hold, pledge, vote, sell and dispose of shares, bonds, securities and other evidences of indebtedness of any person or domestic or foreign corporation, firm or government, whether for the purpose of investment of the funds of this corporation or for the purpose of exercising control or management over the affairs of other persons, firms, or corporations, or for both purposes.

(4) To purchase, lease or otherwise acquire, to own, hold, manage, operate or employ, to mortgage, pledge, or otherwise encumber, and to sell, let, exchange or otherwise dispose of real property or personal property or mixed real and personal property.

(5) To enter into partnerships, joint ventures, and agreements of all kinds with other persons, firms, partnerships and corporations.

(6) To borrow money and secure credit upon such terms and security as may be deemed necessary or appropriate, to pledge or mortgage any or all of the assets of the corporation to secure such loan or credit.

(7) To make any guarantee respecting securities, indebtedness, dividends, interests, contracts, or other obligations, so far as it may be permitted by law.

(8) To do any and all other acts and things in addition to those enumerated and specified above which may be advantageous, necessary, expedient or convenient to the conduct of the business or the attainment of the purposes of the corporation.

The foregoing clauses and statement of purposes shall also be a statement of powers of this corporation, but the declaration of purposes and powers herein set forth shall not be deemed to limit or restrict in any manner the powers of this corporation, which shall possess all of the powers bestowed upon or permitted to it by law which are not inconsistent with those set forth herein.

RESOLVED FURTHER: That Article VIII of the Restated Articles of Incorporation be amended by adding thereto the following:

> The Board of Directors shall have the power at any time, and from time to time (without any action by the stockholders) in the name and on behalf of this corporation to grant rights, options and warranties to run for any period of time, to purchase from this corporation any shares of any class of its stock upon such price, terms and conditions as the Board of Directors in its sole discretion shall determine.

RESOLVED FURTHER: That the President and Secretary be, and they are hereby, authorized and directed to make, execute and acknowledge a certificate under the corporate seal of this corporation embracing the foregoing resolutions and to cause such certificate to be filed and recorded in the manner required by law.

IN WITNESS WHEREOF, We, the undersigned, respectively the President and Secretary of APOGEE ENTERPRISES, INC., have hereunto subscribed our names as such officers and caused the corporate seal of said corporation to be affixed this 21st day of June, 1971.

In the Presence of:

APOGEE ENTERPRISES, INC.

/s/ Alfred L. Hoedeman

/s/ John D. Eichler

John D. Eichler, President

/s/ Russell H. Baumgardner

/s/ Donald W. Goldfus

Donald W. Goldfus, Secretary

(Corporate Seal)

STATE OF MINNESOTA)
) SS
COUNTY OF HENNEPIN)

On this 21st day of June, 1971, before me, a Notary Public within the aforesaid County, personally appeared JOHN D. EICHLER and DONALD W. GOLDFUS, to me personally known, who, being each by me duly sworn did say that they are respectively the President and Secretary of APOGEE ENTERPRISES, INC., the corporation named in the foregoing instrument, that the seal affixed to said instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and said JOHN D. EICHLER and DONALD W. GOLDFUS acknowledged said instrument to be the free act and deed of said corporation.

/s/ Alfred L. Hoedeman

Alfred L. Hoedeman, Notary Public
Hennepin County, Minnesota
My commission expires Oct. 9, 1977

CERTIFICATE OF CHANGE
OF REGISTERED OFFICE
OF
APOGEE ENTERPRISES, INC.

We, Russell H. Baumgardner and Donald W. Goldfus, respectively the President and Secretary of Apogee Enterprises, Inc., a Minnesota corporation organized under or subject to the provisions of Chapter 301, Minnesota Statutes Annotated, hereby certify that the following resolutions were adopted by the Board of Directors of said corporation on January 16, 1976, to-wit:

"RESOLVED: That the registered office in this State be changed from 1410 Harmon Place, in the City of Minneapolis, County of Hennepin, State of Minnesota,

TO

7900 Xerxes Avenue South, in the City of Minneapolis, County of Hennepin, State of Minnesota."

"RESOLVED FURTHER: That the President or a Vice-President, and the Secretary or an Assistant Secretary of this corporation be and they are hereby authorized and directed to make, execute and acknowledge a certificate under the corporate seal of this corporation embracing the foregoing resolutions, and to cause such certificate to be filed in accordance with the provisions of Chapter 301 of Minnesota Statutes Annotated."

IN WITNESS WHEREOF, We have hereunto affixed our signatures and the seal of the corporation on January 16, 1976.

/s/ Russell H. Baumgardner

Russell H. Baumgardner

/s/ Donald W. Goldfus

Donald W. Goldfus

Subscribed and sworn to
before me on the 16th
day of January, 1976

Notary Public

(Corporate seal)

CERTIFICATE OF AMENDMENT TO
ARTICLES OF INCORPORATION
OF
APOGEE ENTERPRISES, INC.

We, the undersigned, RUSSELL H. BAUMGARDNER and DONALD W. GOLDFUS, respectively the President and Secretary of APOGEE ENTERPRISES, INC., a Minnesota Corporation, do hereby certify that at the adjourned annual meeting of the shareholders entitled to vote of said corporation duly called and held for that purpose at the Radisson South Hotel at the intersection of Interstate 494 and Highway 100, Minneapolis, Minnesota on July 29, 1976, at 7:00 o'clock P.M., notice of the meeting and of the purpose of which meeting was duly given to the holders of all of the issued and outstanding shares of Common capital stock of the corporation, the holders of a majority of such shares adopted the amendments to the Articles of Incorporation which are hereafter set forth; we further certify that at the meeting there were represented in person or by proxy 821,289 shares of the Common stock out of a total of 1,086,555 shares, the affirmative vote being more than two-thirds of the shares entitled to vote:

RESOLVED: That Article VI of the Articles of Incorporation be amended by substituting therefore a new Article VI to read as follows:

ARTICLE VI

The government of this Corporation and the management of its affairs shall be vested in the Board of Directors consisting of not less than Three (3) and not more than Nine (9) members, who shall be elected at the annual meeting of the stockholders. The annual meeting shall be held between June 1 and August 1 of each year on such date set by resolution of the Board of Directors. Directors shall hold office for one year, and until their successors are elected and qualified.

RESOLVED FURTHER: That the Articles of Incorporation be amended by adding thereto the following:

ARTICLE X

The Board of Directors of this corporation shall have authority to make or alter the By-Laws of this corporation subject to the power of shareholders to change or repeal such By-Laws.

RESOLVED FURTHER: That the President and Secretary be and they are hereby authorized and directed to make, execute and acknowledge a certificate under the corporate seal of this corporation embracing the foregoing Articles of Incorporation, and to cause such certificate to be filed and recorded in the manner required by law.

IN WITNESS WHEREOF, We, the undersigned, respectively the President and Secretary of APOGEE ENTERPRISES, INC., have hereunto subscribed our names as such officers and caused the corporate seal of said corporation be affixed this 30th day of June, 1976.

APOGEE ENTERPRISES, INC.

In the Presence of:

/s/ Alfred L. Hoedeman

/s/ Russell H. Baumgardner

Russell H. Baumgardner, President

/s/ Deborah J. Zandlo

/s/ Donald W. Goldfus

Donald W. Goldfus, Secretary

(Corporate seal)

STATE OF MINNESOTA)
) SS
COUNTY OF HENNEPIN)

On this 30th day of June, 1976, before me, a Notary Public within the aforesaid County, personally appeared RUSSELL H. BAUMGARDNER and DONALD W. GOLDFUS, to me personally known, who, being each by me duly sworn did say that they are respectively the President and Secretary of APOGEE ENTERPRISES, INC., the corporation named in the foregoing instrument, that the seal affixed to said instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and said RUSSELL H. BAUMGARDNER and DONALD W. GOLDFUS acknowledged said instrument to be the free act and deed of said corporation.

/s/ Alfred L. Hoedeman

Alfred L. Hoedeman, Notary Public
Hennepin County, Minnesota
My commission expires Oct. 9, 1977

CERTIFICATE OF AMENDMENT TO
ARTICLES OF INCORPORATION
OF
APOGEE ENTERPRISES, INC.

WE, the undersigned, RUSSELL H. BAUMGARDNER and DONALD W. GOLDFUS, respectively the President and Secretary of APOGEE ENTERPRISES, INC., a Minnesota corporation, do hereby certify that at the adjourned annual meeting of the shareholders entitled to vote of said corporation duly called and held for that purpose at the fifth floor auditorium of the First National Bank of Minneapolis, 120 South Sixth Street, Minneapolis, Minnesota on June 27, 1978, at 10:00 o'clock A.M., notice of the meeting and of the purpose of which meeting was duly given to the holders of all of the issued and outstanding shares of common capital stock of the corporation, and the holders of a majority of such shares adopted the amendments to the Articles of Incorporation which are hereafter set forth; we further certify that at the meeting there were represented in person or by proxy 1,156,938 shares of the common stock out of a total of 1,718,898 shares, the affirmative vote being more than two-thirds of the shares entitled to vote:

RESOLVED: That Article VIII of the Articles of Incorporation be amended by substituting therefore a new Article VIII to read as follows:

ARTICLE VIII

The authorized capital stock of this corporation shall consist of five million (5,000,000) shares of common stock, par value of thirty-three and one-third cents (33-1/3 cents) per share and three hundred thousand (300,000) shares of preferred stock of the par value of ten dollars ($10.00) per share.

RESOLVED FURTHER: That the President and Secretary be and they are hereby authorized and directed to make, execute and acknowledge a certificate under the corporate seal of this corporation embracing the foregoing Articles of Incorporation, and to cause such certificate to be filed and recorded in the manner required by law.

IN WITNESS WHEREOF, We, the undersigned, respectively the President and Secretary of APOGEE ENTERPRISES, INC., have hereunto subscribed our names as such officers and caused the corporate seal of said corporation to be affixed this 27th day of June, 1978.

In the Presence of:

/s/ William G. Gardner

/s/ Diane Flack

APOGEE ENTERPRISES, INC.

/s/ Russell H. Baumgardner

Russell H. Baumgardner, President

/s/ Donald W. Goldfus

Donald W. Goldfus, Secretary

STATE OF MINNESOTA)
) SS
COUNTY OF HENNEPIN)

On this 27th day of June, 1978, before me, a Notary Public, within the aforesaid County, personally appeared RUSSELL H. BAUMGARDNER and DONALD W. GOLDFUS, to me personally known, who being each by me duly sworn did say that they are respectively the President and Secretary of APOGEE ENTERPRISES, INC., the corporation named in the foregoing instrument; that the seal affixed to said instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and said RUSSELL H. BAUMGARDNER and DONALD W. GOLDFUS acknowledged said instrument to be the free act and deed of said corporation.

/s/ Joanne K. Dole

Notary Public
Hennepin County, Minnesota
My Commission Expires Mar. 17, 1983

CERTIFICATE OF AMENDMENT
TO
ARTICLES OF INCORPORATION
OF
APOGEE ENTERPRISES, INC.

We, the undersigned, RUSSELL H. BAUMGARDNER and DONALD W. GOLDFUS, respectively the President and Secretary of APOGEE ENTERPRISES, INC., a Minnesota corporation, do hereby certify that at the adjourned annual meeting of the shareholders entitled to vote of said corporation duly called and held for that purpose at the fifth floor auditorium of the First National Bank of Minneapolis, 120 South Sixth Street, Minneapolis, Minnesota on June 27, 1978, at 10:00 o'clock A.M., notice of the meeting and of the purpose of which meeting was duly given to the holders of all of the issued and outstanding shares of common capital stock of the corporation, and the holders of a majority of such shares adopted the amendments to the Articles of Incorporation which are hereafter set forth; we further certify that at the meeting there were represented in person or by proxy 1,156,938 shares of the common stock out of a total of 1,718,898 shares, the affirmative vote being more than two-thirds of the shares entitled to vote:

RESOLVED: That Article VIII of the Articles of Incorporation be amended by substituting therefore a new Article VIII to read as follows:

ARTICLE VIII

The authorized capital stock of this Corporation shall consist of five million (5,000,000) shares of common stock, par value of thirty-three and one-third cents (33-1/3 cents) per share and three hundred thousand (300,000) shares of preferred stock of the par value of ten dollars ($10.00) per share.

Except as may be otherwise provided in this Certificate of Incorporation, the holders of the common stock shall have full voting power and be entitled to one vote per share in the election of directors and stockholders. Ownership of shares of this corporation shall not entitle the holders thereof to any pre-emptive right to subscribe for or purchase, or have offered to them for subscription or purchase, any additional share or shares either of that authorized in these Restated Articles of Incorporation, or thereafter authorized, it being the purpose and intend of this provision that the Board of Directors shall have the full right, power and authority to offer for subscription or sale, or to make disposal of any and all unissued shares of the corporation or of any shares issues and thereafter acquired by the corporation to such persons, corporations, or other entities and for such consideration as may be permitted by law, as the Board of Directors shall from time to time determine. Cumulative voting shall not be permitted.

The Board of Directors shall have the power from time to time to issue one or more series of preferred stock having such voting powers, full or limited, or no voting powers, and such designations, preferences, and relative,

participating, optional or other special rights and qualifications, limitations or restrictions thereof, as shall be stated and expressed in the resolution or resolutions of the Board of Directors providing for the issue of such stock.

The Board of Directors may in the resolution or resolutions provide for the issue of the preferred stock or of any series thereof:

1) Make any such preferred stock or any series thereof subject to redemption at such time or times and at such price or prices as shall be provided in such resolution or resolutions.

2) Establish the dividends that the holders thereof shall be entitled to receive at such rates, on such conditions and at such times as shall be stated in such resolution or resolutions payable in preference to, or in such relation to, the dividends payable on any other class or classes or of any other seires of stock, and cumulative or non-cumulative as shall be so stated and expressed.

3) Provide such rights upon the dissolution of, or upon any distribution of the assets of the Corporation, to the holders of such preferred stock or any series thereof as shall be stated and expressed in such resolution or resolutions.

4) Make the preferred stock or any series thereof convertible into, or exchangeable for, shares of any other class or classes of stock or of any other series thereof, of the Corporation at such price or prices or at such rates of exchange and with such adjustments as shall be stated in such resolution or resolutions.

RESOLVED FURTHER: That the President and the Secretary be and they are hereby authorized and directed to make, execute and acknowledge a certificate under the corporate seal of this corporation embracing the foregoing Articles of Incorporation, and to cause such certificate to be filed and recorded in the manner required by law.

IN WITNESS WHEREOF, We, the undersigned, respectively the President and Secretary of APOGEE ENTERPRISES, INC., have hereunto subscribed our names as such officers and caused the corporate seal of said corporation to be affixed this 27th day of June, 1978.

In the Presence of:

APOGEE ENTERPRISES, INC.

/s/ Marcia Park

/s/ Russell H. Baumgardner

Russell H. Baumgardner, President

/s/ Marcia Park

/s/ Donald W. Goldfus

Donald W. Goldfus, Secretary

(Corporate Seal)

CERTIFICATE OF RESTATED
ARTICLES OF INCORPORATION
OF
APOGEE ENTERPRISES, INC.

We, the undersigned, RUSSELL H. BAUMGARDNER and DONALD W. GOLDFUS, respectively the President and Secretary of APOGEE ENTERPRISES, INC., a Minnesota corporation, do hereby certify that at the adjourned annual meeting of the shareholders entitled to vote of said corporation duly called and held for that purpose at the Sheraton Ritz Hotel, 315 Nicollet Mall, Minneapolis, Minnesota, on Tuesday, June 23, 1981, at 10:00 A.M., notice of the holding and of the purpose of which meeting was given to the holders of all of the issued and outstanding shares of common capital stock of the corporation, the holders of a majority of such shares adopted by affirmative vote the Restated Articles of Incorporation which are hereinafter set forth; we further certify that at the meeting there were represented in person or by proxy 3,326,213 shares of the issued and outstanding shares of stock entitled to vote out of a total of 4,052,962 shares, the affirmative vote being 3,313,428 of the shares entitled to vote.

RESOLVED: That the Articles of Incorporation of APOGEE ENTERPRISES, INC. be restated to read as follows:

ARTICLE I

The name of the corporation shall be APOGEE ENTERPRISES, INC.

ARTICLE II

The corporation shall have general business purposes and the nature of the business objects and purposes of the corporation shall include but not be limited to the following:

(1) To engage in and furnish business management, services and render consulting services in the fields of business administration, finance, production, personnel, labor relations, marketing, sales, advertising, accounting, purchasing, mergers, acquisitions, and diversification programs and generally engage in and conduct a business management and consultant business.

(2) To acquire, own, hold, manage and operate either separately or as part of the business of this corporation, other businesses, firms, corporations or enterprises.

(3) To acquire, hold, pledge, vote, sell and dispose of shares, bonds, securities and other evidences of indebtedness of any person or domestic or foreign corporation, firm or government, whether for the purpose of investment of the funds of this corporation or for the purpose

of exercising control or management over the affairs of other persons, firms or corporations, or for both purposes.

(4) To purchase, lease or otherwise acquire, to own, hold, manage, operate or employ, to mortgage, pledge, or otherwise encumber, and to sell, let, exchange or otherwise dispose of real property or personal property or mixed real and personal property.

(5) To enter into partnerships, joint ventures, and agreements of all kinds with other persons, firms, partnerships and corporations.

(6) To borrow money and secure credit upon such terms and security as may be deemed necessary or appropriate, to pledge or mortgage any or all of the assets of the corporation to secure such loan or credit.

(7) To make any guarantee respecting securities, indebtedness, dividends, interests, contracts, or other obligations, so far as it may be permitted by law.

(8) To do any and all other acts and things in addition to those enumerated and specified above which may be advantageous, necessary, expedient or convenient to the conduct of the business or the attainment of the purpose of the corporation.

The foregoing clauses and statement of purposes shall also be a statement of powers of this corporation, but the declaration of purposes and powers herein set forth shall not be deemed to limit or restrict in any manner the powers of this corporation, which shall possess all of the powers bestowed upon or permitted to it by lw which are not inconsistent with those set forth herein.

ARTICLE III

The duration of the corporation shall be perpetual.

ARTICLE IV

The location and post office address of its registered office in this state is 7900 Xerxes Avenue South, Minneapolis, Minnesota 55431.

ARTICLE V

The amount of stated capital with which this corporation will begin business is One Thousand Dollars ($1,000.00)

ARTICLE VI

The government of this corporation and the management of its affairs shall be vested in the Board of Directors consisting of not less than three (3) and not more than nine (9) members, who shall be elected at the annual meeting of the stockholders. The annual meeting shall be held between June 1 and August 1 of each year on such date set by resolution of the Board of Directors. Directors shall hold office for one year, and until their successors are elected and qualified.

ARTICLE VII

The names and addresses of the Directors of the corporation are:

Russell H. Baumgardner
2601 West Lafayette Road
Excelsior, MN 55331

Laurence J. Niederhofer
1217 Kreutzer Boulevard
Wausau, WI 54401

Donald W. Goldfus
1910 Major Drive
Golden Valley, MN 55422

O. Walter Johnson
140 North Old Toll Bridge Road
Lakeland, MN 55043

Alfred L. Hoedeman
5404 Stauder Circle
Edina, MN 55436

Maurice N. Anderson
17245 Third Avenue North
Plymouth, MN 55447

James L. Martineau
2075 Linn Drive
Owatonna, MN 55060

ARTICLE VIII

The authorized capital stock of this corporation shall consist of fifteen million (15,000,000) shares of common stock, par value of thirty-three and one-

third cents (33-1/3 cents) per share and three hundred thousand (300,000) shares of preferred stock of the par value of ten dollars ($10.00) per share.

Except as may be otherwise provided in these Articles of Incorporation, the holders of the common stock shall have full voting power and be entitled to one vote per share in the election of directors and upon each other matter coming before any meeting of stockholders. Ownership of shares of this corporation shall not entitle the holders thereof to any pre-emptive right to subscribe for or purchase, or have offered to them for subscription or purchase, any additional share or shares either of that authorized in these Restated Articles of Incorporation, or thereafter authorized, it being the purpose and intent of this provision that the Board of Directors shall have the full right, power and authority to offer for subscription or sale, or to make disposal of any and all unissued shares of the corporation or of any shares issued and thereafter acquired by the corporation to such persons, corporations, or other entities and for such consideration as may be permitted by law, as the Board of Directors shall from time to time determine. Cumulative voting shall not be permitted.

The Board of Directors shall have the power from time to time to issue one or more series of preferred stock having such voting powers, full or limited, or no voting powers, and such designations, preferences, and relative, participating, optional or other special rights, and qualifications, limitations or restrictions thereof, as shall be stated and expressed in the resolution or resolutions of the Board of Directors providing for the issue of such stock.

The Board of Directors may in the resolution or resolutions provide for the issue of the preferred stock or of any series thereof:

1) Make any such preferred stock or any series thereof subject to redemption at such time or times and at such price or prices as shall be provided in such resolution or resolutions.

2) Establish the dividends that the holders thereof shall be entitled to receive at such rates, on such conditions and at such times as shall be stated in such resolution or resolutions payable in preference to, or in such relation to, the dividends payable on any other class or classes or of any other series of stock, and cumulative or non-cumulative as shall be so stated and expressed.

3) Provide such rights upon dissolution of, or upon any distribution of the assets of the corporation, to the holders of such preferred stock or any series thereof as shall be stated and expressed in such resolution or resolutions.

4) Make the preferred stock or any series thereof convertible into, or exchangeable for, shares of any other class or classes or of any other series thereof, of the corporation at such price or prices or at such rates of exchange and with such adjustments as shall be stated in such resolution or resolutions.

ARTICLE IX

These articles may be amended at any annual meeting of the stockholders or at any special meeting called for that express purpose by the affirmative vote of the holders of the majority of the outstanding capital stock of the corporation.

ARTICLE X

The Board of Directors of this corporation shall have authority to make or alter the By-Laws of this corporation subject to the power of shareholders to change or repeal such By-Laws.

RESOLVED FURTHER: That these Restated Articles of Incorporation supersede and take the place of existing Articles of Incorporation and all amendments thereto.

RESOLVED FURTHER: That the President and Secretary be, and they are hereby authorized and directed to make, execute and acknowledge a certificate under the corporate seal of this corporation embracing the foregoing Restated Articles of Incorporation, and to cause such certificate to be filed and recorded in the manner required by law.

IN WITNESS WHEREOF, We, the undersigned, respectively the President and Secretary of APOGEE ENTERPRISES, INC. have hereunto subscribed our names as such officers and caused the corporate seal of said corporation to be affixed on June 25, 1981.

In the presence of:

/s/ Darrell E. Sykes

/s/ William G. Gardner

APOGEE ENTERPRISES, INC.

/s/ Russell H. Baumgardner

Russell H. Baumgardner, President

/s/ Donald W. Goldfus

Donald W. Goldfus, Secretary

(Corporate Seal)

STATE OF MINNESOTA)
) SS
COUNTY OF HENNEPIN)

On June 25, 1981, before me, a Notary Public within the aforesaid County, personally appeared RUSSELL H. BAUMGARDNER and DONALD W. GOLDFUS, to me personally known, who, being each by me duly sworn did say that they are respectively the President and Secretary of APOGEE ENTERPRISES, INC., the corporation named in the foregoing instrument; that the seal affixed to said instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and said RUSSELL H. BAUMGARDNER and DONALD W. GOLDFUS acknowledged said instrument to be the free act and deed of said corporation.

/s/ Jeanne K. Clove

Notary Public
Hennepin County, Minnesota
My Commission Expires Mar. 17, 1983

THE 1986 RESTATED ARTICLES OF
INCORPORATION OF
APOGEE ENTERPRISES, INC.
(Under Chapter 302A Minnesota Statutes)

We, the undersigned, Donald W. Goldfus and Alfred L. Hoedeman, respectively, the President and Secretary of Apogee Enterprises, Inc., a Minnesota corporation, do hereby certify that the 1986 Annual Meeting of Shareholders of said corporation was held in the City of Minneapolis, State of Minnesota, on the 26th day of June, 1986, pursuant to written notice of the meeting which stated the time, place and purpose of the meeting and contained the proposals to amend and restate the present Restated Articles of Incorporation as proposed under and in conformance with Chapter 302A, M.S.A. Said written notice also sets forth the substance of the proposed amendments and restatement in full and was mailed to each shareholder at lest ten days prior to the date of the meeting. A quorum was present at said meeting.

The following Resolution, approved heretofore by the affirmative vote of all the Directors, which set forth the amendments and restatement in full of the 1986 Restated Articles of Incorporation, was properly and legally adopted at 10:20 a.m., June 26, 1986, by the affirmative vote, in person or by proxy by the affirmative vote of a majority of the outstanding shares entitled to vote thereon as required in conformance with Chapter 302A, M.S.A.

The approval was by the affirmative vote of the holders of a majority of the voting power of the shares present and entitled to vote. The adopted Resolution was as follows:

"RESOLVED: That the 1986 Restated Articles of Incorporation of Apogee Enterprises, Inc. amend and take the place of and supercede the heretofore existing Restated Articles of Incorporation and all amendments and restatements thereto and read as per Exhibit A attached hereto and incorporated by reference herein."

These Restated Articles are effective when filed with the Secretary of State of Minnesota.

"RESOLVED FURTHER: That the President and Secretary of this corporation be and they hereby are authorized and directed to make, sign and acknowledge the Restated Articles of Incorporation under the corporate seal of this corporation setting forth the Restated Articles and the manner of adoption thereof, and to cause such Articles to be filed for record in the manner required by law."

IN WITNESS WHEREOF, we have subscribed our names and caused the corporate seal of said corporation to be hereto affixed, as of this 26th day of June, 1986.

APOGEE ENTERPRISES, INC.

By /s/ Donald W. Goldfus

Donald W. Goldfus, President

Corporate Seal

And /s/ Alfred L. Hoedeman

Alfred L. Hoedeman, Secretary

WITNESS:

/s/ Robert V. Baumgartner

/s/ Laurence J. Niederhofer

STATE OF MINNESOTA)
) SS.
COUNTY OF HENNEPIN)

DONALD W. GOLDFUS and ALFRED L. HOEDEMAN, being first duly sworn, on oath depose and say: that they are respectively the President and Secretary of APOGEE ENTERPRISES, INC., the corporation named in the foregoing certificate; that said certificate contains a true statement of the action of the shareholders of said corporation, at a meeting duly held as aforesaid; that the seal attached is the corporate seal of said corporation; that said certificate is executed on behalf of said corporation, by its express authority; and they further acknowledge the same to be their free act and deed and the free act and deed of the corporation.

/s/ Donald W. Goldfus

Donald W. Goldfus, President

/s/ Alfred L. Hoedeman

Alfred L. Hoedeman, Secretary

Subscribed and sworn to before me this 26th day of June, 1986.

/s/ Sandra J. Parker

Notary Public
Hennepin County, Minnesota
My Commission Expires July 26, 1991

THIS INSTRUMENT DRAFTED BY;
HADLICK, HOEDEMAN & CHRISTY, P.A.
2340 Dain Tower
Minneapolis, Minnesota 55402
Telephone: (612) 338-5607

EXHIBIT A

RESTATED ARTICLES OF INCORPORATION
OF
APOGEE ENTERPRISES, INC.

ARTICLE I

NAME OF CORPORATION

The name of this Corporation shall be APOGEE ENTERPRISES, INC.

ARTICLE II

PURPOSES OF CORPORATION

The Corporation shall have general business purposes and the nature of the business, objects and purposes of the Corporation shall include but not be limited to the following:

(1) To engage in and furnish business management services and render consulting services in the fields of business administration, finance, production, personnel, labor relations, marketing, sales, advertising, accounting, purchasing, mergers, acquisitions, and diversification programs and generally engage in and conduct a business management and consultant business.

(2) To acquire, own, hold, manage and operate either separately or as part of the business of this Corporation, other businesses, firms, corporations or enterprises.

(3) To acquire, hold, pledge, vote, sell and dispose of shares, bonds, securities and other evidences of indebtedness of any person or domestic or foreign corporation, firm or government, whether for the purpose of investment of the funds of this Corporation or for the purpose of exercising control or management over the affairs of other persons, firms or corporations, or for both purposes.

(4) To purchase, lease or otherwise acquire, to own, hold, manage, operate or employ, to mortgage, pledge, or otherwise encumber, and to sell, let, exchange or otherwise dispose of real property or personal property or mixed real and personal property.

(5) To enter into partnerships, joint ventures, and agreements of all kinds with other persons, firms, partnerships and corporations.

(6) To borrow money and secure credit upon such terms and security as may be deemed necessary or appropriate, to pledge or mortgage any or all of the assets of the Corporation to secure such loan or credit.

(7) To make any guarantee respecting securities, indebtedness, dividends, interests, contracts, or other obligations, so far as it may be permitted by law.

(8) To do any and all other acts and things, in addition to those enumerated and specified above, which may be advantageous, necessary, expedient or convenient to the conduct of the business or the attainment of the purposes of the Corporation.

The foregoing clauses and statement of purposes shall also be a statement of powers of this Corporation, but the declaration of purposes and powers herein set forth shall not be deemed to limit or restrict in any manner the powers of this Corporation, which shall possess all of the powers bestowed upon or permitted to it by law which are not inconsistent with those set forth herein.

ARTICLE III

REGISTERED OFFICE

The location and post office address of its registered office in this state is Suite 1944,7900 Xerxes Avenue South, Minneapolis, Minnesota 55431.

ARTICLE IV

CAPITAL STOCK

4.01. *Authorized Shares*. The aggregate number of shares of stock which this Corporation shall have the authority to issue is 50,000,000 shares.

4.02. *Classes or Series of Shares*. The Board of Directors may, from time to time, establish by resolution different classes or series of shares and may fix the rights and preferences of said shares in any class or series.

4.03. *Issuing Shares Between Classes or Series of Shares*. The Board of Directors shall have the authority to issue shares of a class or series to holders of shares of another class or series to effectuate share dividends, splits, or conversion of its outstanding shares.

4.04. *No Pre-emptive Rights*. No shareholder of the Corporation shall have any pre-emptive rights.

4.05. *No Cumulative Voting Rights*. No shareholder shall be entitled to any cumulative voting rights.

4.06. *Preferred Stock.* The foregoing authority of the Board of Directors shall include, without limitation, the specific authority from time to time to issue one or more series of preferred stock having such voting powers, full or limited, or no voting powers, and such designations, preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions thereof, as shall be stated and expressed in the resolution or resolutions of the Board of Directors providing for the issue of such stock.

The Board of Directors may in the resolution or resolutions providing for the issue of the preferred stock or of any series thereof:

1. Make any such preferred stock or any series thereof subject to redemption at such time or times and at such price or prices as shall be provided in such resolution or resolutions.

2. Establish the dividends that the holders thereof shall be entitled to receive at such rates, on such conditions and at such times as shall be stated in such resolution or resolutions payable in preference to, or in such relation to, the dividends payable on any other class or classes or of any other series of stock, and cumulative or non-cumulative as shall be so stated and expressed.

3. Provide such rights upon the dissolution of, or upon any distribution of the assets of the Corporation, to the holders of such preferred stock or any series thereof as shall be stated and expressed in such resolution or resolutions.

4. Make the preferred stock or any series thereof convertible into, or exchangeable for, shares of any other class or classes of stock or of any other series thereof, of the corporation at such price or prices or at such rates of exchange and with such adjustments as shall be stated in such resolution or resolutions.

5. Provide for any other rights, preferences and, if voting, the number of votes per share.

4.07. *Options and Warrants.* The foregoing authority of the Board of Directors shall also include, without limitation, the power at any time, and from time to time (without any action by the shareholders) in the name and on behalf of this corporation to grant rights, options and warrants, to

run for any period of time, to purchase from this corporation any shares of any class of its stock upon such price, terms and conditions as the Board of Directors in its sole discretion shall determine, except as otherwise specifically limited by these Articles of Incorporation.

ARTICLE V

BOARD OF DIRECTORS

5.01. *Classified Board*. The government of the Corporation and the management of its affairs shall be vested in the Board of Directors. The number of directors shall be fixed from time to time exclusively by the Board of Directors pursuant to a resolution adopted by a majority of the directors then in office. At the 1986 annual meeting of shareholders, the directors shall be divided into three classes (which at all times shall be as nearly equal in number as possible), with the term of office of the first class to expire at the 1987 annual meeting of shareholders, the term of office of the second class to expire at the 1988 annual meeting of shareholders and the term of office of the third class to expire at the 1989 annual meeting of shareholders. At each annual meeting of shareholders following such initial classification and election, directors elected to succeed those directors whose terms expire shall be elected for a term of office to expire at the third succeeding annual meeting of shareholders after their election. If the number of directors is changed, any newly created directorships or any decrease in directorships shall be so assigned among the classes by a majority of the directors then in office, though less than a quorum, as to make all classes as nearly equal in number as possible. No decrease in the number of directors shall shorten the term of any incumbent director. Any vacancies in the Board of Directors, by reason of an increase in the number of directors or otherwise, shall be filled solely by the Board of Directors, by majority vote of the directors then in office, though less than a quorum, and any such director so elected shall hold office for a term expiring at the annual meeting of shareholders at which the term of office of the class to which the Director has been elected expires. Directors shall continue in office until others are chosen and qualified in their stead.

5.02. *Removal*. Any director may be removed from office as a director (1) by the affirmative vote of the holders of 80% of the combined voting power of the then outstanding shares of stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class and only for cause, or (2) by a majority of the Directors then in office with or without cause.

5.03. *Amendment*. Notwithstanding anything contained in these Restated Articles of Incorporation to the contrary, the affirmative vote of the holders of at least 80% of the combined voting power of the then outstanding shares of the stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class, shall be required to alter, amend, or adopt any provision inconsistent with or repeal this Article V.

ARTICLE VI

BOARD OF DIRECTORS EVALUATION OF NON-MONETARY FACTORS FOR ACQUISITIONS

The Board of Directors of the Corporation, when evaluating any offer of another party to (a) make a tender or exchange offer for any equity security of the Corporation, (b) merge or consolidate the Corporation with another corporation or (c) purchase or acquire all, or substantially all, of the properties and assets of the Corporation, shall, in connection with the exercise of their judgment in determining what is in the best interest of the Corporation and its shareholders, give due consideration to all relevant factors, including without limitation the following:

(1) The business and financial condition and earnings prospects of the party making the offer including, but not limited to, debt service and other existing or likely financial obligations of the party making the offer and the possible effect of such conditions upon the Corporation and its subsidiaries and the communities in which the Corporation and its subsidiaries operate or are located.

(2) The competence, experience and integrity of the party making the offer and its or their management.

(3) The interests of the shareholders of this Corporation in maintaining the Corporation as a continuing, independent business.

In evaluating acquisition proposals, the Board of Directors may retain special outside legal counsel, investment banking firms, special accounting firms and such other experts as they, in their discretion, deem necessary or appropriate to assist them in their evaluation of the transaction, all at the expense of the Corporation.

ARTICLE VII

FAIR PRICE AND SUPER-MAJORITY VOTE FOR BUSINESS COMBINATIONS

7.01. *Vote Required for Certain Business Combinations*.

1. *Higher Vote for Certain Business Combinations.* In addition to any affirmative vote required by law or these Articles of Incorporation, and except as otherwise expressly provided in Section 7.02 of this Article VII:

(a) any merger or consolidation of the Corporation or any Subsidiary (as hereinafter defined) with (i) any Interested Shareholder (as hereinafter defined) or (ii) any other Corporation (whether or not itself an Interested Shareholder) which is, or after such merger or consolidation would be, an Affiliate (as hereinafter defined) of an Interested Shareholder; or

(b) any sale, lease, license, exchange, mortgage, pledge, transfer or other disposition (in one transaction or a series of transactions) to or with any Interested Shareholder or any Affiliate of any Interested Shareholder of any assets of the Corporation or any Subsidiary having an aggregate Fair Market Value (as hereinafter defined) of $1 million or more; or

(c) the issuance or transfer by the Corporation or any Subsidiary (in one transaction or a series of transactions) of any securities of the Corporation or any Subsidiary to an Interested Shareholder or any Affiliate of an Interested Shareholder having an aggregate Fair Market Value of $1 million or more; or

(d) the adoption of any plan or proposal for the liquidation or dissolution of the Corporation proposed by or on behalf of an Interested Shareholder or any Affiliate of any Interested Shareholder; or

(e) any reclassification of securities (including any reverse stock split), or recapitalization of the Corporation, or any merger or consolidation of the Corporation with any of its Subsidiaries or any other transaction (whether or not with or into or otherwise involving an Interested Shareholder) which has the effect, directly or indirectly, of increasing the proportionate share of the outstanding shares of any class of equity or convertible securities of the Corporation or any Subsidiary which is directly or indirectly owned by any Interested Shareholder or any Affiliate of any Interested Shareholder;

shall require the affirmative vote of the holders of at least 80% of the voting power of the then outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors (the "Voting Stock"), voting together as a single class. Such affirmative vote shall be required notwithstanding the fact that no vote may be required, or that a lesser percentage may be specified, by law or in any agreement with any national securities exchange or otherwise.

2. *Definition of "Business Combination."* The term "Business Combination" as used in this Article VII shall mean any transaction which is referred to in any one or more of clauses (a) through (e) of Paragraph 1 of this Section 7.01 of Article VII.

7.02. *When Higher Vote is Not Required.* The provisions of Section 7.01 of this Article VII shall not be applicable to any particular Business Combination, and such Business Combination shall require only such affirmative vote as is required by law and any other provision of these Articles of Incorporation, if all the conditions specified in either of the following Paragraphs 1 or 2 are met:

1. *Approval of Disinterested Directors*. The Business Combination shall have been approved by a majority of the total number of Disinterested Directors (as hereinafter defined).

2. *Price and Procedural Requirements*. All of the following conditions shall have been met:

(a) The aggregate amount of the cash and the Fair Market Value as of the Consummation Date of the Business Combination of consideration other than cash to be received per share by holders of Common Stock in such Business Combination shall be at least equal to the higher of the following:

(i) (if applicable) the highest per share price (including any brokerage commissions, transfer taxes and soliciting dealers' fees) paid by the Interested Shareholder for any shares of the Company's common stock acquired by it (x) within the two-year period immediately prior to the Announcement Date or (y) in the transaction in which it became an Interested Shareholder, whichever is higher; and

(ii) the Fair Market Value per share of the Company's common stock on the Announcement Date or on the date on which the Interested Shareholder became an Interested Shareholder (such latter date is referred to in this Article VII as the "Determination Date"), whichever is higher.

(b) The aggregate amount of the cash and the Fair Market Value as of the Consummation Date of consideration other than cash to be received per share by holders of shares of any other class of outstanding Voting Stock shall be at least equal to the highest of the following (it being intended that the requirements of this clause (b) shall be required to be met with respect to every class of outstanding Voting Stock, whether or not the Interested Shareholder has previously acquired any shares of a particular class of Voting Stock):

(i) (if applicable) the highest per share price (including any brokerage commissions, transfer taxes and soliciting dealers' fees) paid by the Interested Shareholder for any shares of such class of Voting Stock acquired by it (x) within the two-year period immediately prior to the Announcement Date or (y) in the transaction in which it became an Interested Shareholder, whichever is higher; and

(ii) (if applicable) the highest preferential amount per share to which the holders of shares of such class of Voting Stock are entitled in the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary.

(c) The consideration to be received by holders of a particular class of outstanding Voting Stock (including Common Stock) shall be in cash or in the same form as the Interested Shareholder has previously paid for shares of such class of Voting Stock. If the Interested Shareholder has paid for the shares of any class of Voting Stock with varying forms of consideration, the form of consideration for such class of Voting Stock shall be either cash or the form used to acquire the largest number of shares of such class of Voting Stock previously acquired by it.

(d) After such Interested Shareholder has become an Interested Shareholder and prior to the Consummation Date: (i) except as approved by a majority of the total number of Disinterested Directors, there shall have been no failure to declare and pay on the regular date therefore any full quarterly dividends (whether or not cumulative) on the outstanding preferred stock of the Corporation; (ii) there shall have been (x) no reduction in the annual rate of dividends paid on the Common Stock (except as necessary to reflect any subdivision of the Common Stock), except as approved by a majority of the total number of Disinterested

Directors, and (y) an increase in such annual rate of dividends as necessary to reflect any reclassification (including any reverse stock split), recapitalization, reorganization or any similar transaction which has the effect of reducing the number of outstanding shares of the Common Stock, unless the failure as to increase such annual rate is approved by a majority of the total number of Disinterested Directors; and (iii) such Interested Shareholder shall have not become the beneficial owner of any additional shares of Voting Stock except as part of the transaction which results in such Interested Shareholder becoming an Interested Shareholder.

(e) After such Interested Shareholder has become an Interested Shareholder, such Interested Shareholder shall not have received the benefit, directly or indirectly (except proportionately as a shareholder), of any loans, advances, guarantees, pledges or other financial assistance or any tax credits or other tax advantages provided by the Corporation, whether in anticipation of or in connection with such Business Combination or otherwise.

(f) A proxy or information statement describing the proposed Business Combination and complying with the requirements of the Securities Exchange Act of 1934 and the rules and regulations thereunder (or any subsequent provisions replacing such Act, rules or regulations) shall be mailed to public shareholders of the Corporation at least 30 days prior to the consummation of such Business Combination (whether or not such proxy or information statement is required to be mailed pursuant to such Act or subsequent provisions).

(g) The holders of all outstanding shares of Voting Stock not beneficially owned by the Interested Shareholder prior to the consummation of any Business Combination shall be entitled to receive in such Business Combination cash or other consideration for their shares of such Voting Stock in compliance with Paragraphs 2(a), (b) and (c) of this Section 7.02 (provided, however, that the failure of any such holders who are exercising their statutory rights to dissent from such Business Combination and receive payment of the fair value of their shares to exchange their shares in such Business Combination shall not be deemed to have prevented the condition set forth in this Paragraph 2(g) from being satisfied.

7.03. *Certain Definition* For the purpose of this Article VII the following terms shall be deemed to have the meanings specified below:

1. The term “person” shall mean any individual, firm, corporation or other entity.

2. The term “Interested Shareholder” shall mean any person (other than the Corporation or any Subsidiary) who or which:

(a) is the beneficial owner, directly or indirectly, of 5% or more of the voting power of the then outstanding Voting Stock; or

(b) is an Affiliate (as hereinafter defined) of the Corporation and at any time within the two-year period immediately prior to the Consummation Date or the Announcement Date was the beneficial owner, directly or indirectly, of 5% or more of the voting power of the then outstanding Voting Stock; or

(c) is an assignee of or has otherwise succeeded to any shares of Voting Stock which were at any time within the two-year period immediately prior to the Consummation Date or the Announcement Date in question beneficially owned by any Interested Shareholder if such assignment or succession shall have occurred in the course of a transaction or series of transactions not involving a public offering within the meaning of the Securities Act of 1933.

3. A person shall be deemed a “beneficial owner” of any Voting Stock:

(a) which such person or any of its Affiliates or Associates beneficially owns, directly or indirectly; or

(b) which such person or any of its Affiliates or Associates has (i) the right to acquire (whether such right is exercisable immediately or only after the passage of time), pursuant to any agreement, arrangement or understanding or upon the exercise of conversion rights, exchange rights, warrants or options, or otherwise, or (ii) the right to vote pursuant to any agreement, arrangement or understanding; or

(c) which is beneficially owned, directly or indirectly, by any other person with which such person or any of its Affiliates or Associates has any agreement, arrangement or understanding for the purpose of acquiring, holding, voting or disposing of any shares of Voting Stock.

4. For the purpose of determining whether a person is an Interested Shareholder pursuant to Paragraph 2 of this Section 7.03 of this Article VII, the number of shares of Voting Stock deemed to be outstanding shall include shares deemed owned through application of Paragraph 3 of this Section 7.03 of this Article VII but shall not include any other shares of Voting Stock which may be issuable pursuant to any agreement, arrangement or understanding, or upon exercise of conversion rights, warrants or options, or otherwise.

5. The terms "Affiliate" or "Associate" shall have the respective meanings ascribed to such terms in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934, in effect on April 1, 1986.

6. The term "Subsidiary" shall mean any corporation of which a majority of any class of equity security is owned, directly or indirectly, by the Corporation; provided, however, that for the purposes of the definition of Interested Shareholder set forth in Paragraph 2 of this Section 7.03 of this Article VII, the term "Subsidiary" shall mean only a corporation of which a majority of each class of equity security is owned, directly or indirectly, by the Corporation.

7. The term "Fair Market Value" shall mean: (a) in the case of stock, the highest closing sale price during the 30-day period immediately preceding the date in question of a share of such stock on the Composite Tape for New York Stock Exchange-Listed Stocks, or, if such stock is not quoted on the Composite Tape, on the New York Stock Exchange, or, if such stock is not listed on such Exchange, on the principal United States securities exchange registered under the Securities Exchange Act of 1934 on which such stock is listed, or, if such stock is not listed on any such exchange, the highest closing sale price with respect to a share of such stock during the 30-day period preceding the date in question on the National Association of Securities Dealers, Inc., National Market System or any system then in use, or if no such quotations are available, the fair market value on the date in question of a share of such stock as determined by a majority of the total number of Disinterested Directors in good faith, in each case with respect to any class of such stock, appropriately adjusted for any dividend or distribution in shares of such stock or any stock split or reclassification of outstanding shares of such stock into a greater number of shares of such stock or any combination or reclassification of outstanding shares of such stock into a smaller number of shares of such stock; and (b) in the case of property other than cash or stock, the fair market value of such property on the date in question as determined by a majority of the total number of Disinterested Directors in good faith.

8. In the event of any Business Combination in which the Corporation survives, the phrase "consideration other than cash to be received" as used in clauses (a) and (b) of Paragraph 2 of Section 7.02 of this Article VII shall include the shares of Common Stock and/or the shares of any other class of outstanding Voting Stock retained by the holders of such shares.

9. The term "Disinterested Director" shall mean any member of the Board of Directors of the Corporation who is unaffiliated with the Interested Shareholder and who was a member of the Board of Directors prior to the Determination Date, and any successor of a Disinterested Director

who is unaffiliated with the Interested Shareholder and is recommended to succeed a Disinterested Director by a majority of the total number of Disinterested Directors then on the Board of Directors.

10. References to "highest per share price" shall in each case with respect to any class of stock reflect an appropriate adjustment for any dividend or distribution in shares of such stock or any stock split or reclassification of outstanding shares of such stock into a greater number of shares of such stock or any combination or reclassification of outstanding shares of such stock into a smaller number of shares of such stock.

11. The term "Announcement Date" shall mean the date of the first public announcement by the Company of the proposed Business Combination.

12. The term "Consummation Date" shall mean the date on which the transactions described in any Business Combination are complete.

7.04. *Powers of the Board of Directors*. A majority of the Board of Directors of the Corporation shall have the power and duty to determine for purpose of this Article VII, on the basis of information known to them after reasonable inquiry, whether a person is an Interested Shareholder. Once the Board of Directors has made a determination, pursuant to the preceding sentence, that a person is an Interested Shareholder, a majority of the total number of Directors of the Corporation who would qualify as Disinterested Directors shall have the power and duty to interpret all of the terms and provisions of this Article VII, and to determine on the basis of information known to them after reasonable inquiry all facts necessary to ascertain compliance with this Article VII, including, without limitation, (a) the number of shares of Voting Stock beneficially owned by any person, (b) whether a person is an Affiliate or Associate of another, (c) whether the assets which are the subject of any Business Combination have, or the consideration to be received for the issuance or transfer of securities by the Corporation or any Subsidiary in any Business Combination has, an aggregate Fair Market Value of $1 million or more and (d) whether all of the applicable conditions set forth in Paragraph 2 of Section 7.02 of this Article VII have been met with respect to any Business Combination. Any determination pursuant to this Section 7.04 of this Article VII made in good faith shall be binding and conclusive on all parties.

7.05. *No Effect on Fiduciary Obligations of Interested Shareholders* . Nothing contained in this Article VII shall be construed to relieve any Interested Shareholder from any fiduciary obligation imposed by law.

7.06. *Amendment, Repeal, Etc*. Notwithstanding any other provision of these Articles of Incorporation or the By-Laws of the Corporation (and notwithstanding the fact that a lesser percentage may be specified by law, these Articles of Incorporation or the By-Laws of the Corporation), the affirmative vote of the holders of 80% or more of the outstanding Voting Stock, voting together as a single class, shall be required to amend or repeal, or adopt any provisions inconsistent with, this Article VII of these Articles of Incorporation.

ARTICLE VIII

PREVENTION OF GREENMAIL

8.01. *Anti-Greenmail.* Any purchase or other acquisition, directly or indirectly, in one or more transactions, by the Corporation or any Subsidiary (as hereinafter defined) of the Corporation of any share of Voting Stock (as hereinafter defined) or any Voting Stock Right (as hereinafter defined) known by the Corporation to be beneficially owned by any Interested Shareholder (as hereinafter defined) who has beneficially owned such security or right for less than two years prior to the date of such purchase shall, except as hereinafter expressly provided. require the affirmative vote of at least 80% of all votes entitled to be cast by the holders of the Voting Stock voting together as a single class. Such affirmative vote shall be required notwithstanding the fact that no vote may be required, or that a lesser percentage may be specified, by law or any agreement with any national securities exchange, or otherwise, but no

such affirmative vote shall be required with respect to any purchase or other acquisition by the Corporation or any of its Subsidiaries of Voting Stock or Voting Stock Rights purchased at or below Fair Market Value (as hereinafter defined) and made as part of a tender or exchange offer on the same terms to all holders of such securities and complying with the applicable requirements of the Securities Exchange Act of 1934 (the "Exchange Act") and the rules and regulations thereunder or in a Public Transaction (as hereinafter defined).

8.02. *Definitions.* For purposes of this Article VIII:

1. The terms "Affiliate" or "Associate" shall have the respective meanings ascribed to such terms in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934, as in effect on April 1, 1986.

2. A person shall be a "beneficial owner" of any Voting Stock or Voting Stock Right:

(a) which such person or any of its Affiliates or Associates (as hereinabove defined) beneficially owns, directly or indirectly; or

(b) which such person or any of its Affiliates or Associates has (i) the right to acquire (whether such right is exercisable immediately or only after the passage of time) pursuant to any agreement, arrangement or understanding or upon the exercise of conversion rights, exchange rights, warrants or options, or otherwise, or (ii) any right to vote pursuant to any agreement, arrangement or understanding; or

(c) which is beneficially owned, directly or indirectly, by any other person with which such person or any of its Affiliates or Associates has any agreement, arrangement or understanding for the purpose of acquiring, holding, voting or disposing of any security of any class of the Corporation or any of its Subsidiaries.

(d) For the purposes of determining whether a person is an Interested Shareholder, the relevant class of securities outstanding shall be deemed to include all such securities of which such person is deemed to be the "beneficial owner" through application of this subparagraph 3, but shall not include any other securities of such class which may be issuable pursuant to any agreement, arrangement or understanding, or upon exercise of conversion rights, warrants or options, or otherwise, but are not yet issued.

3. "Fair Market Value" means, for any share of Voting Stock or any Voting Stock Right, the average of the closing sale prices during the 90-day period immediately preceding the repurchase of such Voting Stock or Voting Stock Right, as the case may be, on the Composite Tape for the New York Stock Exchange-Listed Stocks, or, if such Voting Stock or Voting Stock Right, as the case may be, is not quoted on the Composite Tape, on the New York Stock Exchange, or, if such Voting Stock or Voting Stock Right, as the case may be, is not listed on such Exchange, on the principal United States securities exchange registered under the Exchange Act on which such Voting Stock or Voting Stock Right, as the case may be, is listed, or if such Voting Stock or Voting Stock Right, as the case may be, is not listed on any such exchange, the average of the closing sale price with respect to a share of such Voting Stock or Voting Stock Right, as the case may be, during the 90-day period immediately preceding the date in question on the National Association of Securities Dealers, Inc., National Market System or any system then in use or, if no such quotations are available, the Fair Market Value on the date in question of a share of such Voting Stock or Voting Stock Right, as the case may be, as determined by the Board of Directors in good faith.

4. "Interested Shareholder" shall mean any person (other than (i) the Corporation, (ii) any of its Subsidiaries, (iii) any benefit plan or trust of or for the benefit of the Corporation or any of its Subsidiaries, or (iv) any trustee, agent or other representative of any of the foregoing) who or which:

(a) is the beneficial owner, directly or indirectly, of more than 5% of any class of Voting Stock (or Voting Stock Rights with respect to more than 5% of any such class); or

(b) is an Affiliate of the Corporation and at any time within the two-year period immediately prior to the date in question was the beneficial owner, directly or indirectly, of more than 5% of any class of Voting Stock (or Voting Stock Rights with respect to more than 5% of any such class); or

(c) is an assignee of or has otherwise succeeded to any shares of any class of Voting Stock (or Voting Stock Rights with respect to more than 5% of any such class) which were at any time within the two-year period immediately prior to the date in question beneficially owned by an Interested Shareholder, unless such assignment or succession shall have occurred pursuant to any Public Transaction or a series of transactions including a Public Transaction.

5. A "person" shall mean any individual, firm, corporation or other entity (including a "group" within the meaning of Section 13(d) of the Exchange Act).

6. A "Public Transaction" shall mean any (i) Purchase of shares offered pursuant to an effective registration statement under the Securities Act of 1933 or (ii) open market purchases of shares if, in either such case, the price and other terms of sale are not negotiated by the purchaser and seller of the beneficial interest in the shares.

7. The term "Subsidiary" shall mean any Corporation of which at least a majority of the outstanding securities having ordinary voting power to elect a majority of the board of directors of such corporation (whether or not any other class of securities has or might have voting power by reason of the happening of a contingency) is at the time owned or controlled directly or indirectly by the Corporation or one or more Subsidiaries or by the Corporation and one or more Subsidiaries.

8. The term "Voting Stock" shall mean stock of all classes and series of the Corporation entitled to vote generally in the election of directors.

9. The term "Voting Stock Right" shall mean any security convertible into, and any warrant, option or other right of any kind to acquire beneficial ownership of, any Voting Stock, other than securities issued pursuant to any of the Corporation's employee benefit plans.

8.03. *Power of Director.* A majority of the Board of Directors shall have the power and duty to determine for the purposes of this Article VIII, on the basis of information known to it after reasonable inquiry, all facts necessary to determine compliance with this Article VIII, including without limitation,

1. whether:

(a) a person is an Interested Shareholder;

(b) any Voting Stock and Voting Stock Right is beneficially owned by any person;

(c) a person is an Affiliate or Aasociate of another;

(d) a transaction is a Public Transaction; and

2. the Fair Market Value of any Voting Stock or Voting Stock Right.

8.04. *Amendment, Repeal, Etc.* Notwithstanding any other provision of these Articles of Incorporation or the By-Laws of the Corporation (and notwithstanding the fact that a lesser percentage may be specified by law, these Articles of Incorporation or the By-Laws of the Corporation), the affirmative vote of the holders of 80% or more of the outstanding Voting Stock, voting together as a single class, shall be required to amend or repeal, or adopt any provisions inconsistent with, this Article VIII of these Articles of Incorporation.

ARTICLE IX

AMENDMENT

These articles may be amended at a regular meeting of the shareholders or at any special meeting called for that express purpose by the affirmative vote of the holders of the majority of the outstanding capital stock of the Corporation, except for amendments to specific Articles herein which specify a greater percentage.

CERTIFICATE OF DESIGNATION, PREFERENCES AND RIGHTS OF
SERIES A JUNIOR PARTICIPATING PREFERRED STOCK
OF
APOGEE ENTERPRISES, INC.

I, William G. Gardner, Secretary of Apogee Enterprises, Inc, a corporation organized and existing under the Business Corporation Act of the State of Minnesota (hereinafter referred to as the "Corporation"), in accordance with the provisions of Section 302A.401 thereof, DO HEREBY CERTIFY:

That pursuant to the authority conferred upon the Board of Directors of the Corporation (hereinafter referred to as the "Board of Directors" or the "Board") by the Restated Articles of Incorporation of the corporation, the Board of Directors on October 19, 1990, adopted the following resolution creating a series of two hundred thousand (200,000) preferred shares of par value of $1.00 per share designated as Series A Junior Participating Preferred Stock:

RESOLVED, that pursuant to the authority granted to and vested in the Board of Directors in accordance with the provisions of the Restated Articles of Incorporation of the Corporation, a series of preferred stock of the Corporation be, and it hereby is, created, and that the designation and amount thereof and the relative rights and preferences of the shares of such series, are as follows:

Section 1. Designation and Amount. The shares of such series shall be designated as "Series A Junior Participating Preferred Stock" (the "Series A Junior Preferred Stock") and the number of shares constituting the Series A Junior Preferred Stock shall be two hundred thousand (200,000). Such number of shares may be increased or decreased by resolution of the Board of Directors; provided, that no decrease shall reduce the number of shares of Series A Junior Preferred Stock to a number less than the number of shares then outstanding plus the number of shares reserved for issuance upon the exercise of outstanding options, rights or warrants or upon the conversion of any outstanding securities issued by the Corporation convertible into Series A Junior Preferred Stock.

Section 2. Dividends and Distributions.

(A) Subject to the rights of the holders of any shares of any series of preferred stock (or any similar stock) ranking prior and superior to the Series A Junior Preferred Stock with respect to dividends, the holders of shares of Series A Junior Preferred Stock, in preference to the holders of Common Stock, par value $.33 1/3 (the "Common Stock"), of the Corporation, and of any other junior stock, shall be entitled to receive, when, as and if declared by the Board of Directors out of funds legally available for the purpose, quarterly dividends payable in cash on the first day of March, June, September and December in each year (each such date being referred to herein as a "Quarterly Dividend Payment Date"), commencing on the first Quarterly Dividend Payment Date after the first issuance

of a share or fraction of a share of Series A Junior Preferred Stock, in an amount per share (rounded to the nearest cent) equal to the greater of (a) $1.00 or (b) subject to the provision for adjustment hereinafter set forth, 100 times the aggregate per share amount of all cash dividends, and 100 times the aggregate per share amount (payable in kind) of all non-cash dividends or other distributions, other than a dividend payable in shares of Common Stock or a subdivision of the outstanding shares of Common Stock (by reclassification or otherwise), declared on the Common Stock since the immediately preceding Quarterly Dividend Payment Date or, with respect to the first Quarterly Dividend Payment Date, since the first issuance of any share or fraction of a share of Series A Junior Preferred Stock. In the event the Corporation shall at any time after October 19, 1990, declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise) into a greater or lesser number of shares of Common Stock, then in each such case the amount to which holders of shares of Series A Junior Preferred Stock were entitled immediately prior to such event under clause (b) of the preceding sentence shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(B) The Corporation shall declare a dividend or distribution on the Series A Junior Preferred Stock as provided in paragraph (A) of this Section immediately after it declares a dividend or distribution on the Common Stock (other than a dividend payable in shares of Common Stock or a subdivision of the outstanding Common Stock); provided that, in the event no dividend or distribution shall have been declared on the Common Stock during the period between any Quarterly Dividend Payment Date and the next subsequent Quarterly Dividend Payment Date, a dividend of $1.00 per share on the Series A Junior Preferred Stock shall nevertheless be payable, out of funds legally available for such purpose, on such subsequent Quarterly Dividend Payment Date.

(C) Dividends shall begin to accrue and be cumulative on outstanding shares of Series A Junior Preferred Stock from the Quarterly Dividend Payment Date next preceding the date of issue of such shares, unless the date of issue of such shares is prior to the record date for the first Quarterly Dividend Payment Date, in which case dividends on such shares shall begin to accrue from the date of issue of such shares, or unless the date of issue is a Quarterly Dividend Payment Date or is a date after the record date for the determination of holders of shares of Series A Junior Preferred Stock entitled to receive a quarterly dividend and before such Quarterly Dividend Payment Date, in either of which events such dividends shall begin to accrue and be cumulative from such Quarterly Dividend Payment Date. Accrued but unpaid dividends shall not bear interest. Dividends paid on the shares of Series A Junior Preferred Stock in an amount less than the total amount of such dividends at the time accrued and payable on such shares

shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding. The Board of Directors may fix a record date for the determination of holders of shares of Series A Junior Preferred Stock entitled to receive payment of a dividend or distribution declared thereon, which record date shall be not more than 60 days prior to the date fixed for the payment thereof.

Section 3. Voting Rights. The holders of shares of Series A Junior Preferred Stock shall have the following voting rights:

(A) Subject to the provisions for adjustment hereinafter set forth, each share of Series A Junior Preferred Stock shall entitle the holder thereof to 100 votes on all matters submitted to a vote of the stockholders of the Corporation. In the event the Corporation shall at any time after October 19, 1990, declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise) into a greater or lesser number of shares of Common Stock, then in each such case the number of votes per share to which holders of shares of Series A Junior Preferred Stock were entitled immediately prior to such event shall be adjusted by multiplying such number by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(B) Except as otherwise provided herein, in any other Certificate of Designation creating a series of preferred stock or any similar stock, or by law, the holders of shares of Series A Junior Preferred Stock and the holders of shares of Common Stock and any other capital stock of the Corporation having general voting rights shall vote together as one class on all matters submitted to a vote of stockholders of the Corporation.

(C) Except as set forth herein, or as otherwise provided by law, holders of Series A Junior Preferred Stock shall have no special voting rights and their consent shall not be required (except to the extent they are entitled to vote with holders of Common Stock as set forth herein) for taking any corporate action.

Section 4. Certain Restrictions.

(A) Whenever quarterly dividends or other dividends or distributions payable on the Series A Junior Preferred Stock as provided in Section 2 are in arrears, thereafter and until all accrued and unpaid dividends and distributions, whether or not declared, on shares of Series A Junior Preferred Stock outstanding shall have been paid in full, the Corporation shall not:

(i) declare or pay dividends, or make any other distributions, on any shares of stock ranking junior (either as to dividends or upon

liquidation, dissolution or winding up) to the Series A Junior Preferred Stock;

(ii) declare or pay dividends, or make any other distributions, on any shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Junior Preferred Stock, except dividends paid ratably on the Series A Junior Preferred Stock and all such parity stock on which dividends are payable or in arrears in proportion to the total amounts to which the holders of all such shares are then entitled;

(iii) redeem or purchase or otherwise acquire for consideration shares of any stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Junior Preferred Stock, provided that the Corporation may at any time redeem, purchase or otherwise acquire shares of any such junior stock in exchange for shares of any stock of the Corporation ranking junior (either as to dividends or upon dissolution, liquidation or winding up) to the Series A Junior Preferred Stock; or

(iv) redeem or purchase or otherwise acquire for consideration any shares of Series A Junior Preferred Stock, or any shares of stock ranking on a parity with the Series A Junior Preferred Stock, except in accordance with a purchase offer made in writing or by publication (as determined by the Board of Directors) to all holders of such shares upon such terms as the Board of Directors, after consideration of the respective annual dividend rates and other relative rights and preferences of the respective series and classes, shall determine in good faith will result in fair and equitable treatment among the respective series or classes.

(B) The Corporation shall not permit any subsidiary of the Corporation to purchase or otherwise acquire for consideration any shares of stock of the Corporation unless the Corporation could, under paragraph (A) of this Section 4, purchase or otherwise acquire such shares at such time and in such manner.

Section 5. Reacquired Shares. Any shares of Series A Junior Preferred Stock purchased or otherwise acquired by the Corporation in any manner whatsoever shall be retired and cancelled promptly after the acquisition thereof. All such shares shall upon their cancellation become authorized but unissued shares of preferred stock and may be reissued as part of a new series of preferred stock subject to the conditions and restrictions on issuance set forth herein, in the Restated Articles of Incorporation, or any other certificate of designation creating a series of preferred stock or any similar stock or as otherwise required by law.

Section 6. Liquidation, Dissolution or Winding Up. Upon any liquidation, dissolution or winding up of the Corporation, no distribution shall be made (1) to the

holders of shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Junior Preferred Stock unless, prior thereto, the holders of shares of Series A Junior Preferred Stock shall have received the greater of (i) $100 per share, plus an amount equal to accrued and unpaid dividends and distributions thereon, whether or not declared, to the date of such payment, or (ii) an aggregate amount per share, subject to the provision for adjustment hereinafter set forth, equal to 100 times the aggregate amount to be distributed per share to holders of shares of Common Stock, or (2) to the holders of shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Junior Preferred Stock, except distributions made ratably on the Series A Junior Preferred Stock and all such parity stock in proportion to the total amounts to which the holders of all such shares are entitled upon such liquidation, dissolution or winding up. In the event the Corporation shall at any time after October 19, 1990, declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise) into a greater or lesser number of shares of Common Stock, then in each such case the aggregate amount to which holders of shares of Series A Junior Preferred Stock were entitled immediately prior to such event under clause (1)(ii) of the preceding sentence shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

Section 7. Consolidation, Merger, etc. In case the Corporation shall enter into any consolidation, merger, combination or other transaction in which the shares of Common Stock are exchanged for or changed into other stock or securities, cash and/or any other property, then in any such case each share of Series A Junior Preferred Stock shall at the same time be similarly exchanged or changed into an amount per share, subject to the provision for adjustment hereinafter set forth, equal to 100 times the aggregate amount of stock, securities, cash and/or any other property (payable in kind), as the case may be, into which or for which each share of Common Stock is changed or exchanged. In the event the Corporation shall at any time after October 19, 1990, declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise) into a greater or lesser number of shares of Common Stock, then in each such case the amount set forth in the preceding sentence with respect to the exchange or change of shares of Series A Junior Preferred Stock shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

Section 8. No Redemption. The shares of Series A Junior Preferred Stock shall not be redeemable.

Section 9. Rank. The Series A Junior Preferred Stock shall rank, with respect to the payment of dividends and the distribution of assets, junior to all series of any other class of the Corporation's preferred stock.

Section 10. Fractional Shares. Series A Junior Preferred Stock may be issued in fractions of a share which shall entitle the holder, in proportion to such holder's fractional shares, to receive dividends, participate in distributions and to have benefit of all other rights of holders of Series A Junior Preferred Stock.

Section 11. Amendment. The Restated Articles of Incorporation of the Corporation shall not be amended in any manner which would materially alter or change the powers, preferences or rights of the Series A Junior Preferred Stock so as to affect them adversely without the affirmative vote of the holders of at least two-thirds of the outstanding shares of Series A Junior Preferred Stock, voting together as a single class.

IN WITNESS WHEREOF, the undersigned has executed this Certificate of Designation, Preferences and Rights on behalf of the Corporation this 31st day of October, 1990.

/s/ William G. Gardner

William G. Gardner
Secretary

ARTICLES OF CORRECTION
OF
APOGEE ENTERPRISES, INC.

In order to correct The 1986 Restated Articles of Incorporation of Apogee Enterprises, Inc, as filed with the Minnesota Secretary of State on June 26, 1986, the undersigned hereby makes the following statements:

1. The name of the person who filed the instrument is Apogee Enterprises, Inc. (the "Corporation")

2. The instrument to be corrected is The 1986 Restated Articles of Incorporation of Apogee Enterprises, Inc. (the "Restated Articles") filed with the Minnesota Secretary of State on June 26, 1986.

3. The error to be corrected appears in Article IV, Section 4.01 of the Restated Articles, which erroneously omitted a statement of the par value of shares of stock of the Corporation.

4. The following portion of the Restated Articles is hereby set forth in its corrected form and its entirety as follows:

   "4.01. *Authorized Shares*. The aggregate number of shares of stock which this Corporation shall have the authority to issue is 50,000,000 shares. Unless otherwise established by a resolution of the Board of Directors fixing the rights and preferences of a class or a series of shares, the shares of stock of this Corporation shall have a par value of $.33 1/3 per share."

Dated: September 29, 1994.

APOGEE ENTERPRISES, INC.

/s/ William G. Gardner

William G. Gardner
Treasurer, Chief Financial Officer
and Secretary

Exhibit 10.21

AGREEMENT

THIS AGREEMENT (this "Agreement") is made, entered into, and effective as of December 5, 2003 (the "Resignation Date"), by and between Apogee Enterprises, Inc. (the "Company"), a Minnesota corporation, and Joseph T. Deckman (the "Executive").

WITNESSETH:

WHEREAS, the Company and the Executive are parties to an Employment Agreement (the "Employment Agreement") effective as of July 16, 2002, a copy of which is attached hereto as Exhibit A and by this reference incorporated herein;

WHEREAS, prior to the Resignation Date, pursuant to the Employment Agreement, Executive was employed as an Executive Vice President of the Company and as President of Harmon Glass Company ("Harmon"), a wholly-owned subsidiary of the Company;

WHEREAS, effective on the Resignation Date, Executive resigned as an employee of the Company and Harmon, and from any and all offices of the Company, and any other position, office, or directorship of any other entity for which Executive was serving at the request of the Company; and

WHEREAS, the Company accepts Executive's resignation effective as of the Resignation Date; and

WHEREAS, the Company and Executive desire to set forth the payments and benefits that Executive will be entitled to receive from the Company in connection with his resignation from employment with the Company and Harmon; and

WHEREAS, the Company and Executive wish to resolve, settle, and/or compromise certain matters, claims, and issues between them, including, without limitation, Executive's resignation from the offices he held and from his employment with the Company and Harmon.

NOW, **THEREFORE**, in consideration of the promises and agreements contained herein and other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, and intending to be legally bound, the Company and Executive hereby agree as follows:

1. Resignation. Executive hereby resigns, effective on the Resignation Date, his employment with the Company and its subsidiaries and related or affiliated companies, and his position as an Executive Vice President of the Company and his position as President of Harmon. Executive further resigns, effective on the Resignation Date, (a) from all offices of the Company to which he has been elected by the Board of Directors of the Company (or to which he has otherwise been appointed), (b) from all offices of any entity that is a subsidiary of, or is otherwise related to or affiliated with, the Company, (c) from all administrative, fiduciary, or other positions he may hold with respect to arrangements or plans for, of, or relating to the Company, and (d) from any other directorship, office, or position of any corporation, partnership, joint venture, trust, or other enterprise (each, an "Other Entity") insofar as Executive is serving in

the directorship, office, or position of the Other Entity at the request of the Company. The Company hereby consents to and accepts said resignations.

2. Payments and Benefits. As consideration for Executive's promises and obligations under this Agreement, including, but not limited to, Executive's release of any and all claims against the Company as provided in paragraph 4, the Company agrees as follows:

a. Executive's resignation shall be considered to be a "Termination Without Cause," as defined in Section 4.04 of the Employment Agreement, and such "Termination Without Cause" shall be treated as if it occurred following the effective date of a "Triggering Event," as defined in Section 5.02 of the Employment Agreement. Consequently, Executive shall be entitled to receive all payments and benefits provided for in the Employment Agreement in the event of a "Termination Without Cause" following the effective date of a "Triggering Event," except as otherwise provided for by this Agreement.

b. Section 4.04(c) of the Employment Agreement is hereby amended to read in its entirety as follows:

Provided the Employee, in accordance with the Consolidated Omnibus Reconciliation Act of 1985, as amended ("COBRA"), timely elects to continue group medical and dental insurance for himself and his dependents, the Employer shall pay the cost of such insurance directly to the applicable insurance carrier(s) for a period of eighteen (18) months following the effective date of the termination of the Employee's employment under this Agreement. If, however, the Employee obtains employment with another employer at any time during the initial eighteen (18) month period following the effective date of the termination of his employment under this Agreement and provided the Employee becomes eligible for group medical and dental insurance for himself and his dependents, the Employer's obligation hereunder to make payments for any and all such continuation coverage shall cease.

c. The Company shall provide Executive with a monthly car allowance, equivalent to the car allowance received by Executive as of the Resignation Date, until July 17, 2004. These payments shall be made at the same time as payments will be made to Executive under Section 4.04(a) of the Employment Agreement.

d. The Company shall provide Executive with fifty thousand dollar ($50,000.00) payment, less legally required deductions and withholdings, in lieu of any "success bonus" to which he may be entitled under the terms of his Executive Incentive Plan for Fiscal Year 2004, a copy of which is attached hereto as Exhibit B and by this reference incorporated herein, and/or any other agreements, policies, plans, or promises. This payment is made in lieu of and in complete satisfaction of any "success bonus" to which Executive may be entitled and Executive hereby waives any claim or right to any additional or other "success bonus" payment(s). This payment shall be paid in one (1) lump sum within thirty (30) days of the date Executive returns this signed Agreement to the Company; however, in no event shall this payment be made before January 2, 2004.

3. Confidential Information; Return of Company Property.

a. Executive will keep in strict confidence, and will not, directly or indirectly, at any time, disclose, furnish, disseminate, make available, or use any trade secrets or confidential business and technical information of the Company or its customers or vendors, regardless of when or how Executive may have acquired such information. Such confidential information shall include, without limitation, the Company's unique selling, manufacturing, and servicing methods and business techniques, training, service, and business manuals, promotional materials, training courses, and other training and instructional materials, vendor and product information, customer and prospective customer lists, other customer and prospective customer information, and other business information. Executive specifically acknowledges that all such confidential information, whether reduced to writing, maintained on any form of electronic media, or maintained in Executive's mind or memory, and whether compiled by the Company and/or Executive, derives independent economic value from not being readily known to or ascertainable by proper means by others who can obtain economic value from its disclosure or use, that reasonable efforts have been made by the Company to maintain the secrecy of such information, that such information is the sole property of the Company and that any retention and use of such information by Executive after the Resignation Date shall constitute a misappropriation of the Company's trade secrets.

b. Executive agrees to return to the Company, in good condition, all property of the Company, including without limitation, the originals and all copies of any materials which contain, reflect, summarize, describe, analyze or refer or relate to any items of information listed in subparagraph 3.a of this paragraph 3. In the event that such items are not so returned, the Company will have the right to charge Executive for all reasonable damages, costs, attorneys' fees, and other expenses incurred in searching for, taking, removing, and/or recovering such property.

4. Release by Executive.

a. Executive for himself and his dependents, successors, assigns, heirs, executors, and administrators (and his and their legal representatives of every kind), hereby releases, dismisses, remisses, and forever discharges the Company from any and all arbitrations, claims (including claims for attorney's fees), demands, damages, suits, proceedings, actions, and/or causes of action of any kind and every description, whether known or unknown, which Executive now has or may have had for, upon, or by reason of any cause whatsoever (except that this release shall not apply to (x) the obligations of the Company arising under this Agreement and/or the Employment Agreement and (y) Executive's rights of indemnification by the Company, if any, pursuant to the Company's certificate of incorporation or by-laws or any agreement between the Company and Executive), against the Company ("claims"), including but not limited to:

(i) any and all claims, directly or indirectly, arising out of or relating to: (A) Executive's past employment or service with the Company; (B) Executive's resignation as an Executive Vice President of the Company and as President of Harmon and any other position described in paragraph 1 of this Agreement; and (C) any federal, state, or local laws, or any contract or tort claim, whether legal or equitable, whether statutory or common law, arising from or relating to the Company's and Harmon's hiring

of Executive, Executive's employment with the Company and Harmon, and the cessation of Executive's employment with the Company and Harmon;

(ii) any and all claims of discrimination, including, but not limited to, claims of discrimination on the basis of sex, race, age, national origin, marital status, religion, or disability, including, specifically, but without limiting the generality of the foregoing, any claims under Title VII of the Civil Rights Act, as amended, 42 U.S.C. § 2000e, *et seq*.; the Americans with Disabilities Act, 42 U.S.C. § 12101 *et seq*.; the Age Discrimination in Employment Act, 29 U.S.C. §621, *et seq*.; the Older Workers' Benefit Protection Act, 29 U.S.C. §626(f); the Family and Medical Leave Act, 29 U.S.C. §§ 2601 *et seq*.; the Employee Retirement and Income Security Act, 29 U.S.C. § 1001 *et seq.*; and the Minnesota Human Rights Act, § 363.01 *et seq*.

(iii) any and all claims of wrongful or unjust discharge or breach of any contract or promise, express or implied; and

(iv) any and all claims under or relating to any and all past and future employee compensation, employee benefit, employee severance, or employee incentive bonus plans and arrangements, all of which Executive agrees are forfeited upon his resignation; provided that he shall remain entitled to the amounts and benefits described in paragraph 2 above and the Employment Agreement.

b. Executive understands and acknowledges that the Company does not admit any violation of law, liability, or invasion of any of his rights and that any such violation, liability, or invasion is expressly denied. The consideration provided under this Agreement is in exchange for Executive's agreements to its terms and conditions and made for the purpose of settling and extinguishing all claims and rights (and every other similar or dissimilar matter) that Executive ever had or now may have or ever will have against the Company to the extent provided in this paragraph 4. Executive further agrees and acknowledges that no representations, promises, or inducements have been made by the Company other than as appear in this Agreement.

c. Executive further understands and acknowledges that:

(i) Executive has been informed that the terms of this Agreement shall be open for acceptance and execution by him for a period of twenty-one (21) days during which time he may consider whether to accept this Agreement. Executive agrees that changes to this Agreement, whether material or immaterial, will not restart this acceptance period. No payments or benefits will be provided pursuant to paragraph 2 until at least sixteen (16) days after Executive has returned this signed Agreement to the Company;

(ii) Executive has been informed of his right to rescind this Agreement as far as it extends to potential claims under the Minnesota Human Rights Act, § 363.01 *et seq*., by written notice to the Company within fifteen (15) calendar days following his execution of this Agreement. To be effective, such written notice must be delivered either by hand or by mail to Patricia A. Beithon, Apogee Enterprises, Inc., 7900 Xerxes Avenue South, Suite 1800, Minneapolis, MN 55431-1159, within the fifteen (15)-day

period. If a notice of rescission is delivered by mail, it must be: 1) postmarked within the fifteen (15)-day period; 2) properly addressed to Ms. Beithon, as set forth above; and 3) sent by certified mail, return receipt requested;

(iii) Executive has been informed of his right to revoke this Agreement as far as it extends to potential claims under the Age Discrimination in Employment Act, 29 U.S.C.§ 621 et seq., by informing the Company, through Ms. Beithon at the above referenced address, of his intent to revoke this Agreement within seven (7) calendar days following his execution of this Agreement;

(iv) It is understood that, in the event a notice of rescission by Executive is timely delivered, pursuant to the terms of paragraph 4.c of this paragraph 4, the Company may, at its discretion, either enforce the remaining provisions of this Agreement, or void the entire Agreement and require any payments made as of that date to Executive be immediately repaid by Executive to the Company; and

(v) Executive has been advised by the Company to consult with legal counsel prior to executing this Agreement and the release provided for in this paragraph 4, has had an opportunity to consult with and to be advised by legal counsel of his choice, fully understands the terms of this Agreement, and enters into this Agreement freely, voluntarily, and intending to be bound.

d. Executive will never file a lawsuit or other complaint asserting any claim that is released in this paragraph 4.

e. Executive and the Company acknowledge that his resignation is by mutual agreement between the Company and Executive, and that Executive waives and releases any claim that he has or may have to reemployment.

f. For purposes of the above provisions of this paragraph 4, the "Company" shall include its present and former predecessors, subsidiaries, divisions, related or affiliated companies, officers, directors, stockholders, members, employees, heirs, successors, assigns, representatives, agents, accountants and counsel.

5. Disclosure.

a . Executive agrees that he will not disclose the terms of this Agreement, other than to immediate family members, to legal, financial, or tax consultants, for professional use only, and to government agencies upon proper inquiry or pursuant to subpoena or court order.

b . Executive shall take no action with respect to the Company's common stock that is in violation of the federal securities laws.

6. Breach.

a . If Executive breaches any of the provisions of this Agreement (and in the case of a breach that is capable of being cured, fails to cure such breach within fifteen (15) days after written notice by the Company to Executive specifying the circumstances that constitute

such breach), then the Company may, at its sole option, immediately terminate all remaining payments and benefits described in this Agreement, and obtain reimbursement from Executive of all payments already provided pursuant to paragraph 2 of this Agreement, plus any expenses and damages incurred as a result of the breach (including, without limitation, reasonable attorneys' fees), with the remainder of this Agreement, and all promises and covenants herein, remaining in full force and effect.

Notwithstanding the foregoing, the Company will not terminate pursuant to subparagraph 6.a of this paragraph 6 any benefits to which Executive is entitled under any tax-qualified retirement plan of the Company, and Executive's rights under Part 6 of Subtitle B of Title I of the Employee Retirement Income Security Act of 1974 as amended, if any, will not be reduced by any action taken by the Company under paragraph 6.a of this paragraph 6.

b. Executive may challenge any Company action under paragraph 6.a above.

7. Successors and Binding Agreement.

a. This Agreement shall be binding upon and inure to the benefit of the Company and any successor of or to the Company, including, without limitation, any persons acquiring, directly or indirectly, all or substantially all of the business and/or assets of the Company whether by purchase, merger, consolidation, reorganization, or otherwise (and such successor shall thereafter be deemed included in the definition of "the Company" for purposes of this Agreement), but shall not otherwise be assignable or delegable by the Company.

b. This Agreement shall inure to the benefit of and be enforceable by Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, and/or legatees.

c. This Agreement is personal in nature and none of the parties hereto shall, without the consent of the other parties, assign, transfer or delegate this Agreement or any rights or obligations hereunder except as expressly provided in subparagraphs (a) and (b) of this paragraph 7.

d. This Agreement is intended to be for the exclusive benefit of the parties hereto, and except as provided in subparagraphs a and b of this paragraph 7, no third party shall have any rights hereunder.

8. Statements to Third Parties. Because the purpose of this Agreement is to settle amicably any and all potential disputes or claims among the parties, neither Executive nor the Senior Executives of the Company shall, directly or indirectly, make or cause to be made any statements to any third parties criticizing or disparaging the other or commenting on the character or business reputation of the other. Furthermore, Executive agrees not to make any derogatory, unfavorable, negative or disparaging statements concerning the Company and its affiliates, officers, directors, managers, employees, or agents, or its and their business affairs or performance. Executive further hereby agrees not: (a) to comment to others concerning the status, plans or prospects of the business of the Company, or (b) to engage in any act or omission that would be detrimental, financially or otherwise, to the Company, or that would subject the

Company to public disrespect, scandal, or ridicule. For purposes of this paragraph 8, the "Senior Executives of the Company" shall mean the Company's directors and officers.

9. Notices. For all purposes of this Agreement, all communications provided for herein shall be in writing and shall be deemed to have been duly given when delivered, addressed to the Company at its principal executive offices and to Executive at his principal residence, or to such other address as any party may have furnished to the other in writing and in accordance herewith. Notices of change of address shall be effective only upon receipt.

10. Miscellaneous. No provision of this Agreement may be modified, waived, or discharged unless such modification, waiver, or discharge is agreed to in writing signed by Executive and the Company. No waiver by either party hereto at any time of any breach by the other party hereto or compliance with any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreements or representations, oral or otherwise, expressed or implied, with respect to the subject matter hereof have been made by any of the parties that are not set forth expressly in this Agreement and every one of them (if, in fact, there have been any) is hereby terminated without liability or any other legal effect whatsoever.

11. Entire Agreement. This Agreement (including the attached Exhibits A and B) shall constitute the entire agreement among the parties hereto with respect to the subject matter hereof and shall supersede all prior verbal or written agreements, covenants, communications, understandings, commitments, representations or warranties, whether oral or written, by any party hereto or any of its representatives pertaining to such subject matter.

12. Governing Law. Any dispute, controversy, or claim of whatever nature arising out of or relating to this Agreement or breach thereof shall be governed by and under the laws of the State of Minnesota. The parties agree that any and all disputes, controversies, or claims of whatever nature arising out of or relating to this Agreement or breach thereof shall be resolved by a court of general jurisdiction in the State of Minnesota, and the parties hereby consent to the exclusive jurisdiction of such court in any action or proceeding arising under or brought to challenge, enforce, or interpret any of the terms of this Agreement.

13. Validity. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall nevertheless remain in full force and effect.

14. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same Agreement.

15. Captions and Paragraph Headings. Captions and Paragraph headings used herein are for convenience and are not part of this Agreement and shall not be used in construing it.

16. Further Assurances. Each party hereto shall execute such additional documents, and do such additional things, as may reasonably be requested by the other party to effectuate the purposes and provisions of this Agreement.

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement as of the date first set forth above.

APOGEE ENTERPRISES, INC.

By: /s/ Russell Huffer

Russell Huffer
Chairman, Chief Executive Officer, and President

Date: December 4, 2003

Witness: /s/ Judi Stone

/s/ Joseph T. Deckman

Joseph T. Deckman

Date: December 4, 2003

Date: December 4, 2003

EXHIBIT A

EMPLOYMENT AGREEMENT

THIS AGREEMENT is entered into effective as of the 16th day of July 2002, by and between Apogee Enterprises, Inc., a Minnesota corporation ("Apogee" or the "Employer"), and Joseph T. Deckman, a Minnesota resident (the "Employee").

WHEREAS, the Employee has heretofore been employed as Executive Vice President of Apogee;

WHEREAS, Apogee wishes to continue to employ the Employee as Executive Vice President of Apogee;

WHEREAS, Apogee also wishes to employ the Employee as President of Harmon Glass Company, a wholly owned subsidiary of Apogee ("Harmon"); and

WHEREAS, the Employee desires to be retained by Apogee as Executive Vice President and desires to be employed by Apogee as President of Harmon and to be assured of reasonable tenure and terms and conditions of employment as set forth herein;

NOW, THEREFORE, in consideration of the promises and the respective undertakings of Apogee and the Employee set forth herein, the parties hereto mutually agree as follows:

1. Employment and Term. Subject to the terms and conditions herein provided, during the term of the Employee's employment pursuant to this Agreement, the Employer hereby agrees to employ the Employee, and the Employee hereby accepts such employment by the Employer, for a term commencing as of the date hereof and continuing until July 17, 2004, unless earlier terminated in accordance with the provisions of paragraph 4 below. Unless earlier terminated in accordance with provisions of paragraph 4 below, the Employee's employment term pursuant to this Agreement will expire as of July 17, 2004, without further obligation of any party. By mutual agreement, however, the Employer and the Employee may elect and agree to continue the employment relationship on an at-will basis following the expiration of this Agreement.

2. Duties and Responsibilities. Apogee hereby agrees to employ the Employee as President of Harmon and to grant the Employee such power and authority normally accorded to that office. Apogee hereby agrees to employ the Employee as Executive Vice President of Apogee, with oversight responsibility for Apogee's AutoGlass business segment, which includes the operation of Harmon. The Employee hereby agrees to perform the job duties of President of Harmon and Executive Vice President of Apogee and such other duties and functions as may be reasonably determined and assigned to him from time-to-time. Subject to the terms and conditions herein provided, during the term of the Employee's employment pursuant to this Agreement, the Employee shall devote his full time and attention during normal business hours first and primarily to the business and affairs of Harmon and secondarily to the oversight of the AutoGlass business segment and Apogee's discontinued curtainwall operations in Europe. The Employee shall comply with Apogee's and Harmon's procedures and policies, including, but not limited to, Apogee's Code of Business Conduct as amended from time-to-time.

3. Compensation and Employee Benefits.

3.01. Base Salary. As base compensation for all services to be rendered by the Employee under this Agreement during the term of the Employee's employment pursuant to this Agreement, the Employer shall pay to the Employee an annual base salary of three hundred thirteen thousand three hundred dollars ($313,300.00). The Employee's annual base salary shall be paid in accordance with the Employer's normal payroll procedures and policies, as such procedures and policies may be modified from time-to-time, and the Employee shall be eligible for annual salary increases consistent with such procedures and policies.

3.02. Participation in Benefit Plans. During the term of this Agreement, and provided the Employee is employed by the Employer, and except as otherwise provided in this Agreement, the Employee shall be entitled to participate in all employee benefit plans or programs of the Employer to the extent that his position, title, tenure, salary, age, health, and other qualifications make him eligible to participate. The Employer does not guarantee the adoption or continuance of any particular employee benefit plan or program during the term of this Agreement, and the Employee's participation in any such plan or program shall be subject to the provisions, rules, and regulations applicable thereto.

3.03. Stock Options. During the term of this Agreement, and provided the Employee is employed by Apogee and that Russell Huffer is the Chairman or the Chief Executive Officer of Apogee, Mr. Huffer will annually recommend to the Compensation Committee of the Board of Directors of Apogee (the "Compensation Committee") that the Employee be granted a stock option to purchase a number of shares of Apogee Common Stock comparable to the number of shares for which other Executive Vice Presidents of Apogee are being recommended. Such options will have exercise prices equal to the fair market value of such stock as defined in the Apogee Enterprises, Inc. 2002 Omnibus Stock Incentive Plan, or such other applicable plan as may be in effect from time-to-time (the "Stock Incentive Plan") at the time of each grant. Each grant provided for in this Section 3.03 will be subject to the terms and conditions of a stock option agreement and the terms of the Stock Incentive Plan.

3.04. Partnership Plan. During the term of this Agreement, and provided the Employee is employed by Apogee and that Russell Huffer is the Chairman or the Chief Executive Officer of Apogee, Mr. Huffer will annually recommend to the Compensation Committee that the Employee remain a participant in the Amended and Restated 1987 Apogee Enterprises, Inc. Partnership Plan (as amended to date, the "Partnership Plan").

3.05. Supplemental Executive Retirement Plan. During the term of this Agreement, and provided the Employee is employed by Apogee and that Russell Huffer is the Chairman or the Chief Executive Officer of Apogee, Mr. Huffer will annually recommend to the Compensation Committee that the Employee remain a participant in the Apogee Enterprises, Inc. Supplemental Executive Retirement Plan (the "SERP").

3.06. Severance Agreement. During the term of this Agreement, and provided the Employee is employed by Apogee and that Russell Huffer is the Chairman or the Chief Executive Officer of Apogee, Mr. Huffer will recommend to Apogee's Board of Directors that the Severance Agreement made as of January 29, 1999, and, as subsequently amended (the

"Severance Agreement"), between Apogee and the Employee not be terminated pursuant to the provisions of Section 1 of the Severance Agreement. All other provisions of the Severance Agreement are unaffected by the provisions of this Agreement.

3.07. Apogee Executive Incentive Plan Bonus for Fiscal Year 2003. The financial portion of the Employee's fiscal year 2003 bonus pursuant to the Apogee Executive Incentive Plan shall be calculated based solely on Apogee's consolidated results of operations for fiscal year 2003. The non-financial portion of the Employee's fiscal year 2003 bonus pursuant to the Apogee Corporate Profit Incentive Plan shall be determined solely based upon achievement of goals related to Apogee's AutoGlass business segment, as agreed between Apogee and the Employee. In all respects, the Employee's rights and obligations with respect to the Employee's fiscal year 2003 bonus shall be determined in accordance with the terms and conditions of the Apogee Executive Incentive Plan as may be in effect from time-to-time.

3.08. Bonus for Fiscal Year 2003 for Managing Discontinued Operations. The Employee shall be eligible for a special bonus for fiscal year 2003 for his oversight of Apogee's discontinued curtainwall operations in Europe as previously agreed between Apogee and the Employee. In all respects, the Employee's rights and obligations with respect to the special bonus for fiscal year 2003 for his oversight of Apogee's discontinued curtain-wall operations in Europe shall be determined in accordance with the terms and conditions of the Apogee Executive Incentive Plan as may be in effect from time-to-time.

3.09. Apogee Executive Incentive Plan Bonus for Fiscal Years 2004 and 2005. The Employee's fiscal year 2004 bonus and fiscal year 2005 bonus pursuant to the Apogee Executive Incentive Plan shall be calculated using the same percentage target and maximum as are utilized for other Apogee Executive Vice Presidents, and the financial and non-financial parameters thereof will be determined consistent with the manner in which such bonus parameters are determined for other Apogee business unit Presidents. In all respects, the Employee's rights and obligations with respect to the Employee's fiscal year 2004 and fiscal year 2005 bonus shall be determined in accordance with the terms and conditions of the Apogee Executive Incentive Plan as may be in effect from time-to-time.

3.10. Bonus for Fiscal Year 2004 for Managing Discontinued Operations. No later than April 30, 2003, the Compensation Committee, in consultation with Apogee's Chief Executive Officer, will determine whether the Employee shall be eligible for a special bonus for fiscal year 2004 for his oversight of Apogee's discontinued curtainwall operations in Europe based upon the level of unresolved matters in France as of the end of fiscal year 2003. In all respects, the Employee's rights and obligations with respect to any special bonus for fiscal year 2004 for his oversight of Apogee's discontinued curtain-wall operations in Europe shall be determined in accordance with the terms and conditions of the Apogee Executive Incentive Plan as may be in effect from time-to-time.

3.11. Tax Withholding. The Employer may withhold from any compensation or benefits payable to the Employee under this Agreement all federal, state, city, or other taxes as shall be required pursuant to applicable laws and/or regulations.

4. Early Termination.

4.01. Termination for Cause. The Employer may terminate the Employee's employment under this Agreement for "Cause," as hereinafter defined, without notice and without further obligation of any kind to the Employee under any provision of this Agreement, except for the Employee's base salary and other benefits earned prior to such termination. All rights and benefits, if any, under any employee benefit plans of the Employer applicable to the Employee shall be determined and provided only in accordance with the express written terms and conditions of such employee benefit plans. For purposes of this Agreement, "Cause" shall mean:

(a) Any fraud, misappropriation, or embezzlement by the Employee in connection with the business of the Employer, or any of its related companies;

(b) Any conviction of or nolo contendere plea to a felony by the Employee that has or can reasonably be expected to have a demonstrably and materially detrimental effect on the Employer, or any of its related companies;

(c) Any conviction of or nolo contendere plea to a gross misdemeanor by the Employee that has or can reasonably be expected to have a demonstrably and materially detrimental effect on the Employer, or any of its related companies;

(d) Any gross neglect or willful and persistent neglect by the Employee substantially to perform the duties assigned to him hereunder and which results, in either case, in material harm to the Employer, provided that the Employee shall first have received a written notice from the Employer which sets forth in reasonable detail the manner in which the Employee has grossly or willfully and persistently neglected his duties and the Employee shall have a period of thirty (30) days to cure the same so long as the Employee is diligently seeking to cure the same, but the Employer shall not be required to give written notice of, nor shall the Employee have a period to cure, the same gross neglect or willful and persistent neglect of which the Employer has previously given written notice to the Employee hereunder and which the Employee has previously cured;

(e) Any material failure by the Employee to comply with Apogee's and Harmon's procedures and policies, including, but not limited to, Apogee's Code of Business Conduct as amended from time-to-time, provided that any failure to

comply with Apogee's Insider Trading Policy shall be deemed "material" for purposes of this Section 4.01(e);

(f) The Employee's breach of any contractual obligation owed to the Employer under the terms of this Agreement or any other agreement between the Employee and the Employer provided the Employee shall first have received a written notice from the Employer which sets forth in reasonable detail the manner in which the Employee has breached a contractual obligation owed to the Employer and the Employee shall have a period of thirty (30) days to cure the same so long as the Employee is diligently seeking to cure the same, but the Employer shall not be required to give written notice of, nor shall the Employee have a period to cure the same contractual breach which the Employer has previously given written notice to the Employee hereunder and which the Employee has previously cured; or

(g) The willful engaging by the Employee in conduct that is demonstrably and materially injurious to the financial condition or business reputation of the Employer.

4.02. Death or Disability. The term of the Employee's employment under this Agreement shall automatically terminate in the event of the Employee's death. In the event the Employee becomes mentally or physically disabled during the term of employment under this Agreement, his employment under this Agreement shall terminate as of the date such disability is established. For purposes of this Agreement, "disabled" means suffering from any mental or physical condition, other than the use of alcohol or illegal use of narcotics, which results in the Employee's inability to perform the essential functions of the Employee's positions under this Agreement, with or without reasonable accommodations, provided the Employee has exhausted the Employee's entitlement to any applicable leave.

In the event the Employee's employment under this Agreement is terminated due to the Employee's death or disability, no further payments or benefits shall be required to be paid or provided by the Employer to the Employee under any provision of this Agreement, except for the Employee's base salary and other benefits earned prior to such termination. All rights and benefits, if any, under any employee benefit plans of the Employer applicable to the Employee shall be determined and provided only in accordance with the express written terms and conditions of such employee benefit plans.

4.03. Voluntary Resignation. The Employee may resign his employment under this Agreement at any time without "Good Reason," as defined in Section 4.05 below. If the Employee voluntarily resigns his employment under this Agreement without Good Reason, no further payments or benefits shall be required to be paid or provided by the Employer to the Employee under any provision of this Agreement, except for the Employee's base salary and other benefits earned prior to such resignation. All rights and benefits, if any, under any employee benefit plans of the Employer applicable to the Employee shall be determined and

provided only in accordance with the express written terms and conditions of such employee benefit plans.

4.04. Termination Without Cause. The Employer may terminate the Employee's employment under this Agreement without "Cause," as defined in Section 4.01 above. If the Employer terminates the Employee's employment under this Agreement without Cause, as defined in Section 4.01 above, the Employer shall:

(a) Continue to pay to the Employee his then-current base salary, in accordance with the Employer's normal payroll procedures and policies, as such procedures and policies may be modified from time-to-time, until July 17, 2004;

(b) Pay to the Employee an amount equal to fifty-two (52) weeks of the Employee's then-current base salary in one (1) lump sum within thirty (30) days of the effective date of the termination of the Employee's employment under this Agreement;

(c) Provided the Employee, in accordance with the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"), timely elects to continue group medical and dental insurance for himself and his dependants, the Employer shall pay the cost of such insurance directly to the applicable insurance carrier(s) for a period of twelve (12) months following the effective date of the termination of the Employee's employment under this Agreement. If, however, the Employee obtains employment with another employer at any time during the initial twelve (12) month period following the effective date of the termination of his employment under this Agreement and provided the Employee becomes eligible for group medical and dental insurance for himself and his dependants, the Employer's obligation hereunder to make payments for any and all such continuation coverage shall cease. After the initial twelve (12) month period following the effective date of the termination of the Employee's employment under this Agreement, and for the remaining period of time provided by COBRA, the Employee shall be responsible for full payment of the cost to continue medical and dental insurance for himself and his dependants;

(d) The Employer shall provide the Employee with outplacement assistance through a provider to be mutually agreed upon by the Employer and the Employee. The maximum amount the Employer shall pay for outplacement assistance is ten thousand dollars ($10,000.00), and any and

all payments for outplacement assistance shall be made by the Employer directly to the provider following the Employer's receipt of appropriate documentation; and

(e) To the extent not previously provided to the Employee, the Employer shall be subject to the same obligations (and rights) as set forth in Sections 5.02(a) through (c) hereof. For purposes of this Section 4.04(e) only, "Commencement Date", as used in Sections 5.02(a) and (c), shall mean the effective date of the Employee's termination without Cause.

4.05. Resignation for Good Reason. The Employee may resign his employment with the Employer for Good Reason. For purposes of this Agreement, "Good Reason" shall mean that the Employer, without the Employee's express written consent:

(a) Materially adversely changes the Employee's status such that he is no longer treated as an executive employee of the Employer in all material respects;

(b) Materially reduces the benefits provided to the Employee in the aggregate under all benefit plans and/or programs of the Employer in which he is currently participating, other than any reductions that would effect all employees similarly situated in a non-discriminatory manner;

(c) Requires the Employee to relocate his principal corporate office more than fifty (50) miles outside the greater metropolitan Twin Cities area; or

(d) Materially breaches its obligations under this Agreement, provided that the Employer shall have first received written notice from the Employee which sets forth in reasonable detail the manner in which the Employer has materially breached this Agreement, and the Employer shall have a period of thirty (30) days to cure the same so long as the Employer is diligently seeking to cure the same.

If the Employee resigns his employment with the Employer for Good Reason, the Employer shall be subject to the same obligations (and rights) as set forth in Sections 4.04(a) through (e) hereof. For purposes of this Section 4.05 only, "Commencement Date", as used in Section 5.02(a) and (c), shall mean the effective date of the Employee's resignation for Good Reason.

5. Arrangements Following the Commencement Date .

5.01. Termination of the Obligations of the Original Parties to this Agreement . Effective as of the Commencement Date (as defined below), the Employee's employment with Apogee will automatically terminate and, other than as set forth in Section 5.02 below, no original party hereto will have any further obligations to any other original party hereto. Any such termination of the Employee's employment with Apogee shall not be deemed a termination without Cause, and Apogee shall not be subject to the obligations set forth in Sections 4.04(a) through (e) hereof. Effective as of the Commencement Date (as defined below), the Employee consents to the assignment of this Agreement to the entity or business operating the business subject to the Triggering Event (as defined below), and, effective as of the Commencement Date (as defined below), the Employee further consents to become an employee of the entity or business operating the business subject to the Triggering Event (as defined below).

5.02. Payments and Benefits the Employee Shall Be Entitled to Receive . If, during the term of this Agreement, Apogee and a third party (the "Corporate Partner") enter into a definitive agreement or agreements which would result in a "Triggering Event" (as defined below), and the Employee remains employed by Apogee through the effective date of the Triggering Event (the "Commencement Date"), then the Employee shall be entitled to receive the following payments and benefits:

(a) All options to purchase Apogee Common Stock granted to the Employee under any Apogee Stock Option Agreement prior to the Commencement Date shall be treated as follows:

(i) options that have vested by their terms prior to such date shall be governed by the terms of the applicable Option Agreement; and

(ii) options that have not vested by their terms prior to such date shall terminate on such date, and the Employee shall be paid in cash, in one (1) lump sum payable within thirty (30) days after the Commencement Date, an amount equal to the difference between the Formula Price (as defined below) as of the Commencement Date and the weighted average exercise price for all shares subject to such options, multiplied by the number of such shares, less any income or other tax withholdings required to be made by Apogee in connection with such payment;

(b) The "Pool A" shares allocated to the Employee under the Partnership Plan are all vested by their terms and shall be governed by the terms of the Partnership Plan;

(c) The "Pool B" shares allocated to the Employee under the Partnership Plan shall be treated as follows;

(i) "Pool B" shares that have vested by their terms prior to such date shall be governed by the terms of the applicable Restricted Stock Agreement and the Partnership Plan; and

(ii) "Pool B" shares that have not vested by their terms prior to such date shall be deemed forfeited on such date under the terms of the Partnership Plan, and the Employee shall be paid in cash, in one (1) lump sum payable within thirty (30) days after the Commencement Date, an amount equal to the net present value of the aggregate of (x) the Formula Price as of the Commencement Date, discounted from the date on which each such Pool B share would have vested (the "Foregone Vesting Date") in accordance with standard financial practice using the Discount Rate (as defined below), multiplied by (y) the number of such "Pool B" shares so discounted on each such Foregone Vesting Date, less any income or other tax withholdings required to be made by Apogee in connection with such payment;

(d) In all respects, the Employee's rights and obligations with respect to the SERP shall be determined in accordance with the terms and conditions of the SERP then in effect;

(e) In all respects, the Employee's rights and obligations with respect to Apogee's Restoration Plan (the "Restoration Plan") shall be determined in accordance with the terms and conditions of the Restoration Plan then in effect;

(f) A pro-rated portion of any bonuses based on operations of Apogee the Employee would have received had he remained employed with Apogee throughout the fiscal year in which a Triggering Event occurs, based upon the number of days the Employee was employed by Apogee during the applicable fiscal year and assuming the same levels of performance by the Employee and the Apogee businesses on which his bonuses are based throughout the fiscal year; and

(g) If, as of the Commencement Date, the Employee does not become an employee of the entity or business operating the

business subject to the Triggering Event, the Employee shall be entitled to receive the payments and benefits set forth in Sections 4.04(a) through (d) hereof.

As used in this Agreement, "Triggering Event" shall mean the consummation of any sale, exchange, or transfer of all, or substantially all, of the assets and business constituting the AutoGlass business segment of Apogee, as currently constituted (*i.e.*, the automobile windshield manufacturing business of Apogee's wholly owned subsidiary, Viracon/Curvlite, Inc., Apogee's thirty four percent (34%) equity interest in the automobile windshield distribution business of PPG AutoGlass LLC, and the automobile windshield repair and replacement business of Apogee's wholly owned subsidiary, Harmon Glass Company).

As used in this Agreement, "Formula Price" shall mean the average closing price of one share of Apogee Common Stock, as reported on the Nasdaq National Market for the twenty (20) business days immediately preceding the effective date of the termination of the Employee's employment under this Agreement.

As used in this Agreement, "Discount Rate" shall equal one hundred and twenty percent (120%) of the applicable Federal rate (determined under section 1274(d) of the Internal Revenue Code, as amended), computed semi-annually.

5.03. Condition to Closing of the Triggering Event. Apogee agrees that it shall be a condition to the closing of the Triggering Event that the Corporate Partner (or other appropriate entity operating the business subject to the Triggering Event) covenant to assume all of the remaining rights and obligations of Apogee under this Agreement through the term of this Agreement, effective as of the Commencement Date, for the benefit of the Employee. The Employee further agrees that, upon such assumption by the Corporate Partner (or such other appropriate entity), the obligations of Apogee under this Agreement (except for the Employee's base salary and other benefits earned prior to the Commencement Date) shall immediately cease and be of no further force or effect.

6. Assignments. This Agreement shall be binding upon and inure to the benefit of the Employer and its successors (by purchase, merger, consolidation or otherwise) and assigns. This Agreement shall also be binding upon and inure to the benefit of the Employee and his heirs and representatives. The Employee may not assign this Agreement or any rights hereunder. Any purported or attempted assignment or transfer by the Employee of this Agreement or any of the Employee's duties, responsibilities, or obligations hereunder shall be void.

7. Governing Law; Choice of Forum. The validity, interpretation, construction, performance, enforcement, and remedies of or relating to this Agreement, and the rights and obligations of the parties hereunder, shall be governed by the substantive law of the State of Minnesota (without regard to the conflict of laws, rules, or statutes of any jurisdiction) and, any and every other legal proceeding arising out of or in connection with this Agreement shall be brought in the appropriate courts of the State of Minnesota, each of the parties hereby consenting to the exclusive jurisdiction of said courts for this purpose.

8. Construction. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law. To the extent that any provision of this Agreement shall be determined to be invalid or unenforceable, the invalid or unenforceable portion of such provision shall be deleted from the Agreement, and the validity and enforceability of the remainder of such provision and of this Agreement shall be unaffected.

9. Jointly Drafted. The parties and their respective counsel have participated jointly in the negotiation and drafting of this Agreement. In the event that an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement.

10. Attorneys' Fees. Apogee shall reimburse the Employee for reasonable attorneys' fees actually incurred by him for legal counsel in connection with the negotiation of this Agreement in an amount not to exceed ten thousand dollars ($10,000.00) upon submission of appropriate documentation.

11. Entire Agreement. This Agreement sets forth the entire agreement between the Employer and the Employee with respect to his employment, and there are no undertakings, covenants, or commitments other than as set forth herein; provided that this Agreement shall not supercede or limit in any way the parties' rights under the Severance Agreement or any benefit plan, program, or arrangements in accordance with their terms, except as otherwise set forth herein. This Agreement may not be altered or amended, except by a writing executed by the party against whom such alteration or amendment is to be enforced. This Agreement supersedes any and all prior understandings or agreements between the parties.

12. Waivers. No failure on the part of any party to exercise, and no delay in exercising, any right or remedy hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right or remedy hereunder preclude any other or further exercise thereof, or the exercise of any other right or remedy granted hereby or by any related document or by law.

13. Captions and Headings. The captions and paragraph headings used in this Agreement are for convenience of reference only, and shall not affect the construction or interpretation of this Agreement or any of the provisions hereof.

IN WITNESS WHEREOF, the undersigned have caused this Agreement to be executed as of the day and year first written above.

Dated: October 23, 2003, 2002

/s/ Joseph T. Deckman

Joseph T. Deckman

Dated: October 21, 2002

APOGEE ENTERPRISES, INC.

/s/ Russell Huffer

Russell Huffer

Its Chief Executive Officer and President

Exhibit B

APOGEE ENTERPRISES, INC.
Executive Incentive Plan FY04

Joe Deckman
EVP, Apogee
President Harmon AutoGlass

TOTAL BONUS POTENTIAL: TARGET – 81%; MAXIMUM – 106%

FINANCIAL GOALS: Total – 48.6% (60% of Total Bonus Target); Maximum – 73.6%

HARMON AUTOGLASS (66 2/3%)

	FY03 Actual	FY04 Threshold	FY04 Target	FY04 Maximum
Internal EBT $ (MM)	($4.912)	$0.846	$3.850	$ 4.346
Bonus %	N/A	16.2%	32.4%	49.07%

APOGEE (33 1/3%)

	FY03 Actual	FY04 Threshold	FY04 Target	FY04 Maximum
EPS from Continuing Ops	$ 0.93	$ 0.65	$ 0.80	$ 0.95
Bonus %	N/A	8.1%	16.2%	24.53%

- In general, financial thresholds (both Harmon AutoGlass and Apogee) must be achieved for any incentive payout.
- If Apogee does not achieve its target of $0.80 per share from continuing operations, the total executive incentive pool will be reduced proportionately.
- Management discretion will be used in case of exceptional mitigating circumstances.
- Total bonus can exceed maximum only if all of the above exceed industry best and Apogee long-term goals.

BUSINESS GOALS: Bonus Potential – 32.4% (40% of Total Bonus Target)

Percent Achieved	Percent Weighting	
_____	10%	**1. Six Sigma** $1.872 million savings End of Year Assessment:
_____	10%	**2. Growth Above Industry Metrics** Estimated Target Ceiling: 27% Estimated Target Floor: 10% Basis: PPG's growth estimates of aftermarket windshield units installed. Should the PPG numbers not be available, a possible alternative source would be Frost & Sullivan. End of Year Assessment:

_____ 10% **3. Growth Activity**

- Marketing competencies
- Marketing measures
  - 5 items
  - Business Unit specific
- Customer visits
- Marketing strategies for when economy rebounds

End of Year Assessment:

_____ 10% **4. Diversity**

- Training/Education of all Exempt Managers and Supervisors
- Recruiting
- Promotion Policy review
- Advertising and promotional materials

End of Year Assessment:

_____ 40% **Totals as a Percent of Total Target Bonus**

POTENTIAL REDUCTIONS

Reduction Percent	
_____	**1. Safety** a. Achieve an AIR of less than 8.0. b. Score at least 80% on the safety audit conducted in the 4 th quarter of FY04 End of Year Assessment:
_____	**2. Code of Conduct recertification** Recertify 100% of all individuals as evidenced by receipt of signed cards in their files. End of Year Assessment:
_____	**3. Financial/HR internal control policies** Completion of required Financial/HR internal control policies End of Year Assessment:
_____	**Total Reductions (maximum of 25%)**

SUCCESS BONUS: Bonus Potential – $200,000

If Apogee and a Corporate Partner enter into an agreement that results in a joint venture that includes Curvlite, Apogee's interest in PPG LLC, and Harmon AutoGlass, and you remain employed by Apogee through the date that the joint venture begins operations, then Apogee will pay a success bonus based on the valuation of the businesses transferred to the joint venture according to the following calculation:

- If the businesses are valued at $100 million or less, the success bonus will be $50,000
- If the businesses are valued above $100 million, the success bonus will be $50,000 plus an additional $10,000 for each $1.333 million that the businesses are valued above $100 million up to a maximum success bonus of $200,000.

Exhibit 10.22

RESIGNATION AGREEMENT

THIS RESIGNATION AGREEMENT (this "Agreement") is made, entered into, and effective as of February 27, 2004 (the "Resignation Date"), by and between Apogee Enterprises, Inc. (the "Company"), a Minnesota corporation, and Larry D. Stordahl (the "Executive").

WITNESSETH:

WHEREAS, prior to the Resignation Date, Executive was employed as an Executive Vice President of the Company and as interim President of Viratec Thin Films, Inc. ("Viratec"), a wholly-owned subsidiary of the Company;

WHEREAS, effective on the Resignation Date, Executive resigned as an employee of the Company and Viratec, and from any and all offices of the Company, and any other position, office, or directorship of any other entity for which Executive was serving at the request of the Company; and

WHEREAS, the Company accepts Executive's resignation effective as of the Resignation Date; and

WHEREAS, the Company and Executive desire to set forth the payments and benefits that Executive will be entitled to receive from the Company in connection with his resignation from employment with the Company and Viratec; and

WHEREAS, the Company and Executive wish to resolve, settle, and/or compromise certain matters, claims, and issues between them, including, without limitation, Executive's resignation from the offices he held and from his employment with the Company and Viratec.

NOW, **THEREFORE**, in consideration of the promises and agreements contained herein and other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, and intending to be legally bound, the Company and Executive hereby agree as follows:

1. Resignation. Executive hereby resigns, effective on the Resignation Date, his employment with the Company and its subsidiaries and related or affiliated companies, and his position as an Executive Vice President of the Company and his position as interim President of Viratec. Executive further resigns, effective on the Resignation Date, (a) from all offices of the Company to which he has been elected by the Board of Directors of the Company (or to which he has otherwise been appointed), (b) from all offices of any entity that is a subsidiary of, or is otherwise related to or affiliated with, the Company, (c) from all administrative, fiduciary, or other positions he may hold with respect to arrangements or plans for, of, or relating to the Company, and (d) from any other directorship, office, or position of any corporation, partnership, joint venture, trust, or other enterprise (each, an "Other Entity") insofar as Executive is serving in the directorship, office, or position of the Other Entity at the request of the Company. The Company hereby consents to and accepts said resignations.

2. Payments and Benefits. As consideration for Executive's promises and obligations under this Agreement, including, but not limited to, Executive's release of any and all claims against the Company as provided in paragraph 4, the Company agrees as follows:

a. Separation Payment. As a separation payment, the Company shall pay Executive an amount equal to two hundred sixty-nine thousand and three hundred dollars ($269,300.00). This amount shall be paid to Executive in substantially equal bi-weekly installments on the Company's regularly scheduled pay days, commencing on or about March 11, 2004 and terminating on or about December 24, 2004.

b. COBRA Payment. The Company shall pay Executive an amount equal to nine thousand five hundred and four dollars ($9,504.00) to compensate him for COBRA payments. This amount shall be paid to Executive in one (1) lump sum payable within thirty (30) days after Executive has returned this signed Agreement to the Company.

c. Partnership Plan. During his employment with the Company, Executive was a participant in the Amended and Restated 1987 Apogee Enterprises, Inc. Partnership Plan (as amended to date, the "Partnership Plan"). Six thousand three hundred ninety-four (6,394) "Pool B" shares allocated to Executive pursuant to the Partnership Plan are scheduled to vest in May 2004. These "Pool B" shares shall be deemed forfeited on the Resignation Date under the terms of the Partnership Plan and Executive shall be paid in cash, in one (1) lump sum payable within thirty (30) days after Executive has returned this signed Agreement to the Company, an amount equal to the net value of the aggregate of (x) the Formula Price (as defined below) as of the Resignation Date, multiplied by (y) the number of such "Pool B" shares, less any income or other tax withholdings required to be made by the Company in connection with such payment.

d. Stock Options. During his employment with the Company, Executive was granted options to purchase shares of Apogee Common Stock pursuant to certain Stock Option Agreements and the terms of the Apogee Enterprises, Inc. 2002 Omnibus Stock Incentive Plan, or such other applicable plan as may have been in effect from time-to-time (the "Stock Incentive Plan"). Executive has been granted twenty thousand eight hundred nineteen (20,819) options that would have vested in April 2004, but for Executive's resignation. Such options shall terminate on the Resignation Date, and Executive shall be paid in cash, in one (1) lump sum payable within thirty (30) days after Executive has returned this signed Agreement to the Company, an amount equal to the difference between the Formula Price (as defined below) as of the Resignation Date, and the exercise price for all shares subject to such options which have an exercise price less than the Formula Price, multiplied by the number of such shares, less any income or other tax withholdings required to be made by the Company in connection with such payment.

e. Outplacement. The Company shall provide Executive with outplacement assistance through a mutually agreed upon provider. The maximum amount the Company shall pay for outplacement assistance is ten thousand dollars ($10,000.00), and any and all payments for outplacement assistance shall be made by the Company directly to the provider, following the Company's receipt of appropriate documentation.

f. Financial and Legal Services. The Company shall reimburse Executive for financial and legal services incurred by him during calendar year 2004 in the maximum

amount of two thousand dollars ($2,000.00), and any such reimbursement shall be made by the Company to Executive within thirty (30) days of the Company's receipt of appropriate documentation.

g. Company Benefit Plans and Executive's Eligibility, Rights, and Obligations Thereunder. Executive's post-resignation eligibility for and rights and obligations with respect to any employee benefit as a past employee of the Company under the Company's retirement and welfare benefits plans (including, but not limited to, the Partnership Plan, the Stock Incentive Plan, the Apogee Enterprises, Inc. Supplemental Executive Retirement Plan, and the Executive Supplemental Plan (i.e., the Restoration Plan)), other than as explicitly modified by this Agreement, shall be as set forth in the respective plan documents, and shall be based on his employment termination on the Resignation Date, and his entitlement to the benefits for the period of his participation therein, and his rights and obligations thereunder, shall be determined pursuant to the express written terms and conditions thereof.

h. Formula Price. As used in this paragraph 2, "Formula Price" shall mean the average closing price of one (1) share of Apogee Common Stock as reported on the NASDAQ National Market for the twenty (20) business days immediately preceding the Resignation Date.

i. Withholding. The Company shall withhold such amounts from the payments described in this paragraph 2 as are required by applicable tax or other law.

3. Confidential Information; Return of Company Property.

a. Executive will keep in strict confidence, and will not, directly or indirectly, at any time, disclose, furnish, disseminate, make available, or use any trade secrets or confidential business and technical information of the Company or its customers or vendors, regardless of when or how Executive may have acquired such information. Such confidential information shall include, without limitation, the Company's unique selling, manufacturing, and servicing methods and business techniques, training, service, and business manuals, promotional materials, training courses, and other training and instructional materials, vendor and product information, customer and prospective customer lists, other customer and prospective customer information, and other business information. Executive specifically acknowledges that all such confidential information, whether reduced to writing, maintained on any form of electronic media, or maintained in Executive's mind or memory, and whether compiled by the Company and/or Executive, derives independent economic value from not being readily known to or ascertainable by proper means by others who can obtain economic value from its disclosure or use, that reasonable efforts have been made by the Company to maintain the secrecy of such information, that such information is the sole property of the Company and that any retention and use of such information by Executive after the Resignation Date shall constitute a misappropriation of the Company's trade secrets.

b. Executive agrees to return to the Company, in good condition, all property of the Company, including without limitation, the originals and all copies of any materials which contain, reflect, summarize, describe, analyze or refer or relate to any items of information listed in subparagraph 3.a of this paragraph 3. In the event that such items are not so returned, the Company will have the right to charge Executive for all reasonable damages, costs, attorneys'

fees, and other expenses incurred in searching for, taking, removing, and/or recovering such property.

4. Release by Executive.

a. Executive for himself and his dependents, successors, assigns, heirs, executors, and administrators (and his and their legal representatives of every kind), hereby releases, dismisses, remisses, and forever discharges the Company from any and all arbitrations, claims (including claims for attorneys' fees), demands, damages, suits, proceedings, actions, and/or causes of action of any kind and every description, whether known or unknown, which Executive now has or may have had for, upon, or by reason of any cause whatsoever (except that this release shall not apply to (x) the obligations of the Company arising under this Agreement and (y) Executive's rights of indemnification by the Company, if any, pursuant to the Company's certificate of incorporation or by-laws or any agreement between the Company and Executive), against the Company ("claims"), including, but not limited to:

(i) any and all claims, directly or indirectly, arising out of or relating to: (A) Executive's past employment or service with the Company; (B) Executive's resignation as an Executive Vice President of the Company and as interim President of Viratec and any other position described in paragraph 1 of this Agreement; and (C) any federal, state, or local laws, or any contract or tort claim, whether legal or equitable, whether statutory or common law, arising from or relating to the Company's and Viratec's hiring of Executive, Executive's employment with the Company and Viratec, and the cessation of Executive's employment with the Company and Viratec;

(ii) any and all claims of discrimination, including, but not limited to, claims of discrimination on the basis of sex, race, age, national origin, marital status, religion, or disability, including, specifically, but without limiting the generality of the foregoing, any claims under Title VII of the Civil Rights Act, as amended, 42 U.S.C. § 2000e, *et seq*.; the Americans with Disabilities Act, 42 U.S.C. § 12101 *et seq*.; the Age Discrimination in Employment Act, 29 U.S.C. §621, *et seq*.; the Older Workers' Benefit Protection Act, 29 U.S.C. §626(f); the Family and Medical Leave Act, 29 U.S.C. §§ 2601 *et seq*.; the Employee Retirement and Income Security Act, 29 U.S.C. § 1001 *et seq.*; and the Minnesota Human Rights Act, § 363.01 *et seq*.

(iii) any and all claims of wrongful or unjust discharge or breach of any contract or promise, express or implied; and

(iv) any and all claims under or relating to any and all past and future employee compensation, employee benefit, employee severance, or employee incentive bonus plans and arrangements, all of which Executive agrees are forfeited upon his resignation; provided that he shall remain entitled to the amounts and benefits described in paragraph 2 above.

b. Executive understands and acknowledges that the Company does not admit any violation of law, liability, or invasion of any of his rights and that any such violation, liability, or invasion is expressly denied. The consideration provided under this Agreement is in exchange for Executive's agreements to its terms and conditions and made for the purpose of

settling and extinguishing all claims and rights (and every other similar or dissimilar matter) that Executive ever had or now may have or ever will have against the Company to the extent provided in this paragraph 4. Executive further agrees and acknowledges that no representations, promises, or inducements have been made by the Company other than as appear in this Agreement.

c. Executive further understands and acknowledges that:

(i) Executive has been informed that the terms of this Agreement shall be open for acceptance and execution by him for a period of twenty-one (21) days during which time he may consider whether to accept this Agreement. Executive agrees that changes to this Agreement, whether material or immaterial, will not restart this acceptance period. No payments or benefits will be provided pursuant to paragraph 2 until at least sixteen (16) days after Executive has returned this signed Agreement to the Company;

(ii) Executive has been informed of his right to rescind this Agreement as far as it extends to potential claims under the Minnesota Human Rights Act, § 363.01 *et seq*., by written notice to the Company within fifteen (15) calendar days following his execution of this Agreement. To be effective, such written notice must be delivered either by hand or by mail to Patricia A. Beithon, Apogee Enterprises, Inc., 7900 Xerxes Avenue South, Suite 1800, Minneapolis, MN 55431-1159, within the fifteen (15)-day period. If a notice of rescission is delivered by mail, it must be: 1) postmarked within the fifteen (15)-day period; 2) properly addressed to Ms. Beithon, as set forth above; and 3) sent by certified mail, return receipt requested;

(iii) Executive has been informed of his right to revoke this Agreement as far as it extends to potential claims under the Age Discrimination in Employment Act, 29 U.S.C.§ 621 *et seq.*, by informing the Company, through Ms. Beithon at the above referenced address, of his intent to revoke this Agreement within seven (7) calendar days following his execution of this Agreement;

(iv) It is understood that, in the event a notice of rescission by Executive is timely delivered, pursuant to the terms of subparagraph 4.c of this paragraph 4, the Company may, at its discretion, either enforce the remaining provisions of this Agreement, or void the entire Agreement and require any payments made and/or benefits conferred as of that date to Executive be immediately repaid by Executive to the Company; and

(v) Executive has been advised by the Company to consult with legal counsel prior to executing this Agreement and the release provided for in this paragraph 4, has had an opportunity to consult with and to be advised by legal counsel of his choice, fully understands the terms of this Agreement, and enters into this Agreement freely, voluntarily, and intending to be bound.

d. Executive will never file a lawsuit or other complaint asserting any claim that is released in this paragraph 4.

e. Executive and the Company acknowledge that his resignation is by mutual agreement between the Company and Executive, and that Executive waives and releases any claim that he has or may have to reemployment.

f. For purposes of the above provisions of this paragraph 4, the "Company" shall include its present and former predecessors, subsidiaries, divisions, related or affiliated companies, officers, directors, stockholders, members, employees, heirs, successors, assigns, representatives, agents, accountants and counsel.

5. Disclosure.

a. Executive agrees that he will not disclose the terms of this Agreement, other than to immediate family members, to legal, financial, or tax consultants, for professional use only, and to government agencies upon proper inquiry or pursuant to subpoena or court order.

b. Executive shall take no action with respect to the Company's common stock that is in violation of the federal securities laws.

6. Breach.

a. If Executive breaches any of the provisions of this Agreement (and in the case of a breach that is capable of being cured, fails to cure such breach within fifteen (15) days after written notice by the Company to Executive specifying the circumstances that constitute such breach), then the Company may, at its sole option, immediately terminate all remaining payments and benefits described in this Agreement, and obtain reimbursement from Executive of all payments already provided and/or benefits already conferred pursuant to paragraph 2 of this Agreement, plus any expenses and damages incurred as a result of the breach (including, without limitation, reasonable attorneys' fees), with the remainder of this Agreement, and all promises and covenants herein, remaining in full force and effect.

Notwithstanding the foregoing, the Company will not terminate pursuant to subparagraph 6.a of this paragraph 6 any benefits to which Executive is entitled under any tax-qualified retirement plan of the Company, and Executive's rights under Part 6 of Subtitle B of Title I of the Employee Retirement Income Security Act of 1974 as amended, if any, will not be reduced by any action taken by the Company under subparagraph 6.a of this paragraph 6.

b. Executive may challenge any Company action under subparagraph 6.a above.

7. Successors and Binding Agreement.

a. This Agreement shall be binding upon and inure to the benefit of the Company and any successor of or to the Company, including, without limitation, any persons acquiring, directly or indirectly, all or substantially all of the business and/or assets of the Company whether by purchase, merger, consolidation, reorganization, or otherwise (and such successor shall thereafter be deemed included in the definition of "the Company" for purposes of this Agreement), but shall not otherwise be assignable or delegable by the Company.

b. This Agreement shall inure to the benefit of and be enforceable by Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, and/or legatees.

c. This Agreement is personal in nature and none of the parties hereto shall, without the consent of the other parties, assign, transfer, or delegate this Agreement or any rights or obligations hereunder except as expressly provided in subparagraphs a and b of this paragraph 7.

d. This Agreement is intended to be for the exclusive benefit of the parties hereto, and, except as provided in subparagraphs a and b of this paragraph 7, no third party shall have any rights hereunder.

8. Statements to Third Parties. Because the purpose of this Agreement is to settle amicably any and all potential disputes or claims among the parties, neither Executive nor the Senior Executives of the Company shall, directly or indirectly, make or cause to be made any statements to any third parties criticizing or disparaging the other or commenting on the character or business reputation of the other. Furthermore, Executive agrees not to make any derogatory, unfavorable, negative or disparaging statements concerning the Company and its affiliates, officers, directors, managers, employees, or agents, or its and their business affairs or performance. Executive further hereby agrees not: (a) to comment to others concerning the status, plans, or prospects of the business of the Company, or (b) to engage in any act or omission that would be detrimental, financially or otherwise, to the Company, or that would subject the Company to public disrespect, scandal, or ridicule. For purposes of this paragraph 8, the "Senior Executives of the Company" shall mean the Company's directors and officers.

9. Notices. For all purposes of this Agreement, all communications provided for herein shall be in writing and shall be deemed to have been duly given when delivered, addressed to the Company at its principal executive offices and to Executive at his principal residence, or to such other address as any party may have furnished to the other in writing and in accordance herewith. Notices of change of address shall be effective only upon receipt.

10. Miscellaneous. No provision of this Agreement may be modified, waived, or discharged unless such modification, waiver, or discharge is agreed to in writing signed by Executive and the Company. No waiver by either party hereto at any time of any breach by the other party hereto or compliance with any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreements or representations, oral or otherwise, expressed or implied, with respect to the subject matter hereof have been made by any of the parties that are not set forth expressly in this Agreement and every one of them (if, in fact, there have been any) is hereby terminated without liability or any other legal effect whatsoever.

11. Entire Agreement. This Agreement shall constitute the entire agreement among the parties hereto with respect to the subject matter hereof and shall supersede all prior verbal or written agreements, covenants, communications, understandings, commitments, representations or warranties, whether oral or written, by any party hereto or any of its representatives pertaining to such subject matter.

12. Governing Law. Any dispute, controversy, or claim of whatever nature arising out of or relating to this Agreement or breach thereof shall be governed by and under the laws of the State of Minnesota. The parties agree that any and all disputes, controversies, or claims of whatever nature arising out of or relating to this Agreement or breach thereof shall be resolved by a court of general jurisdiction in the State of Minnesota, and the parties hereby consent to the exclusive jurisdiction of such court in any action or proceeding arising under or brought to challenge, enforce, or interpret any of the terms of this Agreement.

13. Validity. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall nevertheless remain in full force and effect.

14. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same Agreement.

15. Captions and Paragraph Headings. Captions and paragraph headings used herein are for convenience and are not part of this Agreement and shall not be used in construing it.

16. Further Assurances. Each party hereto shall execute such additional documents, and do such additional things, as may reasonably be requested by the other party to effectuate the purposes and provisions of this Agreement.

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement as of the date first set forth above.

APOGEE ENTERPRISES, INC.

/s/ Russell Huffer

Russell Huffer
Its: Chairman, Chief Executive Officer, and President

Date: 2/17/04

Witness: /s/ Lajean K. Behne

/s/ Larry D. Stordahl

Larry D. Stordahl

Date: 2/17/04

Date: 2/17/04

Exhibit 10.23

APOGEE ENTERPRISES, INC.
2000 EMPLOYEE STOCK PURCHASE PLAN
(Amended and Restated Effective as of May 1, 2003)

ARTICLE I. INTRODUCTION

Section 1.01 Purpose. The purpose of the Plan is to encourage and assist employees and directors of the Company and certain related corporations in acquiring an ownership interest in the Company through the systematic purchase of the Common Stock of the Company under convenient and advantageous terms. It is believed that the Plan will encourage participants to put forth their best efforts toward the profitability of the Company.

Section 1.02 Effect on Prior Plans. From and after the Commencement Date (as defined in Section 9.02 below) the Apogee Enterprises, Inc. Employee Stock Purchase Plan (the "Prior Plan") shall terminate. All outstanding accounts administered under the Prior Plan shall, as of the Commencement Date, automatically become Stock Purchase Accounts under this Plan and be administered according to the provisions of this Plan.

Section 1.03 Definitions. For purposes of the Plan, the following terms will have the meanings set forth below:

(a) "Acceleration Date" means the earlier of the date of shareholder approval or approval by the Company's Board of Directors of (i) any consolidation or merger of the Company in which the Company is not the continuing or surviving corporation or pursuant to which shares of Company Common Stock would be converted into cash, securities or other property, other than a merger of the Company in which shareholders of the Company immediately prior to the merger have substantially the same proportionate ownership of stock in the surviving corporation immediately after the merger; (ii) any sale, exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all of the assets of the Company; or (iii) any plan of liquidation or dissolution of the Company.

(b) "Affiliate" means any subsidiary corporation of the Company, as defined in Section 424(f) of the Code, whether now or hereafter acquired or established.

(c) "Code" means the Internal Revenue Code of 1986, as amended.

(d) "Committee" means the committee described in Section 10.01 of the Plan.

(e) "Common Stock" means the Company's Common Stock, par value $.33-1/3 per share, as such stock may be adjusted for changes in the stock or the Company as contemplated by Article XI of the Plan.

(f) "Company" means Apogee Enterprises, Inc., a Minnesota corporation, and its successors by merger or consolidation as contemplated by Section 11.02 of the Plan.

(g) "Current Compensation" means all regular wage, salary, commission payments and retainer fees paid by the Company or a Participating Affiliate to a Participant in accordance with the terms of his or her employment or service as a director, but excluding annual bonus payments and all other forms of special compensation.

(h) "Fair Market Value" as of a given date means the fair market value of the Common Stock determined by such methods or procedures as shall be established from time to time by the Committee, but shall not be less than, if the Common Stock is then quoted on the NASDAQ National Market System, the average of the high and low sales price as reported on the NASDAQ National Market System on such date or, if the NASDAQ National Market System is not open for trading on such date, on the most recent preceding date when it is open for trading. If on a given date the Common Stock is not traded on an established securities market, the Committee shall make a good faith attempt to satisfy the requirements of this Section 1.03(h) and in connection therewith shall take such action as it deems necessary or advisable.

(i) "Participant" means a Regular Employee who is eligible to participate in the Plan under Section 2.01 of the Plan and who has elected to participate in the Plan.

(j) "Participating Affiliate" means an Affiliate whose eligible Regular Employees may participate in the Plan that was (i) an Affiliate on the date that this Plan was adopted or (ii) an Affiliate that was acquired after the Plan was adopted and which has been designated by the Committee in advance of the Purchase Period in question as a corporation whose eligible Regular Employees may participate in the Plan.

(k) "Plan" means the Apogee Enterprises, Inc. 2000 Employee Stock Purchase Plan, as it may be amended, the provisions of which are set forth herein.

(k) "Plan Custodian" means the entity appointed by the Committee to receive and take custody of the funds contributed by the Participants and the Company and any Participating Affiliates and to carry out any additional duties of the Plan Custodian as set forth in the Plan.

(l) "Purchase Period" means the period beginning on the first business day of each calendar month and ending on the last business day of the same calendar month; provided, however, that the then-current Purchase Period will end upon the occurrence of an Acceleration Date.

(m) "Regular Employee" means (i) an employee of the Company or a Participating Affiliate as of the first day of a Purchase Period, including a union employee, but excluding an employee whose customary employment is less than 30 hours per week or (ii) a non-employee director of the Company.

(n) "Stock Purchase Account" means the account maintained by the Plan Custodian recording the number of full and fractional shares allocated to a Participant based on the amount received from each Participant through payroll deductions made under the Plan and the Company's or the Participating Affiliate's contribution made under the Plan.

ARTICLE II. ELIGIBILITY AND PARTICIPATION

Section 2.01 Eligible Employees. All Regular Employees who have reached the age of 18 years shall be eligible to participate in the Plan beginning on the first day of the first Purchase Period to commence after such person becomes a Regular Employee. Subject to the provisions of Article VI of the Plan, each such employee will continue to be eligible to participate in the Plan so long as he or she remains a Regular Employee.

Section 2.02 Election to Participate. An eligible Regular Employee may elect to participate in the Plan for a given Purchase Period by filing with the Company, in advance of that Purchase Period and in accordance with such terms and conditions as the Committee in its sole discretion may impose, a form provided by the Company for such purpose (which authorizes regular payroll deductions from Current Compensation in that Purchase Period and continuing until the employee withdraws from the Plan or ceases to be eligible to participate in the Plan).

Section 2.03 Voluntary Participation. Participation in the Plan on the part of a Participant is voluntary and such participation is not a condition of employment nor does participation in the Plan entitle a Participant to be retained as an employee of the Company or any Participating Affiliate.

ARTICLE III. PAYROLL DEDUCTIONS AND STOCK PURCHASE ACCOUNT

Section 3.01 Deductions from Pay. The form described in Section 2.02 of the Plan will permit a Participant to elect payroll deductions of any multiple of $1 per week but not more than $500 per week of such Participant's Current Compensation, subject to such other limitations as the Committee in its sole discretion may impose. A Participant may increase, decrease or cease making payroll deductions at any time, subject to such limitations as the Committee in its sole discretion may impose.

Section 3.02 Credit to Account. Payroll deductions will be remitted at the end of each Purchase Period to the Plan Custodian and credited to the Participant's Stock Purchase Account. At such time, the Company or the Participating Affiliate will contribute, and remit to the Plan Custodian, an amount equal to 15% of the contribution amount of each Participant for the Purchase Period and such amount will be credited to each Participant's Stock Purchase Account at the end of the Purchase Period.

Section 3.03 Interest. No interest will be paid on payroll deductions or on any other amount credited to, or on deposit in, a Participant's Stock Purchase Account.

Section 3.04 No Additional Contributions. A Participant may not make any payment into the Stock Purchase Account other than the payroll deductions made pursuant to the Plan.

Section 3.05 Nature of Account. The Stock Purchase Account is established solely for accounting purposes, and all dollar amounts credited to the Stock Purchase Account will remain part of the general assets of the Company or the Participating Affiliate (as the case may be).

ARTICLE IV. RIGHT TO PURCHASE SHARES

Section 4.01 Number of Shares. Each Participant will have the right to purchase on the last business day of the Purchase Period all, but not less than all, of the number of whole and fractional shares of Common Stock that can be purchased at the price specified in Section 4.02 of the Plan with the entire credit balance in the Participant's Stock Purchase Account.

Section 4.02 Purchase Price. The purchase price for any Common Stock purchased under the Plan shall be the price paid in the open market by the Plan Custodian for the relevant Purchase Period on behalf of all Participants in the Plan.

ARTICLE V. EXERCISE OF RIGHT

Section 5.01 Purchase of Stock. Following the last business day of a Purchase Period, the entire credit balance in each Participant's Stock Purchase Account will be used to purchase the number of whole shares and fractional shares of Common Stock purchasable with such amount, unless the Participant has notified the Company, in advance of that date and subject to such terms and conditions as the Committee in its sole discretion may impose, of the Participant's election to receive the distribution of the entire credit balance in cash.

Section 5.02 Reports to Participants. The Plan Custodian will issue quarterly statements to each Participant showing the number of shares purchased for his or her Stock Purchase Account in the preceding quarter and the total number of shares in the Participant's Stock Purchase Account.

Section 5.03 Notice of Acceleration Date. The Company shall use reasonable commercial efforts to notify each Participant in writing at least ten days prior to any Acceleration Date that the then-current Purchase Period will end on such Acceleration Date.

ARTICLE VI. WITHDRAWAL FROM PLAN; SALE OF STOCK

Section 6.01 Voluntary Withdrawal. A Participant may, in accordance with such terms and conditions as the Committee in its sole discretion may impose, withdraw from the Plan and cease making payroll deductions by filing with the Company a form provided for this purpose. A Participant who withdraws from the Plan will not be eligible to reenter the Plan for a period of at least six months after the date of such withdrawal.

Section 6.02 Death. Subject to such terms and conditions as the Committee in its sole discretion may impose, upon the death of a Participant, no further amounts shall be credited to the Participant's Stock Purchase Account. Thereafter, on the last business day of the Purchase Period during which such Participant's death occurred and in accordance with Section 5.01 of the Plan, the entire credit balance in such Participant's Stock Purchase Account will be used to purchase shares of Common Stock, unless such Participant's estate has notified the Company, in advance of that day and subject to such terms and conditions as the Committee in its sole discretion may impose, of its election to have the entire credit balance in such Participant's Stock Purchase Account distributed in cash within 30 days after the end of that Purchase Period or at such earlier time as the Committee in its sole discretion may decide. Each Participant, however, may designate one or more beneficiaries who, upon death, are to receive the Common Stock or

the amount that otherwise would have been distributed or paid to the Participant's estate and may change or revoke any such designation from time to time. No such designation, change or revocation will be effective unless made by the Participant in writing and filed with the Company during the Participant's lifetime. Unless the Participant has otherwise specified the beneficiary designation, the beneficiary or beneficiaries so designated will become fixed as of the date of the Participant's death so that, if a beneficiary survives the Participant but dies before the receipt of the payment due such beneficiary, the payment will be made to such beneficiary's estate.

Section 6.03 Termination of Employment. Subject to such terms and conditions as the Committee in its sole discretion may impose, upon a Participant's termination of employment with the Company or a Participating Affiliate, no further amounts shall be credited to the Participant's Stock Purchase Account. Thereafter, on the last business day of the Purchase Period during which such Participant's termination of employment occurred and in accordance with the Plan, the entire credit balance in such Participant's Stock Purchase Account will be used to purchase shares of Common Stock, unless such Participant has notified the Company, in advance of that day and subject to such terms and conditions as the Committee in its sole discretion may impose, of the Participant's election to receive the entire credit balance in such Participant's Stock Purchase Account in cash within 30 days after the end of that Purchase Period. For purposes of this Section 6.03, a transfer of employment to any Participating Affiliate, or a leave of absence which has been approved by the Committee, will not be deemed a termination of employment as a Regular Employee.

Section 6.04 Sale of Stock. A Participant may direct the Plan Custodian to sell a portion or all of the full shares held in his or her Stock Purchase Account. Upon receipt of the direction, the Plan Custodian will sell the designated shares at the prevailing market price. Following the second sale in any calendar year by a Participant of shares held in his or her Stock Purchase Account, all payroll deductions and contributions by the Company or the Participating Affiliate will cease for a period of six months, after which time the Participant may resume participation in the Plan. If a Participant makes a third request for the sale of shares in any calendar year, the Participant's participation in the Plan shall cease, the Participant's Stock Purchase Account shall be closed, and the Participant shall not be eligible to participate in the Plan for a period of at least six months after the date of the Participant's third request for such sale of shares.

ARTICLE VII. NONTRANSFERABILITY

Section 7.01 Nontransferable Right to Purchase. The right to purchase Common Stock hereunder may not be assigned, transferred, pledged or hypothecated (whether by operation of law or otherwise), except as provided in Section 6.02 of the Plan, and will not be subject to execution, attachment or similar process. Any attempted assignment, transfer, pledge, hypothecation or other disposition or levy of attachment or similar process upon the right to purchase will be null and void and without effect.

Section 7.02 Nontransferable Account. Except as provided in Section 6.02 of the Plan, the amounts credited to a Stock Purchase Account may not be assigned, transferred,

pledged or hypothecated in any way, and any attempted assignment, transfer, pledge, hypothecation or other disposition of such amounts will be null and void and without effect.

ARTICLE VIII. COMMON STOCK ISSUANCE AND DIVIDEND REINVESTMENT

Section 8.01 Issuance of Purchased Shares. Promptly after the last day of each Purchase Period and subject to such terms and conditions as the Committee in its sole discretion may impose, the Company will cause the Common Stock then purchased pursuant to Section 5.01 of the Plan to be issued for the benefit of the Participant and held in the Participant's Stock Purchase Account pursuant to Section 8.03 of the Plan.

Section 8.02 Completion of Issuance. A Participant shall have no interest in the Common Stock purchased pursuant to Section 5.01 of the Plan until such Common Stock is issued for the benefit of the Participant pursuant to Section 8.03 of the Plan.

Section 8.03 Form of Ownership. The Common Stock issued under Section 8.01 of the Plan will be held in the name of the Participant or jointly in the name of the Participant and another person, as the Participant may direct on a form provided by the Company, until such time as certificates for such shares of Common Stock are delivered to or for the benefit of the Participant pursuant to Section 8.05 of the Plan.

Section 8.04 Automatic Dividend Reinvestment. Any and all cash dividends paid on full and fractional shares of Common Stock held in a Participant's Stock Purchase Account shall be credited to the Participant's Stock Purchase Account on the basis of the number of shares in the Participant's Stock Purchase Account on the date of record of the dividend and shall be reinvested to acquire shares of Common Stock purchased in the open market by the Plan Custodian. Purchases of Common Stock under this Section 8.04 will be normally purchased within ten business days of the dividend payment date, depending upon market conditions. The price per share of the Common Stock purchased pursuant to this Section 8.04 shall be the price per share at which the Common Stock is actually purchased in the open market for the relevant period on behalf of all participants in the Plan. All shares of Common Stock acquired under this Section 8.04 will be held in the Plan in the same name as the Common Stock upon which the cash dividends were paid.

Section 8.05 Delivery. At any time and subject to such terms and conditions as the Committee in its sole discretion may impose, the Participant may elect to have the Plan Custodian deliver to or for the benefit of the Participant a certificate for the number of whole shares and cash for the number of fractional shares representing the Common Stock purchased pursuant to Section 5.01 of the Plan together with any additional shares of Common Stock acquired pursuant to Section 8.04 of the Plan upon the reinvestment of dividends. The election notice will be processed as soon as practicable after receipt.

ARTICLE IX. EFFECTIVE DATE, AMENDMENT AND TERMINATION OF PLAN

Section 9.01 Effective Date. The Plan was approved by the Board of Directors on July 25, 2000. The Plan was amended and restated effective as of May 1, 2003.

Section 9.02 Plan Commencement. The Plan commenced September 1, 2000 (the "Commencement Date").

Section 9.03 Powers of Board. The Board of Directors may amend or discontinue the Plan at any time; provided, however, that any termination of the Plan shall not adversely affect the rights relating to the Participant's Common Stock issued pursuant to the Plan.

ARTICLE X. ADMINISTRATION

Section 10.01 The Committee. The Plan shall be administered by a committee (the "Committee") of directors of the Company designated by the Board of Directors to administer the Plan.

Section 10.02 Powers of Committee. Subject to the provisions of the Plan, the Committee shall have full authority to administer the Plan, including authority to interpret and construe any provision of the Plan, to establish deadlines by which the various administrative forms must be received in order to be effective, and to adopt such other rules and regulations for administering the Plan as it may deem appropriate. The Committee shall have full and complete authority to determine whether all or any part of the Common Stock acquired pursuant to the Plan shall be subject to restrictions on the transferability thereof or any other restrictions affecting in any manner a Participant's rights with respect thereto. Decisions of the Committee will be final and binding on all parties who have an interest in the Plan.

Section 10.03 Power and Authority of the Board of Directors. Notwithstanding anything to the contrary contained herein, the Board of Directors may, at any time and from time to time, without any further action of the Committee, exercise the powers and duties of the Committee under the Plan.

Section 10.04 Stock to be Sold. The Common Stock to be sold under the Plan shall be shares acquired in the open market by the Plan Custodian.

Section 10.05 Notices. Notices to the Committee should be addressed as follows:

Apogee Enterprises, Inc.
7900 Xerxes Avenue South, Suite 1800
Minneapolis, MN 55431
Attn: ESPP

ARTICLE XI. ADJUSTMENT FOR CHANGES IN STOCK OR COMPANY

Section 11.01 Stock Dividend or Reclassification. If the outstanding shares of Common Stock are increased, decreased, changed into or exchanged for a different number or kind of securities of the Company, or shares of a different par value or without par value, through reorganization, recapitalization, reclassification, stock dividend, stock split, amendment to the Company's Articles of Incorporation, reverse stock split or otherwise, an appropriate

adjustment shall be made in the maximum number and kind of securities to be purchased under the Plan with a corresponding adjustment in the purchase price to be paid therefor.

Section 11.02 Merger or Consolidation. If the Company is merged into or consolidated with one or more corporations during the term of the Plan, appropriate adjustments will be made to give effect thereto on an equitable basis in terms of issuance of shares of the corporation surviving the merger or of the consolidated corporation, as the case may be.

ARTICLE XII. APPLICABLE LAW

The internal law, and not the law of conflicts, of the State of Minnesota shall govern all questions concerning the validity, construction and effect of the Plan, any rules or regulations relating to the Plan and the rights to purchase Common Stock granted under the Plan.

AMENDMENTS TO THE
APOGEE ENTERPRISES, INC. 2000 EMPLOYEE STOCK PURCHASE PLAN
(Amended and Restated Effective as of May 1, 2003)

Section 4.01. is hereby amended to read in its entirety as follows:

Section 4.01 Number of Shares. Each Participant will have the right to purchase on the last business day of the Purchase Period all, but not less than all, of the number of whole and fractional shares of Common Stock that can be purchased at the price specified in Section 4.02 of the Plan with the entire credit balance in the Participant's Stock Purchase Account. If the purchases for all Participants for any Purchase Period would otherwise cause the aggregate number of shares of Common Stock to be sold under the Plan to exceed the number specified in Section 10.04 of the Plan, each Participant shall be allocated a pro rata portion of the Common Stock to be sold for such Purchase Period.

Section 5.01 is hereby amended to read in its entirety as follows:

Section 5.01 Purchase of Stock. Following the last business day of a Purchase Period, the entire credit balance in each Participant's Stock Purchase Account will be used to purchase the number of whole shares and fractional shares of Common Stock purchasable with such amount (subject to the limitations of Section 4.01 of the Plan), unless the Participant has notified the Company, in advance of that date and subject to such terms and conditions as the Committee in its sole discretion may impose, of the Participant's election to receive the distribution of the entire credit balance in cash.

Section 9.03 is hereby amended to read in its entirety as follows:

Section 9.03 Amendment and Termination. The Plan shall remain in effect following the Commencement Date until the earliest to occur of (a) the termination of the Plan by the Board of Directors, (b) the purchase of all shares authorized to be sold under Section 10.04 of the Plan and (c) the tenth anniversary of the Commencement Date. The Board of Directors may amend or discontinue the Plan at any time; provided, however, that any termination of the Plan shall not adversely affect the rights relating to the Participant's Common Stock issued pursuant to the Plan.

Section 10.04 is hereby amended to read in its entirety as follows:

Section 10.04 Stock to be Sold. The Common Stock to be sold under the Plan shall be shares acquired in the open market by the Plan Custodian. Except as provided in Section 11.01 of the Plan, the aggregate number of shares of Common Stock to be sold under the Plan will be 1,000,000 shares, 500,000 of which were authorized in connection with the adoption of the Plan by the Board on July 25, 2000 and 500,000 of which were authorized in connection with the amendment and restatement of the Plan effective as of May 1, 2003.

Dated January 14, 2004

Exhibit 21

SUBSIDIARIES OF THE REGISTRANT

The Company is the owner of all of the issued and outstanding stock of the following corporations, except as noted below.

Name of Subsidiary	State or Country of Incorporation
Apogee Enterprises International, Inc.	Barbados
Prism Assurance, Ltd.	Vermont
Harmon, Inc.	Minnesota
Harmon Contract, Inc.	Minnesota
Harmon Contract Asia, Ltd. [1]	Minnesota
Harmon Contract Asia Sdn Bhd [2]	Malaysia
Harmon Contract U.K., Limited [3]	United Kingdom
Harmon Europe S.A. [4] [7]	France
Viracon, Inc.	Minnesota
Viratec Thin Films, Inc. [5]	Minnesota
Viracon Georgia, Inc. [5]	Minnesota
Viracon/Curvlite, Inc.	Minnesota
Tru Vue, Inc.	Illinois
Apogee Sales Corporation [6]	South Dakota
Apogee Harmon, Inc. [7]	Minnesota
Apogee Wausau Group, Inc.	Wisconsin
Harmon CFEM Facades (UK) Ltd. [7] [8]	United Kingdom
Harmon/CFEM Facades S.A. [7] [9]	France
Harmon Facalu S.A. [7] [9]	France
Harmon Sitraco S.A. [7] [9]	France
Harmon Voisin S.A. [7] [9]	France
VIS'N Service Corporation [7] [10]	Minnesota
Balangier Designs, Inc. [11]	New Jersey
Viracon Asia, Inc.	Minnesota

[1] Owned by Harmon Contract, Inc.

[2] Owned by Harmon Contract Asia, Ltd.

[3] 99.99% owned by Harmon Contract, Inc. and .01% by Apogee Enterprises, Inc.

[4] 100% owned by various Apogee entities

[5] Owned by Viracon, Inc.

[6] Owned by Harmon Glass Company

[7] Inactive

[8] 99.99% owned by Harmon Europe S.A. and .01% by Apogee Enterprises, Inc.

[9] Owned by Harmon Europe S.A.

[10] 99.6% owned by Apogee Enterprises, Inc.

[11] Owned by Tru Vue, Inc.

Exhibit 23

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Registration Statement Nos. 333-43734, 33-60400, 333-20979, 333-32437, 33-13302, 33-66574, 333-58181, 333-58165, 33-35944, 333-95863, 333-95855, and 333-100618 of our report dated April 30, 2004 relating to the consolidated financial statements of Apogee Enterprises, Inc. and subsidiaries as of and for the year ended February 28, 2004, which expresses an unqualified opinon and includes an explanatory paragraph relating to the adoption of Statement of Financial Accounting Standards No. 142, *Goodwill and Other Intangible Assets*, appearing in this Annual Report on Form 10-K of Apogee Enterprises, Inc. for the year ended February 28, 2004.

Deloitte and Touche LLP
Minneapolis, Minnesota
April 30, 2004

Exhibit 31.1

CERTIFICATION

1. I, Russell Huffer, Chairman, President and Chief Executive Officer of Apogee Enterprises, Inc., certify that: I have reviewed this annual report on Form 10-K of Apogee Enterprises, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   c) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 5, 2004

/s/ Russell Huffer

Russell Huffer
Chairman, President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION

1. I, William F. Marchido, Chief Financial Officer of Apogee Enterprises, Inc., certify that: I have reviewed this annual report on Form 10-K of Apogee Enterprises, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   c) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 5, 2004

/s/ William F. Marchido

William F. Marchido
Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Apogee Enterprises, Inc. (the "Company") on Form 10-K for the period ended February 28, 2004, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Russell Huffer, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Russell Huffer

Russell Huffer
Chairman, President and Chief Executive Officer May 5, 2004

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Apogee Enterprises, Inc. (the "Company") on Form 10-K for the period ended February 28, 2004, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, William F. Marchido, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ William F. Marchido

William F. Marchido
Chief Financial Officer
May 5, 2004

LITIGATION REFORM ACT OF 1995

CAUTIONARY STATEMENTS

The following discussion contains certain cautionary statements regarding Apogee's business and results of operations, which should be considered by investors and others. These statements discuss matters, which may in part be discussed elsewhere in the Form 10-K to which this exhibit is attached, and which may have been discussed in other documents prepared by the Company pursuant to federal securities laws. This discussion is intended to take advantage of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. The following factors should be considered in conjunction with any discussion of operations or results by the Company or its representatives, including any "forward-looking statements," as well as comments contained in press releases, presentations to securities analysts or investors, or other communications by the Company.

This discussion contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements reflect the Company's current views with respect to future events and financial performance. The words "believe," "expect," "anticipate," "intend," "estimate," "forecast," "project," "should" and similar expressions are intended to identify "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. All forecasts and projections in this document are "forward-looking statements," and are based on management's current expectations or beliefs of the Company's near-term results, based on current information available pertaining to the Company, including the risk factors noted below. The Company wishes to caution investors that any forward-looking statements made by or on behalf of the Company are subject to uncertainties and other factors that could cause actual results to differ materially from such statements. These uncertainties and other risk factors include, but are not limited to, those noted below.

In making these statements, the Company is not undertaking to address or update each factor in future filings or communications regarding the Company's business or results, and is not undertaking to address how any of these factors may have caused changes to discussions or information contained in previous filings or communications. In addition, any of the matters discussed below may have affected Apogee's past results and may affect future results, so that the Company's actual results for fiscal 2005 and beyond may differ materially from those expressed in prior communications. Though the Company has attempted to list comprehensively these important cautionary factors, the Company wishes to caution investors and others that other factors may in the future prove to be important in affecting the Company's business or results of operations.

Operational Risks

Architectural Products and Services (Architectural)

The Architectural companies design, engineer, fabricate, install, maintain and renovate the walls of glass and windows comprising the outside skin of commercial and institutional buildings. The companies of this segment have tended to follow the cyclical nature of the North American commercial construction industry and have traditionally outperformed their respective markets. There can be no assurance the trends experienced by the segment will continue or that the segment will be profitable.

Competitive Factors - The markets that these businesses serve are very competitive, price sensitive and are impacted by changes in the North American commercial construction industry as well as general economic conditions. These businesses compete with several large integrated glass manufacturers and numerous specialty, architectural glass fabricators. Competitors also include major contractors, subcontractors and manufacturers, many of which may have greater financial or other resources than the Company. Product capabilities, quality, pricing, service and product lead-times are the primary competitive factors in this market. Changes in our competitor's products, prices or services could negatively impact our ability to increase revenues, maintain our margins and increase our market share.

Economic Factors - Economic conditions and the cyclical nature of the North American commercial construction industry could have a major impact on the profitability of these businesses. Given the extended slowdown in the worldwide economy and the fact that there is traditionally a lag as it affects the commercial construction industry and

an additional approximate nine-month lag as it relates to our products and services, economic conditions have and may continue to adversely impact the domestic construction market.

Quality Factors - We manufacture or install products based on specific requirements of each of our customers. We believe that future orders of our products or services will depend on our ability to maintain the performance, reliability and quality standards required by our customers. If our products or services have performance, reliability or quality problems, we may experience delays in the collection of accounts receivables, higher manufacturing or installation costs, additional warranty and service expenses, and reduced, cancelled or discontinued orders. Additionally, performance, reliability or quality claims from our customers, with or without merit, could result in costly and time-consuming litigation that could require significant time and attention of management and involve significant monetary damages.

Facility Utilization Factors - The Architectural segment's near-term growth depends, to a significant degree, on its ability to fully utilize its capacity at its production facilities. The failure to have sufficient capacity, to fully utilize capacity when needed or to successfully integrate and manage additional capacity in the future could adversely affect our relationships with customers and cause customers to buy similar products from our competitors if we are unable to meet their needs.

Large-Scale Optical Technologies (LSO)

The LSO company develops and produces applications that enhance the visual performance of products for picture framing, display and imaging industries. The revenue and profitability of the company in this segment has been inconsistent from year to year. There can be no assurance that the revenue and profitability patterns experienced by the segment will change in the near future.

Integration of Manufacturing Facilities Factors - We made the decision during fiscal 2004 to integrate our two businesses in this segment to better control and reduce costs. This has caused the company to incur expenses related to severance and other integration related costs during fiscal 2004. Expenses related to downsizing are anticipated to continue as we identify more efficient means to manufacture and distribute our products. The integration may lead to risks related to how our customers are serviced and other operational issues may arise during this transition.

Transition of Manufacturing Capacity Factors - We made the decision during fiscal 2004 to transition some of our manufacturing capacity from consumer electronic products to picture framing products within this segment. There remains a portion of our fiscal 2005 outlook that is based on the consumer electronic market while we transition the majority of our capacity to the picture framing market. The consumer electronic market is characterized by frequent refinement and enhancement of products, new product introductions, short product life cycles, price sensitivity and declining average selling prices over product life cycles. These factors require the Company to seek improvement and modifications in its manufacturing processes on a continuous basis to reduce costs, as well as to innovate with respect to new or improved products for its proprietary coatings to replace lost or declining revenues. There can be no assurance that the Company will be able to meet requirements of the consumer electronic markets while in the transition process or that our consumer electronics customers will not find alternate sources of supply sooner than anticipated by the Company. Additionally, there can be no assurance that the transition will result in higher profitability for the segment.

Reliance on Consumer Confidence Factors - Our business in this segment depend, in part, on sales to the retail picture-framing market. These markets are highly dependent on consumer confidence and the conditions of the U.S. economy. These businesses were significantly impacted by the economic slowdown in fiscal years 2002, 2003 and 2004. During fiscal 2004, we were able to partially offset these slowdowns with new products, wider distributions and sales of higher value-added products. If consumer confidence experiences further slowdowns in the future, it could cause revenues and operating income to decrease.

Competitive Factors - The market for each of our products is intensely competitive, and we expect competition to increase in the future. Competitors vary in size and scope and in the breadth of the products they offer. We compete both with companies using technology similar to ours and companies using other technologies or developing improved or alternative technologies. Many of our current and potential competitors have significantly greater financial, technical and marketing resources than we have. In addition, many of our competitors have well-established relationships with our current and expected future customers and are capable of creating products that compete with our products.

Customer Dependency Factors - We have a high dependency on a relatively small number of customers for our sales. We continue to expect to derive a significant portion of our net sales from this small number of customers. Accordingly, loss of a large customer could materially reduce LSO revenues and operating results in any one year.

Facility Utilization Factors - The segment's growth is dependent on its ability to utilize its facilities. LSO's retail picture-framing unit completed construction of a new etch line in fiscal 2003. In fiscal 2000, this segment acquired a large-scale flat glass coating line that has yet to produce at its full capacity. There are no assurances that the volume will increase to fill this capacity or that the Company will be successful implementing its LSO strategies to fill all of its capacity.

Automotive Replacement Glass and Services (Auto Glass)

This company fabricates automobile windshields and windows.

Supply Agreement Factors - As a result of our 34 percent interest in PPG Auto Glass, in which PPG Industries, Inc. (PPG) holds the remaining interest, the Company entered into a supply agreement with PPG. Under the terms of the multi-year agreement expiring in July 2005, our manufacturing auto glass business is committed to selling a significant portion of its windshield capacity to PPG. Terms of the agreement between our manufacturing business and PPG require notification of termination by July 2004. PPG supplied us with notification of termination in March 2004 and the parties are in discussions with respect to a new agreement. We are in the process of negotiating a supply agreement with PPG that, if completed, would be effective July 2005. There is no assurance that an agreement will be reached or that the effects of the agreement will not have a material impact on our financial statements.

Changes in Market Dynamics Factors -This market's pricing structure has changed significantly in recent years due to several aspects. The primary factors are that insurance companies are seeking volume pricing at discounted rates from historical levels and that the market has experienced overcapacity in recent years with the influx of foreign produced windshields. Consequently, revenues have declined dramatically and margins have narrowed at the retail, wholesale and manufacturing levels. There can be no assurance that the Company will be able to increase market share or improve or maintain its margins, whether through improved pricing conditions or cost savings.

Seasonality Factors - The market that these businesses serve tends to be seasonal in nature and is influenced by a variety of factors, including weather, new car sales, speed limits, road conditions, the economy and average annual number of miles driven. As part of the supply agreement with PPG, we have been allowed to spread our production and sales over the entire year, resulting in a reduced impact of the seasonality factors. We expect this seasonality in the demand for our products to continue into the future, but we are not assured of a new supply agreement that will allow for the spreading of production.

Competitive Factors - The Auto Glass segment operates in an industry that is highly competitive and fairly mature. The introduction of imported auto glass from China and other countries has increased the competitiveness of the market by driving pricing down further. The Auto Glass segment has initiated several cost savings initiatives over the past three fiscal years to lessen the impact of reduced margins on the operating results of the Company. Due to the above items, we expect this market to remain highly competitive for the foreseeable future and make no assurances that we will be able to grow market share or improve profitability.

Joint Venture Factors - During fiscal 2001, the Company and PPG combined their U.S. automotive glass replacement distribution businesses into a newly formed entity, PPG Auto Glass, of which the Company maintains a 34 percent ownership interest. As a result of this transaction, the Company's windshield manufacturing facility sells nearly all of its capacity to PPG. Similarly, the Company's retail unit was committed to 75 percent of its replacement windshields from PPG Auto Glass. When the Company sold its interest in its retail business during fiscal 2004, the agreement transferred with the sale. There are no assurances that the buyer of the Company's retail business will extend the supply agreement with PPG Auto Glass. Additionally, there is no assurance PPG Auto Glass will achieve any anticipated efficiencies or be able to improve or maintain margins.

Financial Risks

Our quarterly and annual revenue and operating results are volatile and difficult to predict. Our revenue and operating results may fall below expectations of securities analysts, company-provided guidance or investors in future periods. Our annual revenue and operating results may vary depending on a number of factors, including, but not limited to: fluctuating customer demand due to delay or timing of shipments, changes in product mix or market acceptance of new products; manufacturing or operational difficulties that may arise due to quality control, capacity utilization of

our production equipment or staffing requirements; and competition, including the introduction of new products by competitors, adoption of competitive technologies by our customers and competitive pressures on prices of our products and services. Our failure to meet revenue and operating result expectations would likely adversely affect the market price of our common stock.

Self-Insurance Risk

We obtain substantial amounts of commercial insurance for potential losses for general liability, employment practice, workers' compensation and automobile liability risk. However, an amount of risk is retained on a self-insured basis through a wholly owned insurance subsidiary. Due to changes in the cost and availability of insurance in fiscal 2003, we accepted a material increase in our risk retention from our third-party product liability and general liability coverages. We maintained this coverage for fiscal 2005, but at high deductible levels. Therefore, a material product liability event, such as a material rework event, could have a material adverse effect on our operating results.

Environmental Regulation Risks

We use hazardous chemicals in producing products at two facilities (one in our Architectural segment and one in our LSO segment). As a result, we are subject to a variety of local, state and federal governmental regulations relating to storage, discharge, handling, emission, generation and disposal of toxic or other hazardous substances used to manufacture our products, compliance of which is expensive. Our failure to comply with current or future regulations could result in the imposition of substantial fines on us, suspension of production, alteration of our manufacturing processes or increased costs.

Discontinued Curtainwall Operations; Foreign Currency Risks

During fiscal 1998, the Company made the strategic decision to close or exit its European and Asian international curtainwall operations in order to focus more selectively on higher-margin domestic curtainwall business. During fiscal 1999, the Company decided to sell its domestic curtainwall operation and focus on manufacturing rather than large-scale installations. The Company maintains risks associated with closing the domestic and international operations from performance bonds it established with its customers and remaining warranty coverages that exist on completed projects. In addition, the Company faces related risks and uncertainties, including the inability to effectively manage restructured business units and the inability to effectively manage costs or difficulties related to the operation of the businesses or execution of restructuring or exit activities. The Company also maintains foreign currency risk, in that unknown international exposures that might become payable in foreign currencies are not hedged. The occurrence of one or more of such events may have a material adverse effect on the business, financial condition or results of operations of the Company.