

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES
EXCHANGE ACT OF 1934 [FEE REQUIRED]

For the fiscal year ended February 25, 1995

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934 [NO FEE REQUIRED]

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: (612) 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 \$.33-1/3 Par Value

Title of 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 .

The aggregate market value of voting stock held by non-affiliates of the
registrant on March 31, 1995 was \$203,516,820 The number of shares outstanding
of the Registrant's Common Stock at March 31, 1995 was 13,443,163.

DOCUMENTS INCORPORATED BY REFERENCE

Part III incorporates information by reference from the Proxy Statement for
the Annual Meeting of Shareholders to be held June 20, 1995.

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.

APOGEE ENTERPRISES, INC.
FORM 10-K

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PART I

ITEM 1. BUSINESS

The Company

Apogee Enterprises, Inc. is a holding company incorporated under the laws of the State of Minnesota in 1949. The Company, through its operating subsidiaries, is primarily engaged in the fabrication, distribution and installation of curtainwall (exterior wall panels), aluminum windows systems, glass panels, and related glass products and services for the nonresidential construction, replacement automotive glass and selected consumer products markets. Two business segments comprise Apogee's operations: Building Products & Services (BPS) serves certain sectors of the commercial and institutional, detention and security building and consumer products markets. Automotive Glass (AG) serves the automotive glass replacement market. Financial information about the Company's segments can be found at Note 17 - Business Segments of the notes to consolidated financial statements of Apogee Enterprises, Inc. contained in a separate section of this report. See "Index of Financial Statements and Schedules"

Unless the context otherwise requires, the terms "Company" and "Apogee" as used herein refer to Apogee Enterprises, Inc. and its subsidiaries.

Building Products & Services

The Company's Building Products & Services segment operates principally in the design, engineering, manufacturing and installation of custom and standard curtainwall and window systems for commercial, institutional and detention and security buildings, as well as some specialized consumer products. BPS operating units are organized under four groups: Nonresidential Construction, Architectural Metals, Architectural Glass and Consumer.

Nonresidential Construction

BPS's Harmon Contract unit is one of the world's largest designers and installers of curtainwall and window systems for nonresidential construction. It has six offices throughout the United States as well as five in Europe and Asia. BPS acquired an 80% interest in CFEM Facades (CFEM), in fiscal 1994, a French company engaged in both the manufacture and installation of curtainwall. This office, in addition to the other European and Asian offices, has given the division a stronger presence in overseas markets. All of the offices typically design, assemble and install a building's exterior skin. The enclosure usually consists of a metal framing system which is glazed (filled) with glass in the vision areas and opaque glass or panels in the non-vision (spandrel) areas. Panels are usually made from aluminum, precast concrete or natural stone. The segment procures its materials from a number of independent fabricators, including the BPS's architectural metals and architectural glass units. Harmon Contract also serves as a stone subcontractor, setting stone on both the exterior and interior of buildings, including floors, benches and lavatories.

BPS also has seven Harmon full service operations located around the country. These centers offer complete replacement or remodeling glass services for residential and commercial buildings. In addition, the full service units offer 24-hour replacement service for storm or vandalism damage. Superior engineering capabilities allow the units to duplicate the original design or create a completely new appearance for renovated buildings.

The Harmon detention and security units manufacture and install windows, doors, guard booths and monitoring systems, primarily for prisons and jails. The units' products are also sold to convenience stores, hospitals, schools and other governmental facilities. BPS competes in the detention and security market through its Norment operating unit which is a leader in the design, manufacture and installation of institutional and governmental security and detention systems. BPS also includes Airteq, which assembles pneumatic locks used in Norment's and other detention and security systems, and EMSS, a detention equipment contractor.

BPS is subject to normal subcontractor's risks, including material and wage increases, construction and transportation work stoppages and contractor credit worthiness. In addition, office vacancy rates, tax laws concerning real estate and interest rates are important factors which affect nonresidential construction markets. Reduced competition on larger projects, custom designing capability and a trend toward the use of more sophisticated materials for energy conservation and design flexibility have helped BPS increase its market share over the past several years.

Architectural Metals

The Architectural Metals unit of BPS designs and manufactures high-quality, thermally-efficient aluminum window and curtainwall systems under the "Wausau Metals and Milco" trade names. These products meet high standards of wind load capacity and resistance to air and moisture seepage. Architectural Metals' aluminum window frame designs are engineered to be thermally efficient, utilizing high-strength polyurethane to limit the transfer of heat or cold through the window frame. Products are marketed through a nationwide network of distributors and a direct sales staff. Sales are made to building contractors, including Harmon Contract, for new construction and to building owners for retrofitting older buildings. Wausau Metals maintains design and product engineering staffs to prepare aluminum window and curtainwall system designs to fit customers' needs and to originate new product designs. Wausau Metals occasionally joins Harmon Contract in pursuing certain projects, as many architects and general contractors prefer to work with an experienced curtainwall subcontractor and manufacturer team.

Operating under the "Linetec" name, the architectural metals unit also has two metal coating facilities which provide anodized and fluoropolymer coatings to metal. Anodizing is the electrolytic process of putting a protective, often colored, oxide film on light metal, typically aluminum. Fluoropolymer coatings are high quality paints which are sometimes preferred over anodizing because of the wide color selection. Coatings are applied to window and curtainwall components for the Company, as well as other companies' architectural and industrial aluminum products.

Architectural Glass

BPS's Architectural Glass unit fabricates finished glass products and provides glass coating services, primarily under the "Viracon" and "Marcon Coatings" names. These operating units purchase flat, unprocessed glass in bulk quantities from which a variety of glass products are fabricated, including insulating, tempered and laminated architectural glass; security glass; laminated and tempered industrial glass; anti-reflection and UV-light blocking picture framing glass; and provide reflective and low-emissivity coatings on glass.

Tempered glass is a heat-processed safety glass which is four to five times stronger than ordinary glass, breaks into "pebbles" rather than sharp pieces and has architectural, automotive and industrial applications. Laminated glass consists of two or more pieces of glass fused with a plastic interlayer and is used primarily for strength and safety in skylights and in security applications. Sales of laminated and tempered safety glass products have increased with the adoption of federal and state safety glazing standards. Insulating glass, comprised of two or more pieces of glass separated by a sealed air space, is used in architectural and residential applications for thermal control.

The Viracon unit is able to fabricate all types of architectural glass (insulating, laminated, tempered and combinations of all three) at its Owatonna complex. Combined with the adjacent Marcon Coatings' glass coating capabilities, the segment is able to provide a full range of products from a central location. It markets its products nationally and overseas to glass distributors, glazing contractors (including Harmon Contract) and industrial glass fabricators. A substantial portion of its glass products is delivered to customers by Viracon's fleet of company-owned trucks, providing "backhaul" capability for its raw materials, thereby reducing shipping time, transportation costs and breakage expense.

Viracon is a 50% owner of Marcon Coatings, Inc., (Marcon) a joint venture glass coating facility with Marvin Windows ("Marvin"). Marcon provides glass coating services from its Owatonna, Minnesota facility to Marvin and Viracon, as well as outside customers. Marcon's reflective and low-emissivity coatings reduce energy costs and provide innovative design features for window and curtainwall systems. Low-emissivity coatings are an invisible, metallic film deposited on glass which selectively limits the transfer of heat through the glass. Low-emissivity coated glass represents a fast-growing segment of both residential and nonresidential glass markets.

Consumer

Tru Vue, located in Chicago, Illinois, is one of the largest domestic manufacturers of picture framing glass. Tru Vue provides its customers with a full array of picture framing glass products, including clear, reflection control, which diminishes reflection, and conservation glass, which blocks ultraviolet rays. The products are distributed primarily through independent distributors who, in turn, supply local picture framing markets. During 1993, Tru Vue acquired the assets of Miller Artboard (Miller). Miller is a manufacturer of conservation picture framing matboard, which complements Tru Vue's glass product offerings.

The segment also offers several types of window coverings for residential, commercial and institutional markets, under the "Nanik" and "The Shutterry" names. Nanik manufactures various types of custom aluminum, wood and polycarbonate venetian blinds, and markets them primarily to interior designers through independent distributors. The Shutterry is a

manufacturer of custom wooden and vinyl interior shutters. Nanik Wood Products was formed in 1991 to provide a reliable source of wood mouldings for both Nanik and The Shuttery, while allowing both units to improve inventory control and production efficiency. All three units operate manufacturing facilities in Wausau, Wisconsin.

Automotive Glass - - - - -

The Automotive Glass (AG) segment is engaged in the automotive replacement glass business through its Harmon Glass service centers (retail), Glass Depot distribution centers (wholesale) and Curv-lite fabrication center.

Harmon Glass operates automotive glass service centers in 36 states. The centers replace auto glass on the premises and also provide mobile installation service. Primary customers include insurance companies (on behalf of their insured clients), fleet owners and car owners. The service centers also carry limited inventories of flat glass, which are sold at retail for such purposes as home window repair and table tops. Some automotive accessories are also sold and installed at certain service centers. Quality service is emphasized in all service centers. The Company believes Harmon Glass is the second-largest auto glass retailer in the United States. The unit also operates a centralized service for handling auto glass claims under the name "National Call Center" (Center). The Center, on behalf of its insurance company and fleet customers, handles replacement glass claims made by policyholders or fleet owners. Calls are placed through a toll-free number to the Center located in Orlando, Florida. Customer service agents arrange for the prompt replacement or repair of auto glass by either a Harmon Glass service center or an affiliated shop member of the Center's network and begins the process of filing the claim electronically with the applicable insurance company. The Center subcontracts for replacement and repair services with over 3,300 auto glass stores nationwide. The unit seeks to maximize the electronic exchange of information, which reduces claim costs and eliminates errors. This type of service is a fast-growing segment for the segment.

The auto glass distribution centers, known as "Glass Depot", supply the Harmon Glass service centers with auto and flat glass and related products, as well as selling wholesale to other glass installers. Due to the variety of makes and models of automobiles, automotive glass service centers typically stock only windshields for the most popular models. As a result, there is a demand for distributors to maintain inventories of automotive glass and to provide prompt delivery. The Glass Depot distribution centers maintain a broad selection of automotive glass. Purchases of fabricated automotive glass are made from several primary glass manufacturers and fabricators, including the segment's Curv-lite unit.

Curv-lite fabricates replacement windshields for foreign and domestic automobiles and tempered and laminated glass parts for the transportation industry. It fabricates approximately 800 types of replacement windshields which are marketed nationally to distributors and glass shops, including the Glass Depot distribution centers. Curv-lite seeks to offer a broad selection of windshields by promptly adding new windshields as new models are introduced.

In fiscal 1995, the AG segment acquired or opened 9 new distribution centers and 33 service centers, while closing 1 distribution and 7 service centers, bringing its year-end total to 53 and 256 respectively. This includes a chain of 13 retail stores and one warehouse in the Washington, D.C. area, acquired in January, 1995. The segment continues to evaluate opportunities to expand both its retail and wholesale auto glass segments, while closely monitoring existing units' profitability.

Under a franchise agreement with Midas International Corporation in 1980, the segment operates seven Midas Muffler locations in Minnesota, South Dakota, North Dakota and Wisconsin.

Viratec Thin Films - - - - -

In addition to its two primary segments, Apogee owns 50% of Viratec Thin Films, Inc. (Viratec), an optical-quality glass coating joint venture with Marvin Windows, which was organized in fiscal 1989 in Faribault, Minnesota and began production in early 1990. Viratec develops advanced, optical-display and imaging coatings for glass and other surfaces. These products are used in aftermarket anti-glare computer screens, high-quality optical components and high performance mirror products for the imaging industry. Viratec markets optical display and imaging products to both domestic and overseas customers. These customers provide further assembly, marketing and distribution to end users. The Company accounts for its investment in Viratec using the equity method.

Competition - - - - -

All segments of the Company's business, other than Viratec, are fairly mature and are highly competitive. The curtainwall subcontractor business is primarily price competitive, although the Harmon Contract's reputation for quality engineering

and service is an important factor in receiving invitations to bid on large complex projects. In addition to the above factors, Harmon Contract has the advantage of having the financial strength and long-term viability of Apogee, which allows Harmon Contract to be bonded on even the largest, most complex jobs. This is an important competitive advantage in the bidding of larger contracts. The Architectural Metals group competes against several major aluminum window manufacturers. Wausau Metals primarily serves the custom portion of this market in which the primary competitive factors are product quality, reliable service and the ability to provide technical engineering and design services. The Architectural Glass unit competes with several large integrated glass manufacturers and numerous smaller specialty fabricators. Product pricing and service are the primary competitive factors in this market. AG competes with other auto glass shops, glass distributor warehouses, car dealers, body shops and fabrication facilities on the basis of pricing and customer service. Its competition consists of national and regional chains as well as significant local competition. Viratec Thin Films has both domestic and foreign competitors, several of whom are older and more established.

Markets

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BPS serves the domestic nonresidential construction market, which tends to be cyclical and has been on a slow comeback, both in terms of dollars and square feet of new contract awards. This market has been hard hit due to the overbuilding in past years, tax law changes, recession, tightening credit standards, business restructurings and other factors. The resulting contraction in demand for building materials and construction services has intensified competition, squeezed profit margins and contributed to some business failures in the market sectors served by the Company. In response to weak markets, the BPS segment has consolidated manufacturing facilities, closed offices and reduced personnel and discretionary expenses. It has also redirected its marketing focus to sectors with relative strength, including remodeling, institutional (including detention and security) and certain international markets such as Asia and Europe. These international markets have recently been an important source of growth for BPS. See "Foreign Operational Export Sales," below.

AG services the automotive glass aftermarket which is influenced by a variety of factors, including new car sales, gasoline prices, speed limits, road conditions, the economy, weather and average number of miles driven. A transformation of the industry's pricing structure has intensified competition. In recent years, major purchasers of auto glass, such as insurance companies, have increasingly requested volume pricing and awarded regions to glass providers at significant discounts from historical levels. As a result, margins have narrowed at the retail level and, to a lesser extent, at wholesale and manufacturing levels.

Sources and Availability of Raw Materials

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None of the Company's operating units are significantly dependent upon any one supplier. The Company believes a majority of its raw materials (bulk flat glass, aluminum extrusions, automotive glass and related materials) are available from a variety of domestic sources.

Trademarks and Patents

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The Company has several nationally recognized trademarks and trade names which it believes have significant value in the marketing of its products. Harmon Glass(R), Harmon Contract(R), Norment(R), Airteq(R), EMSS(R), Viratec(R), Tru Vue(R), The Glass Depot(R), Nanik(R), The Shuttery(R), and Linetec(R) are registered trademarks of the Company. Viratec Thin Films has obtained several patents pertaining to its glass coating methods. However, no single patent is considered to be materially important to the Company.

Foreign Operations and Export Sales

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BPS has sales offices in Europe and Asia. Sales for those offices were approximately \$66,580,000, \$65,021,000 and \$6,490,000 for the years ended February 25, 1995, February 26, 1994 and February 27, 1993, respectively. Operating losses for 1995, 1994 and 1993, were \$6,575,000, \$887,000 and \$1,328,000, respectively. At February 25, 1995 and February 26, 1994, the identifiable assets of foreign operations totaled \$41,880,000 and \$31,786,000, respectively. At February 25, 1995, the backlog of work for European and Asian projects was \$100 million, \$60,000,000 of which is not expected to be reflected as revenue in fiscal 1996. In addition, during the years ended February 25, 1995, February 26, 1994 and February 27, 1993, the Company's export sales, principally from BPS operations, amounted to approximately \$30,241,000, \$27,643,000 and \$22,808,000, respectively.

Employees

The Company employed 6,184 persons at February 25, 1995, of whom 1,079 were represented by labor unions. The Company is a party to 108 collective bargaining agreements with several different unions. Seventy (70) of the collective bargaining agreements will expire during fiscal 1996. The number of collective bargaining agreements to which the Company is a party will vary with the number of cities with active nonresidential construction contracts. The Company considers its employee relations to be very good and has not recently experienced any significant loss of work days due to strike.

Backlog

The backlog of orders is significant in the Company's construction-related BPS segment. At February 25, 1995, the Company's total backlog of orders considered to be firm was \$364,000,000, compared with \$405,000,000 at February 26, 1994. Approximately \$84,000,000 is not expected to be reflected as revenue in fiscal 1996.

ITEM 2. PROPERTIES

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

Facility	Location	Owned/Leased	Function
-----	-----	-----	-----
Building Products & Services			
Harmon Contract headquarters	Minneapolis, MN	Leased	Administrative
United Kingdom facility	Milton Keynes, United Kingdom	Owned	Fabrication/Admin.
Norment	Montgomery, AL	Owned	Mfg./Admin.
Harmon CFEM -- Sitraco	Pinon, France	Owned	Mfg.
Harmon CFEM -- Facalu	Epernon, France	Owned	Mfg.
Wausau Metals	Wausau, WI	Owned	Mfg./Admin.
Wausau Metals - Plant II	Wausau, WI	Owned	Mfg.
Linetec (Painting)	Wausau, WI	Owned	Mfg./Admin.
Linetec (Anodizing)	Wausau, WI	Owned	Mfg.
Viracon	Owatonna, MN	Owned	Mfg./Admin.
Tru Vue	Chicago, IL	Owned	Mfg./Admin.
Marcon Coatings, Inc. (1)	Owatonna, MN	Owned	Mfg./Admin.
Nanik	Wausau, WI	Owned	Mfg./Admin.
Nanik Wood Products	Wausau, WI	Owned	Mfg./Admin.
Shuttery	Wausau, WI	Owned	Mfg./Admin.
Automotive Glass			
Curv-lite	Owatonna, MN	Owned	Mfg./Admin.
Harmon Glass and Glass Depot headquarters	Minneapolis, MN	Leased	Administrative
National Call Center	Orlando, FL	Owned	Administrative
Other			
Apogee Corporate Office	Minneapolis, MN	Leased	Administrative
Viratec Thin Films (1)	Faribault, MN	Owned	Mfg./Admin.

(1) 50% owned joint ventures.

The Harmon Contract operating unit has 12 sales offices, 7 glazing service centers and 11 fabrication facilities generally located in major metropolitan areas in the United States, Europe and Asia, virtually all of which are leased.

The Automotive Glass segment has 309 retail service and distribution centers located nationally and seven Midas Muffler franchises located in the Midwest, the majority of which are leased.

The Curv-lite plant, a Wausau Metals facility, the Linetec paint facility, an addition to one of the Wausau Metals plants and the National Call Center administrative center were constructed with the use of proceeds from industrial revenue bonds issued by those cities. These properties are considered owned, since at the end of the bond term, title reverts to the Company.

ITEM 3. LEGAL PROCEEDINGS

There are no material pending legal proceedings.

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

None.

EXECUTIVE OFFICERS OF THE REGISTRANT

NAME ----	AGE ---	POSITION -----
Donald W. Goldfus	61	Chairman of the Board of Directors and Chief Executive Officer
Gerald K. Anderson	63	President
James L. Martineau	54	Vice President
Richard Gould	55	Senior Vice President
Terry L. Hall	41	Vice President Finance and Chief Financial Officer
William G. Gardner	49	Treasurer and Secretary

Executive officers are elected annually by the Board of Directors and serve for a one-year period. With the exception of Gerald K. Anderson, has a post-employment consulting agreement with the Company. Richard Gould has an employment contract with the Company that covers the period through 2000. No other officers have employment contracts with the Company. None of the executive officers or directors of the Company are related.

All of the above named executive officers have been employees of the Company for more than the last five years with the exception of Mr. Gould joined the company in May 1994 and Mr. Hall who joined the Company in April, 1995. Prior to joining the Company, Mr. Gould was president of Gould Associates, a strategic management consulting firm to a wide range of companies. Prior to joining the Company, Mr. Hall was Chief Financial Officer of Tyco International from 1993 to 1995 and Vice President and Treasurer of United Airlines from 1990 to 1993.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER

MATTERS

Apogee common stock is traded in the National Market System of the NASDAQ over-the-counter market, under the ticker symbol APOG. Stock price quotations are printed daily in major newspapers. During the fiscal year ended February 25, 1995, the average trading volume of Apogee common stock was 806,506 shares per month, according to NASDAQ.

As of March 31, 1995, there were 13,443,163 shares of common stock outstanding, of which about 6.9 percent were owned by officers and directors of Apogee. At that date, there were approximately 2,187 shareholders of record and 2,942 shareholders for whom securities firms acted as nominees.

The following chart shows the quarterly range and year-end close of the company's common stock over the past five fiscal years.

	QUARTER I	QUARTER II	QUARTER III	QUARTER IV	YEAR END
1991	14 1/4-18 1/8	15 3/4-20 1/8	14 1/4-18 1/4	13 1/4-19 1/4	18
1992	12 3/4-18	12 3/4-14 1/2	10 3/4-14 3/8	9 1/2-14	12 1/4
1993	10 1/4-12 3/4	8 1/4-10 3/4	9 3/4-12 1/4	9 3/4-12 1/4	11 5/8
1994	10 1/4-12 1/2	11 1/2-14 1/4	11 1/4-14 1/2	13 1/2-17 3/4	14 1/2
1995	11 1/2-15 1/4	11 3/4-15 3/4	14 3/4-18 1/4	14 3/4-18 1/2	17 1/4

It is Apogee's policy to pay quarterly cash dividends in May, August, November and February. Cash dividends have been paid each quarter since 1974 and have been increased each year since then. The chart below shows quarterly cash dividends per share for the past five years.

	QUARTER I	QUARTER II	QUARTER III	QUARTER IV	YEAR
1991	\$0.060	\$0.060	\$0.060	\$0.060	\$0.240
1992	0.065	0.065	0.065	0.065	0.260
1993	0.065	0.065	0.070	0.070	0.270
1994	0.070	0.070	0.075	0.075	0.290
1995	0.075	0.075	0.080	0.080	0.310

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.

	1995	1994*	1993	1992	1991
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OPERATING RESULTS					
Net sales	\$ 756,549	688,233	572,450	596,281	599,525
Gross profit	\$ 105,889	83,895	78,201	101,580	100,097
Operating income	\$ 24,262	7,058	6,369	19,249	33,267
Net earnings	\$ 13,050	3,833	4,514	8,505	17,017
Earnings per share	\$ 0.97	0.29	0.34	0.63	1.25
Effective tax rate - %	40.2	60.9	42.3	39.6	37.1
OPERATING RATIOS					
Gross margin	14.0	12.2	13.7	17.0	16.7
Operating margin	3.2	1.0	1.1	3.2	5.5
Net margin	1.7	0.6	0.8	1.4	2.8
Return on					
Average shareholders' equity - %	10.9	3.4	4.0	7.6	16.6
Average invested capital - %	6.7	2.4	3.0	5.7	11.5
Average total assets - %	3.9	1.4	1.8	3.4	6.9
FUNDS FLOW DATA					
Cash flow before changes in operating assets and liabilities	\$ 29,122	20,275	17,994	38,414	33,184
Depreciation and amortization	\$ 15,131	15,724	15,110	16,305	13,309
Capital expenditures	\$ 24,957	14,046	9,166	12,974	12,798
Dividends	\$ 4,155	3,841	3,584	3,505	3,248
YEAR-END DATA					
Total assets	\$ 361,928	306,188	251,456	249,509	250,343
Current assets	\$ 256,820	221,286	169,029	166,376	162,676
Current liabilities	\$ 135,719	140,846	99,787	101,011	102,492
Working capital	\$ 121,101	80,440	69,242	65,365	60,184
Current ratio	1.9	1.6	1.7	1.6	1.6
Long-term debt	\$ 80,566	35,688	28,419	25,267	29,398
% of invested capital	35.6	21.6	18.7	17.0	19.9
Shareholders' equity	\$ 124,629	114,063	112,335	113,781	109,050
% of invested capital	55.1	69.0	74.1	76.6	73.8
Backlog	\$ 363,751	405,223	322,323	231,949	245,000
INVESTMENT INFORMATION					
Dividends per share	\$ 0.310	0.290	0.270	0.260	0.240
Book value per share	\$ 9.27	8.57	8.53	8.45	8.09
Price range during year:					
High	\$ 18 1/2	17 3/4	12 3/4	18	20/1/8
Low	\$ 11 1/2	10 1/4	8 1/4	9 1/2	13 1/4
Close	\$ 17 1/4	14 1/2	11/5/8	12 1/4	18
Price/earnings ratio at year-end	18	50	34	19	14
Dividend yield at year-end - %	1.9	2.0	2.3	2.1	1.3
Shares outstanding	13,443,000	13,312,000	13,177,000	13,461,000	13,477,000
Average monthly trading volume	806,506	259,450	322,147	693,029	606,341

* Fiscal 1994 figures reflect the cumulative effect of a change in accounting for income taxes, which increased net earnings by \$525,000, or 4 cents per share.

	1990	1989	1988	1987**	1986**	1985**
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OPERATING RESULTS						
Net sales	\$ 589,657	433,740	312,051	279,097	249,570	219,605
Gross profit	\$ 93,718	72,214	57,350	48,300	42,189	32,999
Operating income	\$ 32,033	24,134	20,211	17,867	17,383	11,936
Net earnings	\$ 14,095	13,421	11,615	8,523	8,233	5,820
Earnings per share	\$ 1.04	1.00	0.87	0.64	0.62	0.44
Effective tax rate - %	37.1	38.2	41.8	46.6	47.5	47.3
OPERATING RATIOS						
Gross margin	15.9	16.6	18.4	17.3	16.9	15.0
Operating margin	5.4	5.6	6.5	6.4	7.0	5.4
Net margin	2.4	3.1	3.7	3.1	3.3	2.7
Return on						
Average shareholders' equity - %	15.7	17.2	17.3	14.5	15.9	12.7
Average invested capital - %	9.8	11.4	13.2	11.2	11.9	9.6
Average total assets - %	6.2	7.6	9.0	7.8	8.5	6.9
FUNDS FLOW DATA						
Cash flow before changes in operating assets and liabilities	\$ 33,711	25,545	19,925	15,831	13,496	10,539
Depreciation and amortization	\$ 12,141	8,987	6,586	4,339	3,601	2,833
Capital expenditures	\$ 16,985	23,680	11,311	15,773	7,905	7,450
Dividends	\$ 2,693	2,140	1,807	1,516	1,342	1,188
YEAR-END DATA						
Total assets	\$ 244,103	207,686	143,487	115,738	102,580	90,977
Current assets	\$ 154,845	126,881	86,026	68,250	71,823	63,059
Current liabilities	\$ 94,948	68,921	47,652	36,199	30,253	25,194
Working capital	\$ 59,897	57,960	38,374	32,051	41,570	37,865
Current ratio	1.6	1.8	1.8	1.9	2.3	2.5
Long-term debt	\$ 41,366	46,277	17,899	12,136	14,196	15,413
% of invested capital	27.7	33.3	18.7	15.3	19.6	23.4
Shareholders' equity	\$ 95,754	83,871	72,062	62,561	55,381	48,371
% of invested capital	64.2	60.4	75.2	78.7	76.6	73.5
Backlog	\$ 299,810	333,240	228,532	124,161	108,195	112,776
INVESTMENT INFORMATION						
Dividends per share	\$ 0.20	0.16	0.14	0.11	0.10	0.09
Book value per share	\$ 7.11	6.25	5.40	4.68	4.17	3.65
Price range during year:						
High	\$ 18 3/4	14 1/4	12 1/4	15 1/8	10 3/4	8 1/2
Low	\$ 13	10	7 1/2	7 5/8	6 1/8	5 1/8
Close	\$ 14 3/4	13 5/8	11	10 3/8	10 13/32	7 1/2
Price/earnings ratio at year-end	14	14	13	16	17	17
Dividend yield at year-end - %	1.4	1.2	1.2	1.1	1.0	1.2
Shares outstanding	13,467,000	13,414,000	13,349,000	13,362,000	13,268,000	13,241,000
Average monthly trading volume	861,486	720,041	633,493	880,458	473,599	324,800

** The per share data for fiscal 1987, 1986 and 1985 has been adjusted for the fiscal 1987 stock dividend.

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

AND RESULTS OF OPERATIONS

FINANCIAL GOALS

The strategies undertaken by Apogee in fiscal 1995 to improve quality, reduce costs, resize our profit centers to better fit available business and become more responsive to customer needs has brought us closer to our goal of resuming historical growth rates in sales and earnings. Further improvements were made by our auto glass and architectural glass businesses during the past year. Our nonresidential construction businesses significantly cut their operating losses, while implementing strengthened bidding and project management practices. However, the ongoing review of our varied operations continues to warrant a delay in the setting of new financial targets. In fiscal 1995, we are again reporting record sales. Nonetheless, earnings still lag our fiscal 1991 record by more than 20%. Our primary goal is to overcome that lag. We have a reasonable basis to believe we can do so in fiscal 1996. Our optimism is based in part on the positive developments detailed in this financial review.

PERFORMANCE

FISCAL 1995 COMPARED TO FISCAL 1994

The following table illustrates the relationship between various components of operations, stated as a percent of net sales, for the three years ended February 25, 1995.

	PERCENT OF NET SALES		
	1995	1994	1993
Net sales.....	100.0	100.0	100.0
Cost of sales.....	86.0	87.8	86.3
Gross profit.....	14.0	12.2	13.7
Selling, general and administrative expenses.....	10.8	10.4	12.5
Provision for business restructuring and asset valuation.....	-	0.8	-
Operating income.....	3.2	1.0	1.1
Interest expense, net.....	0.5	0.4	0.3
Earnings before income taxes and other items.....	2.7	0.6	0.8
Income taxes.....	1.1	0.4	0.3
Equity in net earnings of affiliated companies.....	(0.1)	(0.3)	(0.3)
Minority interest.....	-	0.1	-
Net earnings before cumulative effect of change in accounting for income taxes.....	1.7	0.5	0.8
Cumulative effect of change in accounting for income taxes.....	-	0.1	-
Net earnings.....	1.7	0.6	0.8

Consolidated net sales rose 10% to \$757 million in fiscal 1995, primarily due to strong replacement auto glass markets, robust demand for architectural glass products, and higher detention and security contracting revenues. Our gross margin increased nearly two percentage points as pricing improved slightly for replacement auto glass and architectural glass products. Productivity improved as sales outpaced moderate increases in wages and benefits, including lower medical plan costs. In addition, the margin gains reflected operating improvements by our nonresidential construction and architectural metals operations, despite the continuation of depressed margins for those units' markets.

As a percentage of net sales, selling, general and administrative expenses (SG&A) crept slightly higher, but grew substantially in absolute dollars. The majority of the increase resulted from expenditures by our auto glass retail and wholesale businesses for the development of improved information systems to better meet customer needs, as well as for expanded marketing programs related to windshield repair and claims administration.

Net interest expense rose 51% , due to the combination of higher interest rates and increased borrowing levels required to meet working capital and capital investment needs.

Our effective income tax rate fell substantially, from 60.9% in fiscal 1994, to 40.2% in 1995, as increased domestic earnings were taxed at essentially the statutory rate. The fiscal 1994 rate was unusually high due to an increase in our deferred tax asset valuation.

Equity in net earnings of affiliated companies dropped 67%, to \$800,000 in fiscal 1995. New product and process development costs at Viratec Thin Films substantially offset strong earnings of the unit's anti-glare screen business. Minority interest differed from a year ago as Harmon/CFEM Facades, our French curtainwall unit, reported a loss in fiscal 1995 compared to net earnings in the prior year.

Fiscal 1995 consolidated net earnings grew 240%, to \$13.1 million, or \$.97 per share, up from \$3.8 million or 29 cents per share a year ago, which includes the \$525,000 or 4 cents per share cumulative effect of the change in accounting for income taxes reported last year. Return on average shareholders' equity grew to 10.9%, up from 3.4% a year earlier.

At year end, our consolidated backlog was \$364 million, down 10% from \$405 million a year ago. Decreases in our domestic and Asian construction backlogs exceeded the combined increases in other areas. While our backlog declined, we believe that recently recorded orders will provide margin improvement over that realized in the past couple of years. Approximately \$84 million of the February 1995 backlog will not be reflected as revenue in fiscal 1996.

In order to better inform shareholders and readers, Apogee has redefined its business segments information and discussion. We believe the changes will provide more effective communication concerning our business units and the markets we serve. Apogee consists of two segments, Building Products & Services (BPS) and Automotive Glass (AG). These segments, plus the Viratec Thin Films joint venture, are discussed below.

Building Products & Services

BPS made significant strides in fiscal 1995, increasing revenues 9% to \$508 million, and reporting a modest \$4.4 million operating profit. Within the segment, 19% revenue growth was achieved at the detention and security unit, largely due to fast-track projects entered into at the beginning of the year. Also, high demand and firmer pricing for Viracon's architectural glass products boosted its sales 22%. These factors led to margin gains and strong profit growth for both units.

Marcon Coatings, our building glass coating joint venture, reported healthy sales and earnings growth, as the company benefitted from rapidly growing Viracon sales.

Harmon Contract, our curtainwall subcontractor, reported a 2% decline in domestic revenues, but slashed its operating loss by 85%. With a lower cost structure and improved project management, Harmon worked through much of its narrow-margin backlog, obtained in the intensely competitive pricing environment of 1991-1993.

Harmon Contract's overseas operations recorded flat revenues compared to a year ago, with higher Asian revenues offset by less activity in Europe. Operating results suffered from low-margin projects and overhead growth related to brisk bidding activity in both Europe and Asia.

The segment's architectural metals group also rebounded sharply. Sales grew 9%, with firmer pricing, beefed-up engineering and better factory utilization nearly eliminating last year's significant operating loss.

BPS's picture framing products and window coverings units recorded steady sales gains and solid earnings although behind historical levels.

Overall, BPS made progress in controlling its costs, with a \$500,000 reduction in SG&A expenses, the result of restructuring measures taken late last year, as well as ongoing cost control this year. The segment believes the aggressive steps taken to strengthen margins and reduce overhead, along with the elevated demand for architectural glass products and the slow recovery of U.S. nonresidential construction, should help it make improvements in profitability next year.

Automotive Glass

The Automotive Glass (AG) segment achieved net sales of \$249 million, up 12% over a year ago, while reporting operating income of \$19.1 million, modestly ahead of the prior year's strong performance. High demand for replacement auto glass, along with share gains in selected markets, helped to boost revenues. Price increases early in the year were somewhat eroded by volume discounts to major customers. Despite the sales increase, operating income for the segment was flat with a year ago, as costs to expand marketing programs and develop state-of-the-art information systems offset gross profit gains.

Both Harmon Glass (retail) and Glass Depot (wholesale) advanced same-location sales by 7% reflecting overall market growth. The higher volume contributed to gross margin growth, but higher SG&A costs limited the units' operating income gain to 4%.

The National Call Center, (formerly the Harmon Glass Network), which arranges auto glass repair and replacement orders received from insurance and fleet customers, reported 9% unit growth over fiscal 1994. About two-thirds of the Call Center's volume is handled by company-owned stores.

Viracon/Curvlite, our windshield fabricator, maintained high factory utilization throughout the year, producing record sales and strong earnings. Windshield unit shipments grew 8%. Also, Curvlite invested in equipment to expand capacity and lower production costs.

During the year, the AG segment acquired or started up 33 retail stores and nine wholesale depots, including a chain of 13 retail stores and one warehouse in the Washington, D.C. area, acquired in January, 1995. This acquisition gives AG a significant position in this attractive East Coast market. The group closed seven retail and one distribution locations during the year, to end the year with 256 retail stores, 53 wholesale depots and 7 Midas Muffler locations.

Increased demand for new and better auto glass products and services, combined with sophisticated information systems, should enable AG to expand internally and through acquisitions, and to improve results.

Viratec Thin Films

Viratec Thin Films (Viratec) is Apogee's second joint venture with Marvin Windows. The unit develops and applies optical-grade coatings to glass and other substrates. Revenues rose 8%, while pre-tax earnings were down 74% from last year. Demand for Viratec's coated glass for anti-glare computer screens remained strong, especially in overseas markets, as the European Community has adopted stricter safety regulations for limiting computer emissions. Viratec invested heavily in research and development costs during fiscal 1995 to begin limited direct-coating of cathode ray tubes (CRTs), thus reducing bottom-line results. At February 25, 1995, Viratec's backlog stood at \$14.5 million, up 11% from a year ago. Accordingly, the unit is anticipating improved revenues in the upcoming year. However, operating results will be highly dependent upon Viratec's ability to ramp up production of CRT coatings within a reasonable cost structure.

FISCAL 1994 COMPARED TO FISCAL 1993

Consolidated net sales rose 20%, to \$688 million, in fiscal 1994, primarily due to strong replacement auto glass sales, higher overseas nonresidential construction activity and improved demand for architectural glass products.

Apogee's gross profit, as a percent of sales, fell for the second straight year. Stronger auto and architectural glass markets allowed for firmer pricing, but were more than offset by very low gross margins in curtainwall contracting, ineffective project management and poor factory utilization at some units within the Building Products & Services segment.

Selling, general and administrative expenses decreased slightly from a year earlier, due to cost containment efforts throughout the company. Greater expenditure levels for improved information systems and expanded marketing programs, primarily in the Automotive Glass segment, were offset by reductions elsewhere in the company.

During the fourth quarter of fiscal 1994, Apogee recorded a \$5.6 million (\$4.5 million after tax, or 34 cents per share) provision for business restructuring and asset valuation. The charge reflected the costs of consolidating or closing certain Harmon Contract offices and facilities, writing down particular assets and reorganizing the architectural metals group. The provision consisted of \$2.5 million of asset write-downs plus projected cash outlays of \$3.1 million. Most of the \$3.1 million was planned for equipment relocation, employee severance and facility closing costs. The asset valuation component included a \$1.6 million write-off of intangible assets, principally patents and non-compete agreements, which were

determined to hold no future value. A facility scheduled for closure was written down by \$850,000 to its estimated net realizable value.

Despite lower interest rates, net interest expense jumped 52% to \$2.7 million in fiscal 1994, as borrowing levels increased to meet significant working capital needs.

In the first quarter of fiscal 1994, a \$525,000 gain, or 4 cents a share, was recorded to reflect the adoption of Statement of Financial Accounting Standards No. 109 - Accounting for Income Taxes (FAS 109). Under FAS 109, deferred tax liabilities declined, primarily reflecting the fact that deferred taxes on depreciation were originally booked at higher tax rates than those currently prevailing. Other deferred tax assets and liabilities were essentially unchanged.

The effective tax rate for fiscal 1994 was 60.9%, up from 42.3% in fiscal 1993. The rise was primarily due to low earnings relative to permanent tax-to-book differences and the increase in our deferred tax asset valuation allowance related to a capital loss carryforward.

Equity in net earnings of affiliated companies rose 22% in fiscal 1994. Significant earnings improvement at Viratec Thin Films was somewhat offset by lower earnings at Marcon Coatings and the taxability of a portion of Marcon's and Viratec's earnings as their net operating loss carryforwards were fully utilized.

The provision for business restructuring and asset valuation and the poor performance of the Building Products & Services segment combined to offset the strong results of the Automotive Glass segment. Consolidated net earnings, including the FAS 109 accounting change, fell 15% to \$3.8 million, or 29 cents per share, from \$4.5 million, or 34 cents per share, in 1993. Return on average shareholders' equity was 3.4% compared with 4.0% in 1993.

Building Products & Services Growth in overseas and domestic institutional construction coupled with high demand for architectural glass caused revenues to rise 21% for BPS. A slight improvement in architectural glass pricing was not enough to offset the highly competitive pricing of curtainwall projects. In addition, the complexity of many projects stretched the architectural metals group's ability to effectively manage its book of work and these difficult conditions contributed to erratic order flow, poor pricing and inconsistent factory utilization. Along with the high costs of international marketing and setting up overseas offices, the aforementioned factors caused the segment to record a \$14.5 million operating loss, compared to a \$2.4 million operating loss in fiscal 1993.

During the year, BPS's Harmon Contract unit acquired majority ownership of one of Europe's leading curtainwall contracting firms, CFEM Facades (CFEM). The acquisition provided BPS with substantial backlog, manufacturing facilities and expertise in European construction techniques. CFEM generated significant sales and operating income during fiscal 1994.

BPS achieved sharp backlog growth in 1994, finishing the year with \$403 million in backlog, up 26% from 1993. The growth came from the European and Asian markets, primarily the addition of the \$80 million Kuala Lumpur City Centre project in Kuala Lumpur, Malaysia. At February 26, 1994, it was estimated that approximately \$115 million of backlog would not be reflected as revenue in fiscal 1995.

Automotive Glass AG grew sales by 19% and operating income 114% in fiscal 1994. Strong demand for replacement auto glass required Curv-lite, the segment's auto glass fabricating unit, to operate at near-capacity levels throughout the year. The increased volume led to sharp unit cost reduction, offsetting price weakness.

In fiscal 1993, the segment changed the structure of its installation and distribution businesses from a regional alignment to a national retail and wholesale business unit arrangement. This realignment helped the division capitalize on increased unit movement and firmer pricing in the auto glass market. Same-store retail sales rose 15%, reflecting industry growth and increased market penetration. The National Call Center reported a 53% jump in sales.

The division also increased its market penetration by adding 5 wholesale depots during the year, for a year-end total of 45 locations. At February 26, 1994, the segment also had 231 retail glass stores and 7 Midas Muffler franchises in 37 states.

Viratec Thin Films Viratec achieved both sales and earnings growth for the third consecutive year, reporting a 71% sales jump and a seven-fold increase in pre-tax earnings. Strong demand for computer anti-glare screens, particularly in overseas markets, combined with healthy margins to produce the outstanding results. Viratec's backlog increased 22% from a year earlier, to \$13 million at year end.

LIQUIDITY AND CAPITAL RESOURCES

Financial Condition Major balance sheet items as a percentage of total assets at February 25, 1995 and February 26, 1994 are presented below:

	1995	1994
	----	----
Current assets.....	71	72
Current liabilities.....	37	46
Long-term debt.....	22	12
Other liabilities	5	5
Shareholders' equity	34	37

Net receivables rose 14% in fiscal 1995, due to BPS's fourth quarter, 17% revenue gain. Inventories rose 27% due mainly to higher AG inventories, fueled by more wholesale depots and the proliferation in the number of auto glass parts. Costs in excess of billings more than doubled, reflecting volume growth, contract complexity and variation in stages of completion on contracts.

Total long-term debt, at February 25, 1995, stood at \$80.6 million, up from \$35.7 million a year earlier. The increase reflected working capital growth and record capital spending. During the year, Apogee expanded its revolving credit facilities to \$70 million. Ten million dollars outstanding under these facilities, as well as \$60 million of our short-term bank borrowings, are classified as long-term debt based on the terms of the revolving credit agreements. In fiscal 1996, we believe cash flow from operations, along with existing and reasonably available sources of financing, will enable us to maintain liquidity and continue our growth strategy.

Capital Investment

New capital investment in fiscal 1995 totaled \$39.6 million, versus \$19.4 million and \$13.6 million in fiscal 1994 and 1993, respectively. Expenditures for new property, plant and equipment totaled \$25.0 million, and consisted of information systems, facility additions and manufacturing equipment additions and upgrades. We also invested \$8.8 million to fund AG's acquisition of retail stores and wholesale depots.

Capital investment for fiscal 1996 is estimated at \$36 million. Further upgrading of information and communication systems and construction of a major distribution center are the primary components of AG's plan, while BPS's plans primarily consist of expenditures for capacity expansion and productivity improvements.

Shareholders' Equity

Apogee's book value rose 9% in fiscal 1995 to \$124.6 million, or \$9.27 per share. Net earnings less dividends, along with common stock issued in connection with long-term compensation plans, accounted for the increase. During fiscal 1995, we increased our quarterly dividend by 7%, to 8 cents per share, our 20th consecutive year of increase.

Impact of Inflation

Apogee's financial statements are prepared on a historical cost basis, which does not completely account for the effects of inflation. However, since the cost of most of our inventories is determined using the last-in, first-out (LIFO) method of accounting, cost of sales, except for depreciation expense included therein, generally reflects current costs.

The cost of glass, one of Apogee's primary raw materials, increased slightly in fiscal 1995 due to strong demand from both U.S. residential construction and new car sales. We expect the cost of glass to rise moderately in fiscal 1996. Aluminum prices were volatile and rose sharply in 1995. While our construction and supply contracts are at fixed prices, the material components are usually based on firm quotes obtained from suppliers. Labor cost increases, including taxes and fringe benefits, can be reasonably anticipated. Through new efficiencies and cost containment programs set up at most operating units, many selling, general and administrative expenses were reduced or held relatively constant.

OUTLOOK

We believe that improving market conditions for nonresidential construction and steady demand for automotive replacement glass will allow Apogee to improve earnings in fiscal 1996. Better project selection and management, continued cost containment programs and efficiencies and competitive advantages from information management technology should also contribute to earnings growth.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The information called for by this Item is contained in a separate section of this report. See "Index of Financial Statements and Schedules".

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

FINANCIAL DISCLOSURE

None.

PART III

ITEMS 10, 11, 12 and 13. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT;

EXECUTIVE COMPENSATION; SECURITY OWNERSHIP OF CERTAIN BENEFICIAL

OWNERS AND MANAGEMENT; AND CERTAIN RELATIONSHIPS AND RELATED

TRANSACTIONS.

The information required by these Items, other than the information set forth above in "Executive Officers of the Registrant," is included on pages 1 to 10 of the Proxy Statement for the Annual Meeting of Shareholders to be held June 20, 1995, which is incorporated herein by reference.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a) and (d) Financial Statements and Financial Statement Schedules -

The consolidated financial statements and schedules of the Registrant listed on the accompanying "Index to Financial Statements and Schedules" together with the report of KPMG Peat Marwick LLP, independent auditors, are filed as part of this report.

(b) Reports on Form 8-K

No reports on Form 8-K were filed during the quarter ended February 25, 1995.

(c) Exhibits -

The information called for by this Item is contained in a separate section of this report. See "Exhibit Index".

- 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.

Date: May 24, 1995

APOGEE ENTERPRISES, INC.

By: /s/ Donald W. Goldfus

Donald W. Goldfus
Chairman of the Board of Directors
and Chief Executive Officer

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 and on the dates indicated.

SIGNATURE	TITLE	DATE
----- /s/ Donald W. Goldfus ----- Donald W. Goldfus	Chairman of the Board of Directors and Chief Executive Officer	May 24, 1995 -----
----- /s/ Gerald K. Anderson ----- Gerald K. Anderson	President and Director	May 24, 1995 -----
----- /s/ Laurence J. Niederhofer ----- Laurence J. Niederhofer	Director	May 24, 1995 -----
----- /s/ James L. Martineau ----- James L. Martineau	Vice President and Director	May 24, 1995 -----
----- /s/ D. Eugene Nugent ----- D. Eugene Nugent	Director	May 24, 1995 -----
----- /s/ Richard Gould -----	Senior Vice President	May 24, 1995 -----
----- /s/ William G. Gardner ----- William G. Gardner	Treasurer and Secretary	May 24, 1995 -----
----- /s/ Terry L. Hall ----- Terry L. Hall	Chief Financial Officer	May 24, 1995 -----

APOGEE ENTERPRISES, INC.
FORM 10-K
ITEMS 8, 14(A) AND 14(D)

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All other schedules are omitted because they are not required, or because the required information is included in the consolidated financial statements or noted thereto.

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Apogee Enterprises, Inc.:

We have audited the consolidated financial statements of Apogee Enterprises, Inc. and subsidiaries as listed in the accompanying index. In connection with our audits of the consolidated financial statements, we also have audited the financial statement schedule as listed in the accompanying index. These consolidated financial statements and financial statement schedule are the responsibility of the company's management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. 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 audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Apogee Enterprises, Inc. and subsidiaries as of February 25, 1995 and February 26, 1994 and the results of their operations and their cash flows for each of the years in the three-year period ended February 25, 1995 in conformity with generally accepted accounting principles. Also in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

As discussed in notes 1 and 9, the company changed its method of accounting for income taxes in fiscal 1994 to adopt the provisions of Statement of Financial Accounting Standards No. 109, Accounting for Income Taxes.

KPMG Peat Marwick LLP

Minneapolis, Minnesota
April 21, 1995

CONSOLIDATED BALANCE SHEETS
APOGEE ENTERPRISES, INC.

(Dollar amounts in thousands)	February 25, 1995	February 26, 1994
-----	-----	-----
ASSETS		
Current assets		
Cash and cash equivalents (including restricted funds of \$885 and \$825, respectively)	\$ 2,894	\$ 10,824
Receivables, net of allowance for doubtful	165,099	144,597
Inventories	54,559	42,972
Costs and earnings in excess of billings on uncompleted contracts	19,606	9,760
Deferred tax assets	10,384	8,454
Other current assets	4,278	4,679
	-----	-----
Total current assets	256,820	221,286
	-----	-----
Property, plant and equipment, net	75,028	64,917
Other assets		
Investments in and advances to affiliated companies	15,016	11,826
Intangible assets, at cost less accumulated amortization of \$8,681 and \$10,999, respectively	8,383	1,972
Deferred tax assets	5,082	3,526
Other	1,599	2,661
	-----	-----
	30,080	19,985
	-----	-----
Total assets	\$361,928	\$306,188
	=====	=====
 LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 53,793	\$ 51,488
Accrued expenses	41,168	40,916
Billings in excess of costs and earnings on uncompleted contracts	17,717	15,911
Accrued income taxes	10,454	4,524
Notes payable	7,065	23,850
Current installments of long-term debt	5,522	4,157
	-----	-----
Total current liabilities	135,719	140,846
	-----	-----
Long-term debt	80,566	35,688
Other long-term liabilities	19,587	14,260
Minority interest	1,427	1,331
Commitments and contingent liabilities (Notes 14 and 15)		
Shareholders' equity		
Common stock of \$.33-1/3 par value; authorized 50,000,000 shares; issued and outstanding, 13,443,000 and 13,312,000, respectively	4,481	4,437
Additional paid-in capital	19,345	17,718
Retained earnings	100,803	91,908
	-----	-----
Total shareholders' equity	124,629	114,063
	-----	-----
Total liabilities and shareholders' equity	\$361,928	\$306,188
	=====	=====

See accompanying notes to consolidated financial statements.

CONSOLIDATED RESULTS OF OPERATIONS
APOGEE ENTERPRISES, INC.

(Dollar amounts in thousands, except per share data)	Year Ended February 25, 1995	Year Ended February 26, 1994	Year Ended February 27, 1993
Net sales	\$756,549	\$688,233	\$572,450
Cost of sales	650,660	604,338	494,249
Gross profit	105,889	83,895	78,201
Selling, general and administrative expenses	81,627	71,659	71,832
Provision for business restructuring and asset valuation	-	5,178	-
Operating income	24,262	7,058	6,369
Interest expense, net	4,135	2,735	1,794
Earnings before income taxes and other items below	20,127	4,323	4,575
Income taxes	8,101	2,634	1,936
Equity in net earnings of affiliated companies	(762)	(2,294)	(1,875)
Minority interest	(262)	675	-
Net earnings before cumulative effect of change in accounting for income taxes	13,050	3,308	4,514
Cumulative effect of change in accounting for income taxes	-	525	-
Net earnings	13,050	\$ 3,833	\$ 4,514
Earnings per share:			
Earnings per share before cumulative effect of change in accounting for income taxes	\$0.97	\$ 0.25	\$0.34
Cumulative effect of change in accounting for income taxes	-	0.04	-
Earnings per share	\$0.97	\$ 0.29	\$0.34

See accompanying notes to consolidated financial statements.

QUARTERLY DATA (UNAUDITED)

(Dollar amounts in thousands, except per share data)

NET SALES				GROSS PROFIT			
Quarter	1995	1994	1993	Quarter	1995	1994	1993
First	\$178,927	\$148,752	\$130,878	First	\$ 25,388	\$19,947	\$19,236
Second	185,971	175,568	145,802	Second	29,240	22,093	20,855
Third	186,253	184,529	146,723	Third	26,204	23,917	19,859
Fourth	205,398	179,384	149,047	Fourth	25,057	17,938	18,251
Total	\$756,549	\$688,233	\$572,450	Total	105,889	\$83,895	\$78,201

NET EARNINGS (LOSS)

EARNINGS (LOSS) PER SHARE

Quarter	1995	1994*	1993	Quarter	1995	1994*	1993
First	\$2,600	\$ 1,443	\$ 319	First	\$0.19	\$ 0.11	\$ 0.02
Second	4,294	2,441	1,949	Second	0.32	0.18	0.15
Third	3,763	2,902	2,020	Third	0.28	0.22	0.15
Fourth	2,393	(2,953)	226	Fourth	0.18	(0.22)	0.02
Total	\$13,050	\$ 3,833	\$ 4,514	Total	\$0.97	\$ 0.29	\$ 0.34

*During the first quarter of 1994, Apogee adopted Statement of Financial Accounting Standards No. 109, Accounting for Income Taxes. The cumulative effect of the change in accounting for income taxes increased net earnings by \$525,000, or 4 cents per share, and is included in fiscal 1994 figures.

CONSOLIDATED STATEMENTS OF CASH FLOWS
Apogee Enterprises, Inc.

(Dollar amounts in thousands)	Year Ended February 25, 1995	Year Ended February 26, 1994	Year Ended February 27, 1993
OPERATING ACTIVITIES			
Net earnings	\$ 13,050	\$ 3,833	\$ 4,514
Adjustments to reconcile net earnings to net cash (used by) provided by operating activities:			
Cumulative effect of change in accounting for income taxes		(525)	-
Depreciation and amortization	15,131	15,724	15,110
Provision for losses on accounts receivable	3,817	2,388	2,061
Noncurrent deferred income tax expense	(1,556)	(3,124)	(1,992)
Provision for business restructuring and asset valuation	5,178	-	-
Equity in net earnings of affiliated companies	(762)	(2,294)	(1,875)
Minority interest	(262)	675	-
Other, net	(296)	(1,580)	176
	-----	-----	-----
Cash flow before changes in operating assets and liabilities	29,122	20,275	17,994
Changes in operating assets and liabilities, net of effect of acquisitions:			
Receivables	(23,080)	(40,205)	(14,692)
Inventories	(11,356)	(6,402)	2,229
Cost and earnings in excess of billings on uncompleted contracts	(9,846)	(3,853)	(2,360)
Other current assets	483	351	421
Accounts payable and accrued expenses	2,557	17,003	2,255
Billings in excess of costs and earnings on uncompleted contracts	1,806	(1,529)	968
Accrued and current deferred income taxes	4,000	164	(3,333)
Other long-term liabilities	5,327	3,299	3,457
	-----	-----	-----
Net cash (used by) provided by operating activities	(987)	(10,897)	6,939
	-----	-----	-----
INVESTING ACTIVITIES			
Capital expenditures	(24,957)	(14,046)	(9,166)
Acquisition of businesses, net of cash acquired	(8,823)	(3,154)	(1,696)
Investment in and advances to affiliated companies	(2,070)	1,527	(2,502)
Proceeds from sale of property, plant and equipment	1,004	832	818
Other, net	929	(1,340)	(1,434)
	-----	-----	-----
Net cash used by investing activities	(33,917)	(16,181)	(13,980)
	-----	-----	-----
FINANCING ACTIVITIES			
(Decrease) increase in notes payable	(16,785)	23,850	-
Payments on long-term debt	(4,182)	(6,851)	(7,733)
Proceeds from issuance of long-term debt	50,425	14,100	10,900
Proceeds from issuance of common stock	1,671	1,945	1,508
Repurchase and retirement of common stock	(209)	(3,884)	-
Dividends paid	(4,155)	(3,841)	(3,584)
	-----	-----	-----
Net cash provided by (used by) financing activities	26,974	28,994	(2,793)
	-----	-----	-----
Increase (decrease) in cash and cash equivalents	(7,930)	1,916	(9,834)
Cash and cash equivalents at beginning of year	10,824	8,908	18,742
	-----	-----	-----
Cash and cash equivalents at end of year	\$ 2,894	\$ 10,824	\$ 8,908
	=====	=====	=====

See accompanying notes to consolidated financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND RELATED DATA

PRINCIPLES OF CONSOLIDATION Our consolidated financial statements include the accounts of Apogee and all majority-owned subsidiaries. We use the equity method to account for our 50%-owned joint ventures. Intercompany transactions have been eliminated. Certain amounts from prior-years financial statements have been reclassified to conform with this year's presentation.

CASH AND CASH EQUIVALENTS Investments with an original maturity of three months or less are included in cash and cash equivalents. Restricted funds represent collateral for outstanding bank guarantees required by certain construction contracts' terms.

INVENTORIES Inventories, which consist primarily of purchased glass and aluminum, are valued at cost, principally by using the last-in, first-out (LIFO) method, which does not exceed market. If the first-in, first-out (FIFO) method had been used, our inventories would have been \$2,700,000 and \$1,825,000 higher than reported at February 25, 1995 and February 26, 1994, respectively.

PROPERTY, PLANT AND EQUIPMENT Property, plant and equipment are carried at cost. Significant improvements and renewals are capitalized. Repairs and maintenance are charged to expense as incurred. Apogee computes depreciation on a straight-line basis, based on estimated useful lives of 20 to 40 years for buildings and 2 to 15 years for equipment. When property is retired or otherwise disposed of, the cost and related depreciation are removed from the accounts and related gains or losses are included in income.

INTANGIBLE ASSETS AND AMORTIZATION Intangible assets consist principally of goodwill and non-compete agreements. We review the ongoing value of intangibles on an annual basis. The continuing benefit of such assets is evaluated based upon an assessment of relevant economic and other criteria, including projections of future results. Goodwill is the excess of cost over the fair value of acquired assets of purchased businesses. Goodwill is amortized over periods ranging from 10 to 40 years, except for \$923,000, which is not being amortized. In our opinion, there has been no diminution of its value.

Non-compete agreements are contracts with the previous management of purchased businesses not to enter into competition with us for a certain period of time. Non-compete agreements are amortized ratably over the term of the agreements. Amortization expense amounted to \$288,000, \$2,328,000 and \$2,123,000 in 1995, 1994 and 1993, respectively.

OTHER LONG-TERM LIABILITIES Other long-term liabilities include deferred compensation and the long-term portion of accrued insurance costs.

REVENUE RECOGNITION We recognize 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. Contract costs include materials, labor and other direct costs related to contract performance. We establish provisions for estimated losses, if any, on uncompleted contracts in the period in which such losses are determined. Revenue from the sale of products and the related cost of sales are recorded upon shipment.

INCOME TAXES Apogee files a consolidated federal income tax return. Effective February 28, 1993, Apogee adopted the provisions of Statement of Financial Accounting Standards No. 109 (FAS 109). FAS 109 requires the asset and liability method be used to account for income taxes. This method recognizes deferred tax assets and liabilities based upon the future tax consequences of temporary differences between financial and tax reporting. Previously, Apogee followed the provisions of Accounting Principles Board Opinion No. 11. The cumulative effect of the change in accounting for income taxes is included in the fiscal 1994 Consolidated Results of Operations.

EARNINGS PER SHARE Apogee computes earnings per share by dividing net earnings by the weighted average number of common shares and common share equivalents outstanding during the year. Our average common shares and common share equivalents outstanding during 1995, 1994 and 1993 were 13,501,000, 13,289,000 and 13,293,000, respectively.

TRANSLATION OF FOREIGN CURRENCIES The financial statements of our foreign operations have been translated to U.S. dollars, using the rules of Statement of Financial Accounting Standard No. 52. Balance sheet accounts are stated in U.S. dollars at either the year-end or historical exchange rate. Results of operations are translated at average exchange rates for the respective period.

ACCOUNTING PERIOD Apogee's fiscal year ends on the Saturday closest to February 28. Interim quarters end on the Saturday closest to the end of the months of May, August and November.

2. RECEIVABLES (In thousands)	1995	1994
Trade accounts	\$68,332	\$ 58,474
Construction contracts	67,546	59,747
Contract retainage	32,284	30,507
Other receivables	5,595	3,748
Total receivables	173,757	152,476
Less allowance for doubtful accounts	(8,658)	(7,879)
Net receivables	\$165,099	\$144,597

Apogee provides products and services to the commercial and institutional new construction and remodeling markets, the automotive replacement glass market and selected consumer markets. We do not believe a concentration of credit risk exists, due to the diversity of our markets and channels of distribution, and the geographic location of our customers. We perform ongoing credit evaluations of our customers' financial condition and limit the amount of credit extended when deemed necessary. We also routinely file liens to protect our interest whenever possible. We generally require no collateral. Allowances are maintained for potential credit losses and such losses have been within management's expectations. The provision for bad debt expense was \$3,817,000, \$2,388,000 and \$2,061,000 in 1995, 1994 and 1993, respectively.

3. INVENTORIES (In thousands)	1995	1994
Raw materials	\$14,802	\$ 9,994
In process	3,232	3,413
Finished	36,525	29,565
Total inventories	\$54,559	\$42,972

4. PROPERTY, PLANT AND EQUIPMENT (In thousands)	1995	1994
Land	\$ 2,430	\$ 2,308
Buildings and improvements	50,332	43,965
Machinery and equipment	74,387	66,796
Office equipment and furniture	30,418	24,322
Construction in progress	4,127	4,019
Total property, plant and equipment	161,694	141,410
Less allowance for depreciation	(86,666)	(76,493)
Net property, plant and equipment	\$ 75,028	\$ 64,917

Depreciation expense was \$14,903,000, \$13,397,000 and \$12,987,000 in 1995, 1994 and 1993, respectively.

5. ACCRUED EXPENSES (In thousands)	1995	1994
Payroll and related benefits	\$11,493	\$15,331
Insurance	10,771	10,023
Taxes, other than income taxes	2,182	1,888
Pension	3,319	2,929
Interest	804	994
Other	12,599	9,751
Total accrued expenses	\$41,168	\$40,916

6. LONG-TERM DEBT (In thousands)	1995	1994
Promissory note, 9.65% due in annual installments through 1998	\$8,036	\$11,607
Promissory notes, 7.5%, due in quarterly installments through 2000	5,300	-
Borrowings under revolving credit and other bank agreements	70,000	25,000
Floating rate industrial development bond, 4.4 % at year end, due in annual installments through 1999	1,600	2,000
Industrial development bonds, interest ranging from 4.7% to 6.96%, due in annual installments through 2003	1,011	1,177
Other	141	61
Total long-term debt	86,088	39,845
Less current installments	(5,522)	(4,157)
Net long-term debt	\$80,566	\$35,688

Long-term debt maturities are as follows:

Fiscal Year	(In thousands)
1996	\$ 5,522
1997	26,848
1998	34,179
1999	18,297
2000	938
Thereafter	304
Total	\$86,088

The terms of the 9.65% promissory note include certain dividend and debt level restrictions and requirements to maintain minimum levels of tangible net worth and certain financial ratios. Retained earnings available for dividends under the terms of the promissory note were approximately \$35 million at February 25, 1995.

At February 25, 1995, we were party to revolving credit agreements with four banks. The agreements allow us to borrow up to \$70 million at fixed or floating rates tied to the banks' cost of funds. The revolving credit terms will expire in March 1996 and March 1997. Through March 1996, we can convert \$50 million of the outstanding loans into a three-year term loan. The agreements require us to maintain minimum levels of tangible net worth and certain financial ratios. At February 25, 1995, there were \$10 million of borrowings outstanding under the committed credit facilities.

We also had access to short-term credit on an uncommitted basis with several major banks. At February 25, 1995, \$67.1 million in bank borrowings were outstanding under these agreements. We may refinance these short-term borrowings on a long-term basis under the revolving credit agreements discussed above. Accordingly, \$60 million of our short-term bank borrowings, which were not expected to be paid within one year, is classified as long-term debt, and the debt maturity schedule above is based on the terms of the revolving credit agreements. The remaining \$7.1 million of short-term bank borrowings was classified as notes payable at February 25, 1995.

Interest rates on the year-end bank under committed and uncommitted credit facilities, borrowings ranged from 6.38 % to 6.75 %.

Selected information related to bank borrowings under credit agreements is as follows:

(Dollar amounts in thousands)	1995	1994
Average daily borrowings during the year	\$58,027	\$34,203
Maximum borrowings outstanding during the year	\$78,865	\$53,800
Weighted average interest rate during the year	5.5%	3.7%

In 1992, we entered into three interest rate swap agreements with a notional amount of \$25 million that effectively converted a portion of our fixed rate, long-term borrowings into variable rate obligations. During 1993, we sold two of the swap agreements at net gains. The gains are being recognized as reductions in interest expense through 1997. The third agreement expired in 1995.

The net book value of property, plant and equipment pledged as collateral under industrial development bonds was approximately \$1 million at February 25, 1995.

7. SHAREHOLDERS' EQUITY (In thousands)	Common Shares Outstanding	Common Stock	Additional Paid-in Capital	Retained Earnings
Balance at February 29, 1992	13,461	\$4,487	\$14,908	\$94,386
Net earnings	-	-	-	4,514
Common stock issued	150	50	1,458	-
Common stock repurchased or retired	(434)	(145)	(521)	(3,218)
Cash dividends	-	-	-	(3,584)
Balance at February 27, 1993	13,177	4,392	15,845	92,098
Net earnings	-	-	-	3,833
Common stock issued	152	51	1,894	-
Common stock repurchased or retired	(17)	(6)	(21)	(182)
Cash dividends	-	-	-	(3,841)
Balance at February 26, 1994	13,312	4,437	17,718	\$91,908
Net earnings	-	-	-	13,050
Common stock issued	131	44	1,627	-
Cash dividends	-	-	-	(4,155)
Balance at February 25, 1995	13,443	\$4,481	\$19,345	\$100,803

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

Apogee has a Shareholders' Rights Plan, under which each share of our 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% 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% of the respective stock's current fair market value.

8. INTEREST EXPENSE, NET (In thousands)	1995	1994	1993
Interest on debt	\$4,381	\$3,008	\$ 2,459
Other interest	595	620	528
Total interest expense	4,976	3,628	2,987
Less interest income	(841)	(893)	(1,193)
Interest expense, net	\$4,135	\$2,735	\$ 1,794

Interest payments were \$4,778,000, \$3,714,000 and \$2,556,000 in 1995, 1994 and 1993, respectively.

9. INCOME TAXES

As discussed in Note 1, Apogee adopted Statement of Financial Accounting Standards No. 109 (FAS 109) in 1994. The cumulative effect of this change in accounting for income taxes is reported separately in the accompanying Consolidated Results of Operations. Financial statements for 1993 were not restated to apply the provisions of FAS 109.

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

(In thousands)	1995	1994	1993
CURRENT:			
Federal	\$ 9,663	\$ 3,342	\$ 2,525
State and local	1,608	701	639
Foreign	316	1,520	(429)
Total current	11,587	5,563	2,735
DEFERRED:			
Federal	(3,233)	(2,794)	(1,494)
State and local	(653)	(485)	(310)
Foreign	400	350	1,005
Total deferred	(3,486)	(2,929)	(799)
Total income tax expense	8,101	\$ 2,634	\$ 1,936

Income tax payments, net of refunds, were \$5,790,000, \$5,934,000 and \$7,371,000 in 1995, 1994 and 1993, respectively.

The components of deferred income tax expense (benefit) for 1993 are as follows:

(In thousands)	1993
Completed contract accounting	\$ (172)
Accelerated depreciation	394
Allowance for doubtful accounts	1,862
Accrued insurance	(1,499)
Other accrued expenses	(170)
Deferred compensation	(215)
Inventory	384
Business restructuring reserve	(863)
Other, net	(520)
Deferred income taxes	\$(799)

The differences between statutory federal tax rates and our consolidated effective tax rates are as follows:

	1995	1994	1993
Statutory federal tax rate	35.0%	35.0%	34.0%
State and local income taxes, net of federal tax benefit	3.0	3.2	4.7
Tax credits	(1.1)	(3.3)	(2.3)
Foreign items with no tax benefit	2.1	18.6	2.4
Valuation allowance	1.6	13.9	-
Other, net	(0.4)	(6.5)	3.5
Consolidated effective tax rate	40.2%	60.9%	42.3%

Deferred tax assets and deferred tax liabilities at February 25, 1995 and February 26, 1994 are as follows:

(In thousands)	1995	1994
Deferred tax assets:		
Allowance for doubtful accounts	\$ 3,478	\$ 3,035
Accrued insurance	10,645	8,701
Deferred compensation	3,556	3,143
Business restructuring reserve	1,286	2,127
Inventory	2,311	1,591
Other	2,803	2,260
Gross deferred tax assets	24,079	20,857
Less valuation allowance	(1,353)	(1,035)
Total deferred tax assets	22,726	19,822
Deferred tax liabilities:		
Depreciation	4,625	5,006
Employee benefit plans	1,218	1,307
Other	1,417	1,529
Total deferred tax liabilities	7,260	7,842
Net deferred tax assets	\$15,466	\$11,980

Apogee's valuation allowance increased by \$318,000 in 1995 and related primarily to foreign tax credits. The valuation allowance at February 25, 1995 also included prior year amounts for foreign tax credits and a capital loss carryforward.

10. INVESTMENT IN AFFILIATED COMPANIES

Apogee, through its Building Products and Services segment, is party to a joint venture agreement with Marvin Windows of Warroad, Minnesota, forming Marcon Coatings, Inc. and its subsidiary, Viratec Thin Films, Inc. (Marcon/Viratec). Marcon/Viratec operates two glass coating facilities. Our 50% ownership investment in Marcon/Viratec is accounted for using the equity method.

Apogee and Marvin have leased certain glass coating equipment to Marcon and made cash advances to Marcon/Viratec. Our net investment in Marcon/Viratec as of February 25, 1995, February 26, 1994 and February 27, 1993 was \$14,278,000, \$10,652,000 and \$8,858,000, respectively. Our equity in Marcon/Viratec's net earnings is included in the accompanying Consolidated Results of Operations. Marcon/Viratec's net earnings for 1994 and 1993 included tax benefits from net operating loss carryforwards in the amounts of \$437,000 and \$1,200,000, respectively.

A summary of assets, liabilities and results of operations for Marcon/Viratec is presented below:

(In thousands)	1995	1994	1993
Current assets	\$ 8,620	\$10,248	\$ 5,402
Noncurrent assets	16,716	5,704	11,997
Current liabilities	6,153	7,214	4,577
Noncurrent liabilities	12,673	14,066	12,716
Net sales	38,299	34,497	24,150
Gross profit	8,518	10,967	6,929
Net earnings	\$ 1,838	\$ 4,566	\$ 3,188

11. EMPLOYEE BENEFIT AND STOCK OPTION PLANS

We maintain a qualified defined contribution pension plan that covers substantially all full-time, non-union employees. Contributions to the plan are based on a percentage of employees' base earnings. Benefits for each employee vary based on total contributions and earnings on invested funds. We deposit pension costs with the trustee annually. All pension costs were fully funded or accrued as of year end. Contributions to the plan were \$3,394,000, \$3,014,000 and \$2,848,000 in 1995, 1994 and 1993, respectively.

We also maintain a 401(k) Savings Plan, which allows employees to contribute 1% to 13% of their pretax compensation. Apogee matches 30% of the first 6% of the employee contributions. Amounts contributed by us to the plan were \$1,242,000, \$1,206,000 and \$1,069,000 in 1995, 1994 and 1993, respectively.

The 1987 Stock Option Plan provides for the issuance of up to 1,250,000 options to purchase company stock. Options awarded under this plan, either in the form of incentive stock options or nonstatutory options, are exercisable at an option price equal to the fair market value at the date of award. Changes in stock options outstanding for each of the last three fiscal years are as follows:

	1995	1994	1993
	-----	-----	-----
Options outstanding at beginning of the year	477,000	481,000	381,000
Granted	168,000	148,000	165,000
Exercised	(25,000)	(4,000)	(31,000)
Forfeited	(42,000)	(148,000)	(34,000)
	-----	-----	-----
Options outstanding at end of the year	578,000	477,000	481,000
	=====	=====	=====
Options exercisable at end of year	212,000	129,000	150,000
	=====	=====	=====
Price range of outstanding options	\$8.95-\$18.91	\$8.95-\$18.91	\$8.95-\$18.91
	=====	=====	=====
Price range of exercised options	\$8.95-\$16.25	\$10.75-\$12.00	\$ 9.38
	=====	=====	=====

The 1987 Partnership Plan, a plan which is designed to increase the ownership of Apogee stock by key employees, allows participants selected by the Compensation Committee of the Board of Directors to use earned incentive compensation to purchase Apogee stock. The purchased stock is then matched by an equal award of restricted stock, which vests over a predetermined period. There are 1,100,000 shares of common stock authorized for issuance or repurchase under the plan. As of February 25, 1995, 575,000 shares have been issued under the plan. We expensed \$708,000, \$478,000 and \$287,000 in conjunction with the Partnership Plan in 1995, 1994 and 1993, respectively.

12. ACQUISITIONS

In 1995, our Automotive Glass segment purchased the assets of 16 retail auto glass stores and one distribution center in four separate transactions. The aggregate purchase price of the acquisitions was \$8.8 million, including \$4.6 million of cost in excess of the fair value of acquired assets. Promissory notes of \$5.3 million were issued in connection with the transactions.

In 1994, the Building Products & Service segment's Tru Vue unit purchased the assets of a company serving another sector of the picture framing market. Also in 1994, the segment purchased certain assets of CFEM Facades, a curtainwall company based in France. In 1993, the Automotive Glass segment purchased the assets of three retail auto glass stores and two distribution centers in four separate transactions. The value of the assets acquired in 1994 and 1993 was \$3.2 million and \$1.7 million, respectively.

No liabilities were assumed in any of the transactions. All of the above transactions were accounted for by the purchase method. Accordingly, Apogee's consolidated financial statements include the net assets and results of operations from the dates of acquisition.

13. PROVISION FOR BUSINESS RESTRUCTURING AND ASSET VALUATION

During 1994, we recorded a business restructuring and asset valuation provision of \$5.6 million (\$4.5 million after tax) in our Building Products and Services segment. The charge was principally related to the consolidation or closing of 10 Harmon Contract offices and facilities, the write-down of certain assets and the reorganization of the architectural metals operations. The provision consisted of asset writedowns of \$2.5 million and projected cash outlays of \$3.1 million. At February 25, 1995, the remaining reserve for projected expenditures stood at approximately \$700,000.

14. LEASES

As of February 25, 1995, we were 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:

Fiscal Year -----	(In thousands) -----
1996	\$8,976
1997	6,588
1998	4,836
1999	3,805
2000	2,606
Thereafter	1,559

Total minimum payments	\$28,370 =====

Total rental expense was \$18,242,000, \$17,129,000 and 15,653,000 in 1995, 1994 and 1993, respectively.

15. COMMITMENTS AND CONTINGENT LIABILITIES

Apogee has entered into a number of non-compete agreements. Non-compete agreements represent contractual agreements with the previous management of purchased businesses not to enter into competition with us for a certain period of time. As of February 25, 1995, we were committed to make future payments of \$658,000 under such agreements.

Apogee has ongoing letters of credit related to 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 25, 1995 was approximately \$53,922,000.

Apogee, like other participants in the construction business, is routinely involved in disputes and claims arising out of construction projects, sometimes involving significant monetary damages. Although it is impossible to predict the outcome of such disputes, we believe, based on facts currently available to us, that none of such claims will result in losses that would have a material adverse effect on our financial condition.

16. FAIR VALUE DISCLOSURES

The following disclosure of the estimated fair value of financial instruments is made in accordance with the requirements of Statement of Financial Accounting Standards No. 107.

Estimated fair value amounts have been determined using available market information and appropriate valuation methodologies. However, considerable judgment is required in developing the estimates of fair value. Accordingly, these estimates are not necessarily indicative of the amounts that could be realized in a current market exchange. The use of different market assumptions and/or estimating methodologies may have a material effect on the estimated fair value amounts.

Estimated fair values of our financial instruments at February 25, 1995 are as follows:

(In thousands) -----	Carrying Amount -----	Estimated Fair Value -----
Long-term debt including current installments	\$86,088	\$86,241

For cash and cash equivalents, receivables, accounts payable and notes payable, carrying value is a reasonable estimate of fair value.

The carrying values (face amounts) of our long-term debt that have variable interest rates are reasonable estimates of fair value. For borrowings that have fixed interest rates, fair value is estimated by discounting the projected cash flows using the rate at which similar borrowings could currently be made.

17. BUSINESS SEGMENTS

Sales, operating income, identifiable assets and other related data for our operations in different business segments, are listed below and are an integral part of these financial statements. Fiscal 1991 and 1992 segment data are not covered by the Independent Auditors' Report.

BUSINESS SEGMENTS INFORMATION

Apogee Enterprises, Inc.

(Dollar amounts in thousands)	1995		1994		1993		1992		1991	
	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
SALES										
Building products & services	\$507,645	67.1	\$465,024	67.6	\$384,808	67.2	\$419,093	70.3	\$424,882	70.9
Automotive glass	248,904	32.9	223,209	32.4	187,642	32.8	177,188	29.7	174,643	29.1
Net sales	<u>\$756,549</u>	<u>100.0</u>	<u>\$688,233</u>	<u>100.0</u>	<u>\$572,450</u>	<u>100.0</u>	<u>\$596,281</u>	<u>100.0</u>	<u>\$599,525</u>	<u>100.0</u>
OPERATING INCOME (LOSS)										
Building products & services	\$4,394	18.1	\$(14,512)	(205.6)	\$(2,351)	(36.9)	\$16,517	85.8	\$19,006	57.1
Automotive glass	19,067	78.6	18,961	268.6	8,869	139.3	3,528	18.3	14,261	42.9
Corporate and other	801	3.3	2,609	37.0	(149)	(2.3)	(796)	(4.1)	-	-
Operating income	24,262	100.0	7,058	100.0	6,369	100.0	19,249	100.0	33,267	100.0
Interest expense, net	(4,135)		(2,735)		(1,794)		(970)		(1,059)	
Other expense, net	-		-		-		-		(331)	
Earnings before income taxes and other items	<u>\$20,127</u>		<u>\$ 4,323</u>		<u>\$ 4,575</u>		<u>\$18,279</u>		<u>\$31,877</u>	

	IDENTIFIABLE ASSETS			CAPITAL EXPENDITURES			DEPRECIATION & AMORTIZATION		
	1995	1994	1993	1995	1994	1993	1995	1994	1993
Building products & services	\$244,645	\$202,734	\$164,208	\$ 12,715	\$ 8,088	\$6,891	\$ 9,868	\$ 9,692	\$ 9,108
Auto glass	92,346	74,041	66,569	12,201	5,906	2,031	5,116	5,891	5,870
Corporate and other	24,937	29,413	20,679	41	52	244	147	141	132
Total	<u>\$361,928</u>	<u>\$306,188</u>	<u>\$251,456</u>	<u>\$24,957</u>	<u>\$14,046</u>	<u>\$9,166</u>	<u>\$15,131</u>	<u>\$15,724</u>	<u>\$15,110</u>

Notes: Apogee's Building Products & Services segment has subsidiaries in Europe and Asia. During 1995 and 1994, such operations had net sales of \$66,580,000 and \$65,021,000, respectively. Operating losses for 1995 and 1994 were \$6,575,000 and \$887,000 respectively. At February 25, 1995, identifiable assets of the subsidiaries totaled \$41,880,000 and \$31,786,000, respectively. In 1993, net sales and identifiable assets of these units were less than 10% of Apogee's consolidated figures. Foreign currency transaction gains or losses included in net earnings for 1995, 1994 and 1993 were immaterial.

Apogee's export sales are less than 10% of consolidated net sales. No single customer, including government agencies, accounts for 10% or more of consolidated net sales. Segment operating income (loss) 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.

SCHEDULE II

APOGEE ENTERPRISES, INC. AND SUBSIDIARIES

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 -----
For the year ended February 25, 1995: Allowance for doubtful receivables	\$7,879 =====	\$3,817 =====	\$3,038 =====	\$8,658 =====
For the year ended February 26, 1994: Allowance for doubtful receivables	\$6,339 =====	\$2,388 =====	\$ 848 =====	\$7,879 =====
For the year ended February 27, 1993: Allowance for doubtful receivables	\$9,049 =====	\$2,061 =====	\$4,771 =====	\$6,339 =====

(1) Net of recoveries

EXHIBIT INDEX

- Exhibit (3A) Restated Articles of Incorporation Filed in Registrant's Annual Report on Form 10-K for year ended February 27, 1988.
- Exhibit (3B) Restated By Laws of Apogee Enterprises, Inc., as amended to date. Filed in Registrant's Annual Report on Form 10-K for year ended February 29, 1992.
- Exhibit (4A) Specimen certificate for shares of common stock of Apogee Enterprises, Inc. Filed in Registrant's Annual Report on Form 10-K for year ended February 29, 1992.
- Exhibit (10A) Deferred Incentive Compensation Plan dated February 27, 1986 between Registrant and certain executive officers. Filed in Registrant's Annual Report on Form 10-K for year ended March 1, 1986.
- Exhibit (10B) Amended and Restated 1987 Apogee Enterprises, Inc. Partnership Plan is incorporated by reference to Registrant's S-8 registration statement (File No. 33-60400)
- Exhibit (10C) 1987 Apogee Enterprises, Inc. Stock Option Plan is incorporated by reference to Registrant's S-8 registration statement (File No. 33-35944)
- Exhibit (10D) Note Agreement dated June 1, 1988 between the registrant and Teachers Insurance and Annuity Association of America (\$25,000,000). Filed in Registrant's Quarterly Report on Form 10-Q for quarter ended August 27, 1988.
- Exhibit (10E) Incentive Compensation Agreement between Registrant and Gerald K. Anderson dated February 23, 1987. Filed with Registrant's Annual Report on Form 10-K for year ended March 2, 1991.
- Exhibit (10F) Consulting Agreement between Registrant and Gerald K. Anderson dated March 1, 1989. Filed with Registrant's Annual Report on Form 10-K for year ended March 2, 1991.
- Exhibit (10G) Rights Agreement between Registrant and American Stock Transfer Co. dated October 19, 1990. Filed with Registrant's Form 8-A on October 19, 1990.
- Exhibit (10H) \$25 million Credit Facilities agreements between Apogee Enterprises, Inc., First Bank National Association and NBD Bank, N.A. Filed with Registrant's Annual Report on Form 10-K for year ended February 27, 1993.
- Exhibit (10I) Consulting Agreement between Registrant and Laurence J. Niederhofer dated November 1, 1993. Filed with Registrant's Annual Report on Form 10-K for year ended February 26, 1994.
- Exhibit (10J) Credit Agreement between Apogee Enterprises, Inc. and Credit Lyonnais Chicago Branch and Credit Lyonnais Cayman Island Branch. Filed with Registrant's Quarterly Report on Form 10-Q for the quarter ended August 27, 1994.
- Exhibit (10K) Credit Agreement between Apogee Enterprises, Inc. and The Mitsubishi Bank, Limited, Chicago Branch. Filed with Registrant's Quarterly Report on Form 10-Q for the quarter ended November 26, 1994.
- Exhibit (10I) Employment Agreement between Registrant and Richard Gould dated May 23, 1994.
- Exhibit (11) Statement of Determination of Common Shares and Common Share Equivalents
- Exhibit (21) Subsidiaries of the Registrant

APOGEE ENTERPRISES, INC.
EMPLOYMENT AGREEMENT
WITH RICHARD GOULD

THIS AGREEMENT is entered into effective as of the 23rd day of May, 1994, by and between Apogee Enterprises, Inc., a Minnesota corporation (the "Company"), and Richard Gould, a Minnesota resident (the "Employee").

WHEREAS, the Company desires to engage the Employee in the position of Senior Vice President to render services for the Company on the terms and conditions set forth in this Agreement;

WHEREAS, the Employee desires to be retained by the Company as its Senior Vice President and to be assured of reasonable tenure and terms and conditions of employment with the Company; and

WHEREAS, both parties recognize the critical importance to the Company, its employees and its investors of preserving the confidentiality of the Company's trade secrets and confidential information and of protecting the Company against competition from former executives or other key employees of the Company following their separation from the Company;

NOW, THEREFORE, in consideration of the foregoing premises and the parties' mutual covenants and undertakings contained in this Agreement, the sufficiency of which is hereby acknowledged, the Company and the Employee agree as follows:

1. EMPLOYMENT. The Company hereby employs the Employee, and the Employee

accepts such employment and agrees to perform services for the Company, for the period and upon the other terms and conditions set forth in this Agreement.

2. TERM. The Company may terminate the employment of the Employee upon

thirty (30) days notice, without cause, provided the Company provides the Employee with the severance arrangements discussed in paragraph 5 below.

Notwithstanding the foregoing, the Company may terminate the Employee's employment for cause without notice and without further obligation of any kind to the Employee. For purposes of this Agreement, "cause" shall mean dishonesty, theft, fraud, conviction of any crime, unethical business behavior, failure to render competent services, or any material breach of this Agreement.

It is further agreed that 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 hereunder, such that he cannot perform the essential functions of his position, with or without reasonable accommodation, his employment under this Agreement shall terminate as of the date such disability is established. As used in this paragraph, the term "disabled" means suffering from any mental or physical condition, other than the use of alcohol or illegal use of narcotics, which renders the Employee unable to perform the essential functions of his position, with or without reasonable accommodation, ("impaired condition") for a period of ninety (90) consecutive days. The date that the Employee's disability is established shall be the ninety-first (91st) day upon which such impaired condition exists. Upon termination for disability, the Employee shall be entitled to receive continuation of his base salary (as herein defined) for a period of one hundred eighty (180) days. If the Company maintains a disability policy covering the Employee, then the amount of payments to be made by the Company to the Employee pursuant to this provision shall be reduced by any amount so paid to the Employee under any such insurance policy.

3. DUTIES AND REPRESENTATIONS OF THE EMPLOYEE. During the Employee's

employment hereunder, he shall serve as the Company's Senior Vice President. He will report to the Company's Chairman and Chief Executive Officer, Donald W. Goldfus, and will perform special projects assigned to him by Donald W. Goldfus. The Employee shall devote his full time, attention, knowledge and skill exclusively to the loyal service of the Company and shall perform all duties reasonably assigned to him by Donald W. Goldfus. Additionally, the Employee shall do such traveling as may be reasonably required by the Company in connection with the performance of his duties and responsibilities. The Employee represents and warrants to the Company that:

- a. his acceptance of employment under this Agreement and his performance of the duties contemplated herein are not in conflict with any obligation, undertaking or agreement between the Employee and any third party; and
- b. he has not and will not, during the course of his employment with the Company, disclose or utilize without permission, any confidential or proprietary information, trade secrets, materials, documents, or property owned by any third party.

4. COMPENSATION. The Company shall pay to the Employee the following

compensation beginning May 23, 1994:

- (A) **BASE SALARY.** The Company shall pay to the Employee an annual

base salary of Two Hundred Thousand Dollars (\$200,000.00), less legally required deductions and withholdings, payable in periodic installments in accordance with the standard payroll practices of the Company in effect from time-to-time. The base salary shall be reviewed on an annual basis and the Employee will be eligible for salary increases in accordance with the Company's standard practices.
- (B) **INCENTIVE COMPENSATION.** In addition to the base salary described

above, the Employee shall be guaranteed a minimum bonus of Seventy Thousand Dollars (\$70,000.00), less legally required deductions and withholdings, for the first year of his employment, which bonus shall be prorated for fiscal 1995, and which bonus shall be paid in May, 1995. In addition, the Employee shall be eligible for election to the Apogee Enterprises, Inc. Partnership Plan in fiscal year 1996.
- (C) **STOCK GRANT.** As additional compensation for his services to the

Company, the Company grants to the Employee a qualified stock option of 5,000 shares of the Company's common stock pursuant to the Company's Stock Incentive Plan as amended and restated April 20, 1990, which stock grant shall be evidenced by, and subject to, the terms of a stock option agreement between the Employee and the Company. The Company further makes an unrestricted stock grant to the Employee of 5,000 shares of the Company's common stock.
- (D) **CAR ALLOWANCE.** The Employee shall be paid a car allowance by the

Company in the amount of Six Thousand Five Hundred Dollars (\$6,500.00) per year, consistent with the Company's payroll and accounting practices. In addition, the Company will reimburse the Employee for business mileage at Internal Revenue Service approved rates.
- (E) **PARTICIPATION IN BENEFIT PLANS.** The Employee shall also be

entitled to participate in all employee benefit plans or programs (including vacation time) of the Company to the extent that his position, title, tenure, salary, age, health and other qualifications make him eligible to participate. The Company 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.

(F) EXPENSES. The Company shall pay or reimburse the Employee for

all reasonable and necessary out-of-pocket expenses incurred by him in the performance of his duties under this Agreement, subject to the presentation of appropriate vouchers in accordance with the Company's normal policies for expense verification.

5. SEVERANCE ARRANGEMENTS. Upon termination of the Employee's employment

by the Company, other than for cause as defined in paragraph 2 above, or if the Employee voluntarily resigns his employment following a change in his reporting relationship such that he no longer reports to Donald W. Goldfus, the Employee shall be entitled to receive severance compensation in an amount equal to one (1) year of his base compensation plus his average annual bonus, calculated and paid as though the Employee had remained in the employment of the Company. The Employee shall not be entitled to any severance compensation if his employment is terminated for cause as defined in paragraph 2 above or if the Employee voluntarily resigns his employment for any reason other than a change in his reporting relationship.

If the Employee's employment is terminated by the Company other than for cause as defined in paragraph 2 above, or if the Employee voluntarily resigns his employment following a change in his reporting relationship, the Company will provide the Employee with health care coverage comparable to the health care coverage being provided to the Company's executives. This coverage will be provided, at the Company's option, either through the Company's plan or an individual plan. This coverage will be provided until the Employee reaches the age of 65.

In addition, if the Employee's employment is terminated by the Company, other than for cause as defined in paragraph 2 above, or if the Employee voluntarily resigns his employment following a change in his reporting relationship within:

- (a) six (6) years of the effective date of this Agreement, the Employee shall become a consultant of the Company under the terms set forth in this paragraph for five (5) years from the date of his termination or resignation ;
- (b) seven (7) years of the effective date of this Agreement the Employee shall become a consultant of the Company under the terms set forth in this paragraph for four (4) years from the date of his termination or resignation;

- (c) eight (8) years of the effective date of this Agreement, the Employee shall become a consultant of the Company under the terms set forth in this paragraph for three (3) years from the date of his termination or resignation ;
- (d) nine (9) years of the effective date of this Agreement, the Employee shall become a consultant of the Company under the terms set forth in this paragraph for two (2) years from the date of his termination or resignation; and
- (e) ten (10) years of the effective date of this Agreement, the Employee shall become a consultant of the Company under the terms set forth in this paragraph for one (1) year from the date of his termination or resignation.

The Employee shall not be entitled to become a consultant of the Company if his employment is terminated for cause as defined in paragraph 2 above or if the Employee voluntarily resigns his employment for any reason other than a change in his reporting relationship.

If the Employee shall become a consultant to the Company as provided in this paragraph, the terms of his consultancy shall be as follows: the Employee shall consult generally with executive personnel of the Company on operations and policies with which he was familiar prior to the termination or resignation of his employment. The Employee's services may be provided in person, by telephone or by mail, and at such times, places and under such circumstances as shall be mutually agreeable. The Company shall pay the Employee Fifty Thousand Dollars (\$50,000.00), less legally required deductions and withholdings, per year for these consulting services.

6. CONFIDENTIAL INFORMATION. Except as permitted or directed by the

Company's Chairman and Chief Executive Officer, during the term of this Agreement or at any time thereafter, the Employee shall not divulge, furnish or make accessible to anyone or use in any way (other than in an ordinary course of business of the Company) any confidential or secret knowledge or information of the Company which the Employee has acquired or become acquainted with or will acquire or become acquainted with prior to the termination of the period of his employment by the Company, whether developed by himself or by others, concerning any trade secrets, confidential or secret designs, processes, formulae, plans, devices or material (whether or not patented or patentable) directly or indirectly useful in any aspect of the business of the Company, any customer or supplier list of the Company, any confidential or secret development or research work of the Company, or any other confidential information or secret aspects of the business of the Company. The Employee acknowledges that the above-described knowledge or information constitutes a unique and valuable asset of the Company and represents a substantial investment of time and expense by the Company and its

predecessors, and that any disclosure or other use of such knowledge or information other than for the sole benefit of the Company would be wrong and would cause irreparable harm to the Company. Both during and after the term of this Agreement, the Employee will refrain from any acts or omissions that would reduce the value of such knowledge or information to the Company. The foregoing obligations of confidentiality, however, shall not apply to any knowledge or information which is now published or which subsequently becomes generally publicly known in the form in which it was obtained from the Company, other than as a direct or indirect result of the breach of this Agreement by the Employee.

7. RETURN OF PROPRIETARY PROPERTY. The Employee agrees that all property

in the Employee's possession belonging to the Company, including without limitation, all documents, reports, manuals, memoranda, computer print-outs, customer lists, credit cards, keys, identification, products, access cards and all other property relating in any way to the business of the Company are the exclusive property of the Company, even if the Employee authored, created, or assisted in authoring or creating such property. The Employee shall return to the Company all such documents and property immediately upon termination of employment or at such earlier time as the Company may reasonably request.

8. RESTRICTIVE COVENANT. The Employee acknowledges that the Company

needs to be protected against the potential for unfair competition and impairment of the Company's good will by the Employee's use of the Company's training, assistance, confidential information and trade secrets in direct competition with the Company. The Employee therefore agrees that for a period of one (1) year from the date of the termination of his employment hereunder or the expiration of this Agreement, the Employee shall not operate, join, control, be employed by or participate in ownership, management, operation or control of, or be connected in any manner as an independent contractor, consultant or otherwise, with any person or organization engaged in any business activity which is the same as, similar to, or competitive with any business of the Company or any successor of the Company as of the expiration or termination date of this Agreement within the states of the United States of America. The Employee expressly agrees that the provisions of this paragraph 8 shall survive the expiration or termination of this Agreement, whether such termination be voluntary or involuntary or without or without cause.

The Employee agrees that in addition to, but not to the exclusion of any other available remedy, the Company shall have the right to enforce the provisions of this non-competition agreement by applying for and obtaining temporary and permanent restraining orders or injunctions from a court of competent jurisdiction without the necessity of filing a bond therefore, and the Company shall be entitled to recover from the Employee its reasonable attorneys' fees and costs and enforcing the non-competition agreement.

9. COVENANT NOT TO RECRUIT. The Employee recognizes that the Company's

workforce constitutes an important and vital aspect of its business. The Employee agrees that for a period of two (2) years following the expiration or termination of this Agreement for any reason whatsoever, he shall not recruit, or assist anyone else in the solicitation of, any of the Company's then current employees to terminate their employment with the Company and to become employed by any business enterprise with which the Employee may then be associated or connected, whether as an owner, employee, partner, agent, investor, consultant, contractor or otherwise.

10. ASSIGNMENTS. The rights and obligations of the Company under this

Agreement shall inure to the benefit of and shall be binding upon the successors and assigns of the Company. 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.

11. NOTICES. For purposes of this Agreement, notices provided in this

Agreement shall be in writing and shall be deemed to have been given when personally served or mailed by United States registered or certified mail, return receipt requested, postage prepaid, to the last known residents address of the Employee or, in the case of the Company, to its principal office to the attention of its Chairman and Chief Executive Officer, or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notice of change of address shall be effective only upon receipt.

12. CONSTRUCTION AND SEVERABILITY. The validity, interpretation,

performance and enforcement of this Agreement shall be governed by the laws of the state of Minnesota. In the event any provision of this Agreement shall be held illegal or invalid for any reason, said illegality or invalidity will not in any way effect the legality or validity of any other provision hereof. It is the intention of the parties hereto that the Company be given the broadest possible protection respecting its confidential information and trade secrets and respecting competition by the Employee following his separation by the Company.

13. ARBITRATION. Except as provided in subparagraph (b) below, any claims

or disputes of any nature between the parties arising from or related to the performance, breach, termination, expiration, application or meaning of this Agreement shall be resolved exclusively by arbitration before the American Arbitration Association in Minneapolis, Minnesota, in accordance with the applicable rules then obtaining of the American Arbitration Association.

- (a) The decision of the arbitrator(s) shall be final and binding upon both parties. Judgment of the award rendered by the arbitrator(s)

may be entered in any court having jurisdiction thereof. In the event of submission of any dispute to arbitration, each party shall, not later than thirty (30) days prior to the date set for hearing, provide to the either party and to the arbitrator(s) a copy of all exhibits upon which the party intends to rely at the hearing and a list of all persons whom each party intends to call as a witness at the hearing.

- (b) This section shall have no obligation to claims by the Company asserting violation of or seeking to enforce, by injunction or otherwise, the terms of paragraphs 6, 7, 8 and 9 above. Such claims may be maintained by the Company in a lawsuit subject to the terms of paragraph 14 below.

14. VENUE. Any action at law, suit in equity or judicial proceeding

arising directly, indirectly or otherwise in connection with, out of, related to or from this Agreement or any provision hereof, shall be litigated only in the courts of the state of Minnesota, County of Hennepin. The Employee waives any right the Employee may have to transfer or change the venue of any litigation brought against the Employee by the Company.

15. ENTIRE AGREEMENT. This Agreement sets forth the entire agreement

between the Company and the Employee with respect to his employment by the Company and there are not undertakings, covenants or commitments other than as 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.

16. COUNTERPARTS. This Agreement may be simultaneously executed in any

number of counterparts, and such counterparts executed and delivered, each as an original, shall constitute but one in the same instrument.

17. 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.

18. SURVIVAL. The parties expressly acknowledge and agree that the

provisions of this Agreement which by their expressed or implied terms extend beyond the expiration of this Agreement or the termination of the Employee's employment hereunder, shall continue in full force and effect, notwithstanding the Employee's termination of employment hereunder or the expiration of this Agreement.

19. WAIVERS. No failure on the part of either 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. No single or partial waiver of rights or remedies hereunder, nor any cause of conduct of the parties, shall be construed as a waiver of rights or remedies by either party (other than as expressly and specifically waived).

20. RELIANCE BY THIRD PARTY. This Agreement is intended and exclusive

benefit of the parties hereto and their respective heirs, executors, administrators, personal representatives, successors and permitted assigns, and no other person or entity shall have any right to rely on this agreement or to claim or derive any benefit therefrom, absent the express written consent of the party to be charged with such reliance or benefit.

IN WITNESS WHEREOF, the parties have signed this agreement.

Dated: _____

Richard Gould

Dated: _____

APOGEE ENTERPRISES, INC.

By _____
Its _____

Statement of Determination of Common Shares and Common Share Equivalents

Average number of common shares and common share equivalents assumed outstanding during the three fiscal years ended:

	February 25, 1995 -----	February 26, 1994 -----	February 27, 1993 -----
PRIMARY:			
Weighted average of common shares outstanding (a)	13,385,803	13,232,504	13,287,054
Common share equivalents resulting from the assumed exercise of stock options (b)	114,771 -----	56,275 -----	5,542 -----
Total primary common shares and common share equivalents	13,500,574 =====	13,288,779 =====	13,292,596 =====
Net earnings before cumulative effect of change in accounting for income taxes	\$13,050,000	\$ 3,308,000	\$ 4,514,000
Cumulative effect of change in accounting for income taxes	-- -----	525,000 -----	-- -----
Net earnings	\$13,050,000 =====	\$ 3,833,000 =====	\$ 4,514,000 =====
Earnings per share before cumulative effect of change in accounting for income taxes	\$.97	\$.25	\$.34
Cumulative effect of change in accounting for income taxes	-- -----	.04 -----	-- -----
Per share amount	\$.97 =====	\$.29 =====	\$.34 =====
ASSUMING FULL DILUTION:			
Total common shares and common share equivalents as determined for primary computation	13,500,574	13,288,779	13,292,596
Additional dilutive effect resulting from the assumed exercise of stock options (c)	16,007 -----	61,633 -----	8,519 -----
Total fully diluted common shares and common share equivalents	13,516,581 =====	13,350,412 =====	13,301,115 =====
Earnings per share before cumulative effect of change in accounting for income taxes	\$.97	\$.25	\$.34
Cumulative effect of change in accounting for income taxes	-- -----	.04 -----	-- -----
Per share amount	\$.97 =====	\$.29 =====	\$.34 =====

Notes:

- (a) Beginning balance of common stock adjusted for changes in amount outstanding, weighted by the elapsed portion of the period during which the shares were outstanding.
- (b) Common share equivalents computed by the "treasury" method. Share amounts represent the dilutive effect of outstanding stock options which have an option value below the average market value for the current period.
- (c) Share amounts represent the additional dilutive effect of outstanding stock options where the underlying market value of the stock at the end of the period is in excess of the average market value for the period.

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
W.S.A., Inc.	Minnesota
Viracon/Curvlite, Inc.	Minnesota
Tru Vue, Inc.	Illinois
The Glass Depot, Inc.	Minnesota
Prism Assurance, Ltd.	Vermont
First Call, Inc.	Florida
Harmon Glass Company	Minnesota
Apogee Sales Corporation (1)	South Dakota
Marcon Coatings, Inc. (2)	Minnesota
Harmon Contract Asia, Ltd. (3)	Minnesota
Harmon Contract U.K., Limited (4)	United Kingdom
Viratec Thin Films, Inc. (5)	Minnesota
Empire State Auto & Plate Glass, Inc. (7)	New York
Harmon Glass of Canada Ltd. (1) (6)	Canada
Harmon CFEM Facades (UK) Ltd. (8)	United Kingdom
Harmon Contract, Inc. (9)	Minnesota
Norshield Corporation (9)	Alabama
The Glass Depot of New York, Inc. (10)	Minnesota
Harmon Contract Asia Sdn Bhd (11)	Malaysia
Harmon Europe S.A. (12)	France
Viratec International, Inc. (13)	Barbados
Harmon LTS (14)	France
Harmon/CFEM Facades S.A. (15)	France
Harmon Facalu S.A. (15)	France
Harmon Sitraco S.A. (15)	France

- (1) Owned by Harmon Glass Company
(2) 50% owned by W.S.A., Inc.
(3) Owned by Harmon Contract, Inc.
(4) 99.99% owned by Harmon Contract, Inc. and .01% by Apogee Enterprises, Inc.
(5) Owned by Marcon Coatings, Inc.
(6) Inactive
(7) 66.67% owned by Harmon Glass Company
(8) 99.99% owned by Harmon Europe S.A. and .01% by Apogee Enterprises, Inc.
(9) Owned by W.S.A., Inc.
(10) Owned by The Glass Depot, Inc.
(11) Owned by Harmon Contract Asia, Ltd.
(12) 75% owned by various Apogee entities
(13) Owned by Viratec Thin Films, Inc.
(14) 99.5% owned by Harmon Europe S.A.
(15) Owned by Harmon Europe S.A.

12-MOS

FEB-25-1995

FEB-27-1994

FEB-25-1995

2,894

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173,757

8,658

54,559

256,820

161,694

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361,928

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4,481

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120,148

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756,549

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13,050

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\$0.97