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

FORM 10-K

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

For the fiscal year ended February 27, 1999

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

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 X No ______.

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

The aggregate market value of voting stock held by non-affiliates of the registrant on March 31, 1999 was $303,903,278. The number of shares outstanding of the Registrant's Common Stock at March 31, 1999 was 27,624,000.

DOCUMENTS INCORPORATED BY REFERENCE

Part II, Item 9 and Part III hereof incorporate information by reference from the Proxy Statement for the Annual Meeting of Shareholders to be held June 22, 1999.

APOGEE ENTERPRISES, INC.
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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 subsidiaries, is a leader in the design and development of value-added glass products, services and systems for the non-residential building, automotive and commercial markets. Unless the context otherwise requires, the terms "Company" and "Apogee" as used herein refer to Apogee Enterprises, Inc. and its subsidiaries.

Until recently Apogee's business was organized into three operating segments: Glass Technologies, Auto Glass and Building Products and Services ("BPS"). However, during fiscal 1999, the Company divested two business units: its detention/security systems contracting and domestic curtainwall businesses. Combined with Apogee's fiscal 1998 decision to exit its international curtainwall operations, the sale of its detention/security and domestic curtainwall businesses effectively removed the Company from large-scale construction activities. Accordingly, the detention/security and curtainwall contracting businesses were reported as discontinued operations. In connection therewith, Apogee modified its business segment structure, with the Company now operating as two segments - Glass Technologies and Glass Services. A more detailed description of our results and financial position is provided in Part II, item 7.

Glass Technologies (GT) serves the construction and imaging and display markets. Glass Services (GS) serves the automotive glass replacement and repair market and provides building glass installation and replacement services. Financial information about the Company's segments can be found at Note 18 to the consolidated financial statements of Apogee Enterprises, Inc. contained elsewhere in this report. See "Index of Financial Statements and Schedules".

Glass Technologies

The businesses of the Glass Technologies segment add value to ordinary glass through fabrication of high-technology coatings products which provide strength, energy efficiency in high-rise structures and optical clarity for mirrors, glare filter screens and picture frame glass. The operating units in this segment include Viracon, an architectural glass unit, Viratec Thin Films (Viratec), a producer of coated glass for computer anti-glare screens and other optical devices, Tru Vue, a picture framing glass unit and Wausau Architectural Products, a manufacturer of commercial and institutional window systems which also provides painting and anodizing services.

Viracon fabricates finished glass products and provides glass coating services. The operating unit purchases flat, unprocessed glass in bulk quantities from which a variety of glass products are fabricated, including insulated, heat processed and laminated architectural glass; security glass and laminated industrial glass.

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 safety glass products have increased with the adoption of federal and state safety glazing standards. Glass is heated to its softening point then cooled very quickly to create heat-processed glass. The heating and cooling strengthen the glass to withstand impact and wind or snow loads. This product is used in architectural glass. 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. Viracon'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.

The Viracon unit is able to fabricate all types of architectural glass (insulating, laminated and combinations of both) at its Owatonna, Minnesota facility. Combined with its glass coating capabilities, the unit is able to provide a full range of products from these facilities. During fiscal 1999, Viracon began and largely completed construction of a new architectural glass fabrication complex in Statesboro, Georgia. The Statesboro facility began production in March 1999. Together with capacity improvements at the unit's Minnesota facility, Viracon's capacity over the next two fiscal years will increase by over 60%.

Viracon markets its products nationally and overseas to glass distributors, contractors 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.

Viratec develops advanced, optical-display and imaging coatings for glass and other surfaces. These products are used in 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 Optium(TM) coating line was relocated in fiscal 1999 from Minnesota to southern California, a location closer to the flow of customers' computer monitor supply chains. The Optium line resumed production in September 1998 and began ramping up production levels to meet sales orders/commitments received from customers. Viratec is also a new, large-scale flat glass coating line in its Minnesota facility, which is expected to go on-line in the summer of 1999.

Tru Vue 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. Tru Vue is also a manufacturer of conservation picture framing matboard, which complements the unit's glass product offerings. The products are distributed primarily through independent distributors which, in turn, supply local picture framing markets. During the first quarter of fiscal 1999, Tru Vue broke ground for a new facility in the Chicago area. The new facility was completed in the spring of 1999 and will allow greater production capacity and efficiency.

The segment designs and manufactures high-quality, thermally-efficient aluminum window and curtainwall systems under the "Wausau Window and Wall Systems" (Wausau) trade name. These products meet high standards of wind load capacity and resistance to air and moisture infiltration. Wausau's 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 and to building owners for retrofitting older buildings. Wausau maintains design and product engineering staffs to prepare aluminum window and curtainwall system designs to fit customers' needs and to originate new product designs.

Operating under the "Linetec" name, the Architectural Products 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 industrial metal fabricators (including Wausau), as well as other companies' metal, plastic, wood or glass products.

Glass Services

The Glass Services (GS) segment is engaged in the auto glass replacement and repair business through its Harmon AutoGlass service centers (retail), Glass Depot wholesale centers (wholesale) and Viracon/Curvlite fabrication center. In addition, GS includes Harmon, Inc., a provider of building glass installation and replacement services in several metropolitan areas.

Harmon AutoGlass operates auto glass service centers in 43 states. The centers replace and repair 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 AutoGlass is the second-largest auto glass retailer in the United States. The unit also operates two call centers (Centers) for handling auto glass claims. The Centers, on behalf of their insurance company and fleet customers, handle replacement glass claims made by policyholders or fleet owners. Calls are placed through a toll-free number and then routed to one of the Centers located in Orlando, Florida or Eau Claire, Wisconsin. Customer service agents arrange for the prompt replacement or repair of auto glass by either a Harmon AutoGlass service center, an affiliated shop member of the Center's network or an unrelated shop as directed by the insured, and begin 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 becoming an essential requirement to being one of the few choice providers for insurance companies.

The GS wholesale centers, known as "Glass Depot", supply the Harmon AutoGlass 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, auto 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 auto glass and to provide prompt delivery. Through the segment's National Distribution Center (NDC), a mega-distribution center offering other manufacturers' products as well as its own for both domestic and foreign vehicles, the segment is able to maintain a broad selection of automotive glass. The NDC also offers "AutoGlass Express," a delivery system

which allows the unit to fill customers' orders on an individual basis versus the industry norm of truckload orders. Purchases of fabricated automotive glass are made from several primary glass manufacturers and fabricators, including the segment's Curvlite unit.

Viracon/Curvlite fabricates replacement windshields for foreign and domestic automobiles 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 wholesale centers. Viracon/Curvlite seeks to offer a broad selection of windshields by promptly adding new windshields as new models are introduced.

On February 27, 1999, the GS segment had 76 wholesale locations and 341 service centers. The segment evaluates opportunities to expand both its retail and wholesale auto glass locations, while closely monitoring existing units' profitability.

GS' Harmon, Inc. group has 12 locations located in major metropolitan areas. The locations offer complete design, engineering, installation and replacement or glazing services for commercial, institutional and other buildings. In addition, this unit offers 24-hour replacement service for storm or vandalism damage. In-house engineering capabilities allow Harmon, Inc. to duplicate the original design or create a completely new appearance for renovated buildings.

Competition

The Company's businesses are in industries that are, in general, fairly mature and highly competitive. The Glass Technologies segment competes with several large integrated glass manufacturers and numerous smaller specialty fabricators. Product pricing and service are the primary competitive factors in this market. GT's Architectural Products unit competes against several major aluminum window manufacturers and primarily serves the custom portion of the construction market in which the primary competitive factors are product quality, reliable service and the ability to provide technical engineering and design services. The Glass Services segment competes with other auto glass shops, glass 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.

Markets

GT services the architectural glass, computer, optical imaging and picture framing glass markets in which coated glass is becoming the industry standard. These markets are very competitive, highly responsive to new products and can be price sensitive. The Company believes that GT possesses one of the world's largest coating capacities for glass and is a leading fabricator and global distributor of high-performance architectural glass. Its fully integrated, glass fabrication and coating capabilities allow the segment to meet customer needs and react quickly to market demands while developing new products.

GS services the automotive glass aftermarket, which is influenced by a variety of factors, including new car sales, speed limits, road conditions, the economy, weather and average number of miles driven. In recent years, transformation of the industry's pricing structure has intensified competition. Major purchasers of auto glass, such as insurance companies, have increasingly requested volume pricing and insurance claims processing on a national scale. 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

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

The Company has several nationally recognized trademarks and trade names which it believes have significant value in the marketing of its products. Harmon AutoGlass(R), Viratec(R), Tru Vue(R), and Linetec(R) are registered trademarks and Glass Depot(R) and Optium(R) are listed 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

During the years ended February 27, 1999, February 28, 1998 and March 1, 1997, the Company's export sales, principally from GT operations, amounted to approximately $40,316,000, $61,321,000 and $54,946,000, respectively.

Employees

The Company employed 6,367 persons at February 27, 1999, of whom approximately 580 were represented by labor unions. The Company is a party to 36 collective bargaining agreements with several different unions. Approximately 15% of the collective bargaining agreements will expire during fiscal 1999. 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

At February 27, 1999, the Company's total backlog of orders considered to be firm was $148,432,000 compared with $134,361,000 at February 28, 1998.

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
Glass Technologies			
Viracon	Owatonna, MN	Owned	Mfg./Admin.
Viracon	Statesboro, GA	Owned	Mfg.
Viracon - Temp II Bldg.	Owatonna, MN	Owned	Mfg.
Viratec Thin Films, Inc.	Faribault, MN	Owned	Mfg./Admin.
Viratec Thin Films, Inc.	San Diego, CA	Leased	Mfg.
Tru Vue	Chicago, IL	Owned	Mfg./Admin.
Wausau Window and Wall Systems	Wausau, WI	Owned	Mfg./Admin.
Wausau Window and Wall Systems - Plant II	Wausau, WI	Owned	Mfg.
Wausau Window and Wall Systems - Plant III	Wausau, WI	Owned	Mfg.
Linetec (Painting)	Wausau, WI	Owned	Mfg./Admin.
Linetec (Anodizing)	Wausau, WI	Owned	Mfg.
Glass Services			
Viracon/Curvlite	Owatonna, MN	Owned	Mfg./Admin.
National Distribution Center	Owatonna, MN	Owned	Warehouse/Admin.
Harmon AutoGlass and Glass Depot headquarters	Minneapolis, MN	Leased	Administrative
Harmon Solutions-Call Center	Orlando, FL	Owned	Administrative
Harmon Solutions-Call Center	Eau Claire, WI	Leased	Administrative
Other			
Apogee Corporate Office	Minneapolis, MN	Leased	Administrative

In addition to the locations indicated above, the Glass Services segment has 341 retail, 76 distribution and 12 building glass installation and repair locations nationally. The majority of such locations are leased.

The Viracon/Curvlite plant, a Wausau Window and Wall Systems facility, the Linetec paint facility, and the Call Center in Florida 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

Apogee has been a party to various legal proceedings incidental to its normal operating activities. In particular, like others in the construction industry, the Company's discontinued construction business is routinely involved in various disputes and claims arising out of construction projects, sometimes involving significant monetary damages. Although it is impossible to predict the outcome of such proceedings, the Company believes, based on facts currently available to us, that none of such claims will result in losses that would have a material adverse effect on its financial condition.

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

No matters were submitted to a vote of security holders during the fourth quarter ended February 27, 1999.

EXECUTIVE OFFICERS OF THE REGISTRANT

NAME	AGE	POSITION
Donald W. Goldfus	65	Chairman of the Board of Directors
Russell Huffer	49	President and Chief Executive Officer

Richard Gould	59	Senior Vice President
Robert G. Barbieri	43	Vice President - Finance and Chief Financial Officer
Michael A. Bevilacqua	42	Treasurer/Senior Director Business Development
Martha L. Richards	36	General Counsel and Secretary
James S. Porter	39	Corporate Controller

Executive officers are elected annually by the Board of Directors and serve for a one-year period. With the exception of Richard Gould, who 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.

Messrs. Goldfus and Huffer have been employees of the Company for more than the last five years. Mr. Gould joined the Company in May 1994. Prior to joining the Company, Mr. Gould was president of Gould Associates, a strategic management consulting firm to a wide range of companies. Mr. Barbieri joined the Company in 1997. Prior to joining the Company, Mr. Barbieri held several financial management positions at Air Products and Chemicals, Inc. in Allentown, Pennsylvania. Mr. Bevilacqua joined the Company in April 1998. Prior to joining the Company, Mr. Bevilacqua held several financial management positions at Air Products and Chemicals, Inc. in Allentown, Pennsylvania. Ms. Richards joined the Company in March 1997. Prior to joining the Company, Ms. Richards was a partner with the law firm of Jenner & Block, Chicago, Illinois. Mr. Porter joined the Company in August 1997. Prior to joining the Company, Mr. Porter held financial management positions at Rollerblade, Inc. in Minneapolis, Minnesota.

PART II

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

Market Information

Apogee common stock is traded on the Nasdaq National Market, under the ticker symbol APOG. Stock price quotations are printed daily in major newspapers. During the fiscal year ended February 27, 1999, the average trading volume of Apogee common stock was 1,962,000 shares per month, according to NASDAQ.

As of March 31, 1999, there were 27,624,000 shares of common stock outstanding, of which about 7.3 percent were owned by officers and directors of Apogee. At that date, there were approximately 1,965 shareholders of record and 5,292 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 price per share over the past five fiscal years.

	Quarter I	Quarter II	Quarter III	Quarter IV	Year End
1995	5 3/4 - 7 5/8	5 7/8 - 7 7/8	7 3/8 - 9 1/8	7 3/8 - 9 1/4	8 5/8
1996	8 1/4 - 9	7 1/4 - 9 1/8	7 1/8 - 7 7/8	6 1/2 - 9 7/8	9 13/16
1997	9 5/8 - 14 1/4	13 1/4 - 18 1/4	15 1/4 - 22 5/8	17 1/4 - 23 3/4	19 7/8
1998	14 - 21 1/4	17 3/4 - 22 5/8	21 1/8 - 25	10 3/8 - 23 1/4	12 15/16
1999	11 13/16 - 15 1/4	11 1/8 - 15 1/2	8 1/8 - 12 7/8	8 3/4 - 12 3/8	8 3/4

Dividends

It is Apogee's policy, subject to Board review and approval, to pay quarterly cash dividends in May, August, November and February. Cash dividends have been paid each quarter since 1974, 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
1995	0.038	0.038	0.040	0.040	0.155
1996	0.040	0.040	0.043	0.043	0.165
1997	0.043	0.043	0.045	0.045	0.175
1998	0.045	0.045	0.050	0.050	0.190
1999	0.050	0.050	0.053	0.053	0.205

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.

Dollar amounts in thousands, except per share data**	1999	1998	1997	1996	1995
Operating Results					
Net sales	$ 792,552	731,094	642,226	567,823	516,022
Gross profit	$ 170,176	165,139	143,761	116,426	102,400
Operating income (loss)	$ 42,143	45,659	44,628	34,729	31,535
Earnings from continuing operations	$ 19,687	24,114	26,827	20,656	19,160
Earnings from discontinued operations	$ 5,546	(75,169)	(607)	(2,820)	(6,110)
Net earnings (loss)	$ 25,233	(51,055)	26,220	17,836	13,050
Earnings (loss) per share - basic					
From continuing operations	$ 0.71	0.87	0.98	0.76	0.72
From discontinued operations	$ 0.20	(2.70)	(0.02)	(0.10)	(0.23)
Net earnings	$ 0.91	(1.84)	0.96	0.66	0.49
Earnings (loss) per share - diluted					
From continuing operations	$ 0.71	0.85	0.96	0.76	0.71
From discontinued operations	$ 0.20	(2.65)	(0.02)	(0.10)	(0.23)
Net earnings	$ 0.91	(1.80)	0.93	0.65	0.48
Effective tax rate - %	36.0	36.5	31.3	36.0	36.0
Operating Ratios					
Gross margin - %	21.5	22.6	22.4	20.5	19.8
Operating margin - %	5.3	6.2	6.9	6.1	6.1
Net margin - continuing operations - %	2.5	3.3	4.2	3.6	3.7
Net margin - %	3.2	(7.0)	4.1	3.1	2.5
Return on					
Average shareholders' equity - %	21.0	(36.2)	16.9	13.5	10.9
Average invested capital - %	8.3	(16.7)	9.2	7.6	6.7
Average total assets - %	5.8	(12.5)	7.1	5.5	4.5
Funds Flow Data					
Depreciation and amortization	$ 25,938	22,463	17,860	13,122	11,972
Capital expenditures	$ 77,710	37,892	34,203	20,038	22,603
Dividends	$ 5,666	5,251	4,806	4,453	4,154
Year-End Data					
Total assets	$ 471,191	405,526	410,522	327,233	317,085
Current assets	$ 205,345	206,858	159,095	149,414	155,608
Current liabilities	$ 115,211	97,750	86,178	83,574	90,876
Working capital	$ 90,134	109,108	72,916	65,840	64,732
Current ratio	1.8	2.1	1.8	1.8	1.7
Long-term debt	$ 165,097	151,967	127,640	79,102	80,566
% of invested capital	51.0	51.3	39.4	32.5	35.6
Shareholders' equity	$ 130,664	109,600	172,150	138,922	124,628
% of invested capital	40.4	38.3	53.1	57.0	55.1
Investment Information					
Dividends per share	$ 0.210	0.190	0.175	0.165	0.155
Book value per share	$ 4.73	3.99	6.17	5.14	4.64
Price range during year:					
High	$ 15 1/2	25	23 3/4	9 7/8	9 1/4
Low	$ 8 1/8	10 3/8	9 5/8	6 1/2	5 3/4
Close	$ 8 3/4	12 15/16	19 7/8	9 13/16	8 5/8
Price/earnings ratio at year-end	9.6	NM	21	15	18
Dividend yield at year-end - %	2.4	1.5	0.9	1.7	1.9
Shares outstanding at year end	27,623,000	27,453,000	27,882,000	27,034,000	26,886,000

Average monthly trading volume	1,962,000	4,065,092	4,795,244	1,775,740	1,613,012

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

Dollar amounts in thousands, except per share data	1994*	1993	1992	1991	1990	1989
Operating Results						
Net sales	$ 426,400	367,878	364,578	368,094	349,483	277,560
Gross profit	$ 84,184	71,141	67,193	74,816	71,629	57,446
Operating income (loss)	$ 23,803	8,779	2,730	17,629	18,968	15,643
Earnings from continuing operations	$ 16,279	6,657	(1,300)	7,391	6,314	8,696
Earnings from discontinued operations	$ (12,446)	(2,143)	9,805	9,626	7,781	4,725
Net earnings (loss)	$ 3,833	4,514	8,505	17,017	14,095	13,421
Earnings (loss) per share - basic						
From continuing operations	$ 0.62	0.25	(0.05)	0.27	0.23	0.32
From discontinued operations	$ (0.47)	(0.08)	0.36	0.36	0.29	0.18
Net earnings	$ 0.14	0.17	0.32	0.63	0.52	0.50
Earnings (loss) per share - diluted						
From continuing operations	$ 0.61	0.25	(0.05)	0.27	0.23	0.32
From discontinued operations	$ (0.47)	(0.08)	0.36	0.35	0.29	0.18
Net earnings	$ 0.14	0.17	0.31	0.62	0.52	0.50
Effective tax rate - %	36.0	36.0	36.0	36.0	36.0	36.0
Operating Ratios						
Gross margin - %	19.7	19.3	18.4	20.3	20.5	20.7
Operating margin - %	5.6	2.4	0.7	4.8	5.4	5.6
Net margin - continuing operations - %	3.8	1.8	(0.4)	2.0	1.8	3.1
Net margin - %	0.9	1.2	2.3	4.6	4.0	4.8
Return on						
Average shareholders' equity - %	3.4	4.0	7.6	16.6	15.7	17.2
Average invested capital - %	2.4	3.0	5.7	11.5	9.9	11.6
Average total assets - %	1.6	2.1	4.2	8.8	7.6	8.6
Funds Flow Data						
Depreciation and amortization	$ 12,423	12,344	14,407	12,000	11,008	8,378
Capital expenditures	$ 11,447	6,393	9,985	11,988	15,353	16,362
Dividends	$ 3,841	3,584	3,505	3,248	2,693	2,140
Year-End Data						
Total assets	$ 257,877	213,372	212,282	196,292	192,572	177,792
Current assets	$ 123,301	102,869	112,847	106,614	89,942	71,307
Current liabilities	$ 92,536	61,702	63,786	48,441	43,418	41,873
Working capital	$ 30,765	41,167	49,061	58,173	46,524	29,433
Current ratio	1.3	1.7	1.8	2.2	2.1	1.7
Long-term debt	$ 35,688	28,419	25,267	29,398	41,366	46,277
% of invested capital	21.6	18.7	17.0	19.9	27.7	34.0
Shareholders' equity	$ 114,062	112,336	113,780	109,050	95,753	83,871
% of invested capital	69.0	74.1	76.6	73.8	64.2	61.7
Investment Information						
Dividends per share	$ 0.145	0.135	0.130	0.120	0.100	0.080
Book value per share	$ 4.28	4.26	4.23	4.05	3.56	3.13
Price range during year:						
High	$ 8 7/8	6 3/8	9	10 1/16	9 3/8	7 1/8
Low	$ 5 1/8	4 1/8	4 3/4	6 5/8	6 1/2	5
Close	$ 7 1/4	5 13/16	6 1/8	9	7 3/8	6 13/16
Price/earnings ratio at year-end	50	34	19	14	14	14
Dividend yield at year-end - %	2.0	2.3	2.1	1.3	1.4	1.2
Shares outstanding at year end	26,624,000	26,354,000	26,922,000	26,954,000	26,934,000	26,828,000
Average monthly trading volume	518,900	644,294	1,386,058	1,212,682	1,722,972	1,440,082

. 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.

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

In fiscal 1999, Apogee continued its focus on Company-wide efforts to improve margins, productivity, working capital usage and capital allocation. The two most significant outcomes of these initiatives in fiscal 1999 were the substantial capacity expansion of the Company's Glass Technologies' operations and the divestitures of two of Apogee's business units: detention/security systems contracting and domestic curtainwall. Combined with Apogee's prior year decision to exit its international curtainwall operations, the sale of its detention/security and domestic curtainwall businesses effectively removes the Company from large-scale construction activities. Accordingly, the detention/security and curtainwall contracting businesses are reported as discontinued operations.

In connection therewith, Apogee modified its business segment structure, with the Company now operating as two segments - Glass Technologies and Glass Services. A more detailed description of our results and financial position is provided in this financial review.

Performance

Fiscal 1999 Compared To Fiscal 1998

The following table illustrates the relationship between various components of operations, stated as a percent of net sales, for each of the fiscal years in the three-year period ended February 27, 1999.

Percent of Net Sales	1999	1998	1997
Net sales	100.0	100.0	100.0
Cost of sales	78.5	77.4	77.6
Gross profit	21.5	22.6	22.4
Selling, general and administrative expenses	16.2	16.3	15.4
Operating income (loss)	5.3	6.2	6.9
Interest and other expense, net	1.2	0.9	0.8
Earnings from continuing operations before income taxes and other items	4.1	5.4	6.2
Income taxes	1.5	2.0	1.9
Equity in net loss of affiliated companies	0.2	0.1	0.1
Earnings from continuing operations	2.5	3.3	4.2
Earnings (loss) from discontinued operations	0.7	(10.3)	(0.1)
Net earnings (loss)	3.2	(7.0)	4.1

Consolidated net sales increased 8% to $793 million in fiscal 1999. The Glass Services (GS) segment reported a net sales gain of 15%, while the Glass Technologies (GT) segment's net sales were essentially unchanged with those of a year ago. Net sales of GS's replacement auto glass businesses increased 11%, while net sales of its building glass services unit grew by more than one-third. The replacement auto glass operations increased net sales by combining retail same-store net sales growth with the addition of retail and wholesale locations. GT net sales were flat primarily due to the effects of capacity limitations and the relocation of a product line.

On a consolidated basis, cost of sales, as a percentage of net sales, rose slightly to 78.5%, up from 77.4% in fiscal 1998. The primary factors underlying the resulting decline in gross profit were the effect of the planned suspension and relocation of a GT product line, temporary productivity issues related to capacity limitations at Viracon and a small decline in margin in the replacement auto glass businesses. These factors were partly offset by margin improvements at GS's Harmon, Inc. and GT's Architectural Products units.

Selling, general and administrative (SG&A) expenses grew by $8.6 million, or 7%, but declined slightly as a percent of net sales. The primary factors for the growth were higher salaries, outside services and charitable contributions, as well as increased information systems and marketing costs, particularly at our GS segment.

Net interest expense rose 52% to $9.5 million in fiscal 1999. The increase reflected higher interest rates and borrowing levels under our revolving credit agreement. We expect higher interest expense for fiscal 2000 due to an increase in borrowing levels, particularly during the first half of the fiscal year.

Apogee's effective income tax rate was 36.0% of pre-tax earnings from continuing operations, down marginally from the 36.5% rate recorded in fiscal 1998.

Apogee's equity in the net loss of affiliated companies was $1.4 million in fiscal 1999 compared to $879,000 a year ago.

Apogee's fiscal 1999 earnings from continuing operations declined to $19.7 million, or $0.71 diluted earnings per share. This compared to earnings from continuing operations of $24.1 million, or $0.85 diluted earnings per share, a year earlier.

Earnings from operations of discontinued businesses was $5.5 million after tax, or $0.20 diluted earnings per share, compared to an after-tax net loss from operation of discontinued businesses of $75.2 million, or $2.65 diluted loss per share.

Apogee's fiscal 1999 net earnings were $25.2 million, or $0.91 diluted earnings per share. This compared to a net loss of $51.1 million, or $1.80 diluted loss per share, a year ago. The return on average shareholders' equity was 21.0% in fiscal 1999 versus a negative return of 36.2% for fiscal 1998.

Segment Analysis

The following information provides a more detailed look at each of our two business segments. See also Note 18-Business Segment Data on page 29 for a three-year history of each segment's net sales, operating income (loss), identifiable assets, capital expenditures, and depreciation and amortization.

(Dollar amounts in thousands)	1999	1998	1997
Glass Technologies			
Net sales	$324,456	$324,195	$276,872
Operating income	21,691	30,746	22,328
Glass Services			
Net sales	468,797	407,985	367,097
Operating income	21,478	16,123	21,417

Glass Technologies (GT) After five consecutive years of record results, GT reported net sales level with last year's $324 million, while operating income fell 29% to $21.7 million. The segment's results were primarily affected by the suspension and relocation of Viratec Thin Films' (Viratec) Optium cathode ray tube (CRT) coating line, and the start-up costs and disruptions associated with the segment's other capital projects. The segment's results were also affected by significantly lower demand for Viratec's anti-glare filter and front-surface mirror products due to the economic slowdown in Asia and temporary issues related to capacity limitations at Viracon that slowed production and caused additional costs during the second quarter.

Viracon's net sales were slightly lower than a year ago. The architectural glass fabrication unit's operating earnings fell 37%, reflecting the second quarter operational difficulties noted above and start-up costs associated with the construction of a new facility. Viracon ran near full capacity for much of the year, even as expanded production capacity was added. Viracon's production outpaced its shipments by a considerable margin during the year, which also adversely affected operating earnings and resulted in increased finished goods inventory. During the year, Viracon began and largely completed construction of a new architectural glass fabrication complex in Statesboro, Georgia. The Statesboro facility began production in March

1999. Together with capacity improvements at the unit's Minnesota facility, Viracon's capacity over the next two fiscal years will increase by over 60%.

Viratec, which applies optical-grade coatings to glass and other substrates, reported a net sales decline. Viratec recorded an operating loss in fiscal 1999 compared to solid operating earnings a year earlier. As noted, the unit was adversely affected by the suspension of the Optium CRT coating line and significantly lower demand for its anti-glare filter and front-surface mirror products due to the economic slowdown in Asia. The CRT coating line was suspended in connection with its relocation from Minnesota to southern California, a location closer to the flow of customers' computer monitor supply chains. The Optium line resumed production in September 1998 and began ramping up production levels to meet sales orders/commitments received from customers. Viratec also continued to proceed with the addition of a new large-scale flat glass coating line in its Minnesota facility, which is expected to go on-line in the summer of 1999.

Tru Vue, the segment's custom art frame glass and matboard fabrication unit, posted a 12% improvement in sales, while earnings rose by 23%. These results reflected increased penetration of the unit's value-added products and success in the control of production costs. During the first quarter of fiscal 1999, Tru Vue broke ground for a new facility in the Chicago area. The new facility was completed in the spring of 1999 and will allow greater production capacity and efficiency.

Wausau Architectural Products (Wausau), which manufactures commercial windows and provides painting and anodizing services, leveraged marginally higher net sales into a 50% operating income gain. Wausau continued to benefit from improvements in its engineering and fabrication capabilities.

Based on its year-end backlog, continued evidence of strong demand for architectural glass products and the full-year operation of Viratec's Optium CRT coating line, GT expects to report higher net sales and operating earnings in fiscal 2000. Net sales and operating income improvements will depend partly on the ramp-up of the productive capacity added in fiscal 1999 or coming online in fiscal 2000. The segment's expansions also will result in significantly higher depreciation expense in fiscal 2000.

Glass Services (GS) operates auto glass businesses under the Harmon AutoGlass (Harmon), Harmon Solutions Group (Solutions), Glass Depot and Viracon/Curvlite names. Due to an industry merger in 1997, GS became the second largest company in the auto glass repair and replacement industry. In addition, GS includes Harmon, Inc., a provider of building glass installation and replacement services in several major metropolitan areas. GS reported a 15% net sales improvement in fiscal 1999, while operating earnings rose by 33%.

Net sales of the unit increased 11%, reflecting increased market share and manufactured windshield sales, and the addition of retail and distribution locations. Operating income for the auto glass businesses increased 27%. Sales growth continued to outpace the industry. Market data indicates that unit demand for replacement auto glass in the U.S. fell nominally in 1998. Same-location retail net sales rose by 4.8%, while unit net sales increased 6.4%. During the year, Harmon increased sales to insurance companies through Solutions. The segment also continued to proceed with efforts to improve productivity for its auto glass repair and replacement operations.

The segment's manufacturing operation, Viracon/Curvlite, fabricates auto glass for the replacement auto glass aftermarket. Viracon/Curvlite increased net sales in fiscal 1999 by about 13%. The unit's National Distribution Center, which offers other manufacturers' products as well as its own for both domestic and foreign vehicles, and the AutoGlass Express program, a delivery system to fill customer orders more quickly and completely, accounted for much of the unit's net sales growth. About 69% of Viracon/Curvlite's net sales were made to the Glass Depot unit in fiscal 1999.

On May 29, 1998, the segment acquired an 80% interest in VIS'N Service Corporation (VIS'N), an insurance claims and policy processing outsource company headquartered in Red Wing, Minnesota. This acquisition will expand the segment's capabilities to outsource insurance claims and policy processing beyond its traditional auto glass market. During the year, the segment sold its 8 Midas Muffler franchises to better focus on its auto glass operations.

The Harmon, Inc. business had another solid year. Net sales grew by more than 30%, while operating income rose by more than 50%. Continuing operating improvements and a shift in net sales mix towards higher-margin business helped the unit's profitability.

During the year, GS completed several small acquisitions of retail glass shops. These acquisitions, combined with other locations added during the year, increased the number of locations to 341 Harmon retail stores and 76 Glass Depot distribution centers.

The segment expects to report higher net sales in fiscal 2000 with unit growth from market penetration, and the start-up or acquisition of locations. Meanwhile, the segment is taking actions to reduce its cost structure and improve productivity, particularly in its retail operations. However, the unpredictability of industry unit sales and pricing makes it difficult to project operating earnings for fiscal 2000.

Discontinued Operations In fiscal 1999, Apogee's Board of Directors authorized the divestiture of our detention/security and domestic curtainwall operations. On December 3, 1998, the segment executed the sale of its detention/security business, effective November 28, 1998. On April 9, 1999, the Company announced that it had entered into an agreement to sell its domestic curtainwall operations. Combined with last year's exit from international curtainwall operations, these transactions effectively remove Apogee from the large-scale construction business. Accordingly, these businesses are presented as discontinued operations in the accompanying financial statements.

Operating results from the businesses reported as discontinued operations improved dramatically over those recorded a year ago. For fiscal 1999, earnings from discontinued operations amounted to $5.5 million after-tax compared to an after-tax net loss from discontinued operations of $75.2 million in fiscal 1998. Domestic curtainwall operations reported solid

earnings, while the detention/security business reported nominal income prior to its sale. The exit from European curtainwall operations remained on track, and the Asian curtainwall unit had essentially completed the remaining projects in its backlog.

Fiscal 1998 Compared To Fiscal 1997

The following discussion restates the prior year's discussion of fiscal 1998 compared to fiscal 1997 to reflect the effect of reporting certain businesses as discontinued operations in fiscal 1999.

Consolidated net sales increased 14 % to $731 million in fiscal 1998. The Company's Glass Technologies (GT) and Glass Services (GS) segments reported net sales gains of 17% and 11%, respectively. GT's net sales grew primarily due to continued strong demand for its fabricated glass products, particularly the Viracon unit's high-performance architectural glass. GS increased net sales by combining nominal retail same-store net sales growth, the addition of retail and wholesale locations, and the full-year inclusion of Portland Glass, which the segment acquired in the fourth quarter of fiscal 1997.

On a consolidated basis, cost of sales, as a percentage of net sales, fell to 77.4%, its lowest figure this decade. Productivity gains at most of our fabrication operations, most notably Viracon and Viratec Thin Films (Viratec), combined to produce most of this positive variance. These factors were partly offset by higher material costs experienced by the GS segment's Retail and Distribution operations.

Selling, general and administrative (SG&A) expenses grew by $20.3 million, or 21%, and increased as a percent of net sales. The primary factors were higher salaries, increased outside services, and information systems and marketing costs, particularly at our GS segment. SG&A expenses in fiscal 1998 also included a $3.0 million write-off of certain information systems assets, primarily in GS, and severance costs associated with certain management changes.

Net interest expense rose 23% to $6.3 million in fiscal 1998. Increased interest income from investments held by the Company's captive insurance subsidiary and lower interest rates partly offset the effect of higher borrowings under our revolver and uncommitted credit lines.

Apogee's effective income tax rate was 36.5% compared to 31.3% in fiscal 1997. The increase mainly reflected the unusually low effective rate in fiscal 1997 associated with the resolution of prior years' tax examinations.

Our share of net losses recorded by various affiliated companies in which we have a 50% or less equity interest amounted to $879,000 in fiscal 1998 compared to $337,000 in fiscal 1997.

Apogee's fiscal 1998 earnings from continuing operations dropped to $24.1 million, or $0.85 diluted earnings per share. This compared to earnings from continuing operations of $26.8 million, or $0.96 diluted earnings per share a year earlier.

In fiscal 1998, the net loss from operations of discontinued businesses, net of income tax benefit, totaled $75.2 million, or $2.65 diluted loss per share. The loss from operations of discontinued businesses, net of tax effect, amounted to $607,000, or $0.02 diluted loss per share, in fiscal 1997. The significant net loss in fiscal 1998 related primarily to international curtainwall operations, which included two nonrecurring pre-tax charges totaling $61.9 million.

Apogee's fiscal 1998 net loss was $51.1 million, or $1.80 diluted loss per share, versus net earnings of $26.2 million, or $0.93 diluted earnings per share, in fiscal 1997. The negative return on average shareholders' equity was 36.2% in fiscal 1998 versus a positive return of 16.9% for fiscal 1997.

Segment Analysis

The following information provides a more detailed look at our two business segments. Also see Note 18-Business Segment Data on page 29 for a three-year history of each segment's net sales, operating income, identifiable assets, capital expenditures, and depreciation and amortization.

Glass Technologies (GT) posted record net sales and operating income for the fifth consecutive year. Net sales rose by 17%, while operating income improved 38% to $30.7 million. The net sales increase reflected improvements by each of the segment's units.

Most of the segment's earnings improvement came from Viracon, our high-performance architectural glass fabrication unit. Viracon posted net sales and operating income growth of 14% and 28%, respectively. The gains were due to strong demand for its architectural glass products, improved product mix, and improved productivity. Viracon ran near full capacity during the year. In response to continued strong demand for the segment's high-performance architectural glass products, Viracon planned to begin construction of a new architectural glass fabrication complex in Statesboro, Georgia. This facility, expected to be operational in fiscal 2000, together with enhancements at Viracon's existing facility, was expected eventually to increase Viracon's capacity by over 60%.

Viratec reported improved results in fiscal 1998. Viratec, which applies optical-grade coatings to glass and other substrates, saw its net sales grow by 33%, while operating earnings nearly quadrupled. Both improvements were primarily due to Viratec's Optium cathode ray tube coating operation (formerly known as CaRT). Optium net sales more than doubled for the year and the unit reported a small operating profit versus a sizable loss in the prior year. Viratec's flat glass operations had a double-digit net sales gain, but industry pricing pressure and production downtime related to an ongoing capacity expansion caused that operation to report lower earnings. At February 28, 1998, Viratec's backlog was 43% lower than last year's year-end backlog, primarily due to the planned suspension of the Optium business related to its expected relocation. During fiscal 1999, Viratec's Optium line is expected to be relocated closer to the flow of customers' computer monitor supply chains, reducing shipping costs and breakage risks.

The segment's Tru Vue unit, our custom art frame glass and matboard fabricator, also posted improved net sales and operating earnings for the year. These results occurred despite somewhat soft industry sales, as the unit again successfully controlled its production costs. Tru Vue planned to construct a new facility in fiscal 1999. This would allow for increased capacity and improved productivity for both its art frame glass and matboard operations.

The Wausau Architectural Products unit leveraged higher net sales into greater profitability as the unit improved its engineering and fabrication productivity. This business entered fiscal 1999 with backlog nearly 30% higher than a year earlier.

Glass Services (GS) operates retail stores under the Harmon AutoGlass (Harmon) name and distribution centers under the Glass Depot name. Due to an industry merger in 1997, GS became the second largest company in the auto glass repair and replacement industry. In addition, GS includes Harmon, Inc., which provides building installation and replacement glass services in several major metropolitan areas.

GS reported an 11% net sales improvement in fiscal 1998 despite lower unit sales demand in the auto glass replacement industry. Approximately one-third of the net sales growth was due to the fourth quarter fiscal 1997 acquisition of Portland Glass. The segment's net sales growth continued to outpace the industry. Market data indicated that unit demand for replacement auto glass in the U.S. fell from the prior year.

Despite the net sales increase, GS's operating income fell to $16.1 million, a 25% decline. Margin pressures intensified throughout the year due to intense competition, particularly at the retail level. Lower margins and higher selling and administrative costs were the primary factors behind the decline. The segment also recorded a $2.4 million write-off of certain information systems assets. Same-location retail net sales rose by 1.5%, while unit net sales declined 1.2%.

The Viracon/Curvlite auto glass fabrication operation increased net sales by about 25%. The unit's National Distribution Center, which offers other manufacturers' products as well as its own for both domestic and foreign vehicles, and the AutoGlass Express program, a delivery system to fill customer orders more quickly and completely, accounted for much of the unit's net sales growth. About 68% of Curvlite's net sales were made to Glass Depot units in fiscal 1998.

The segment's Harmon, Inc. business had another solid year, generating slightly higher net sales. A favorable shift in net sales mix towards higher-margin business helped the unit to report another year of solid operating results.

During the year, GS completed four small acquisitions. These acquisitions, combined with other locations added during the year, increased the number of locations to 340 Harmon retail locations and 73 Glass Depot distribution centers. The segment continued to explore opportunities to expand the reach of its businesses.

The merger of the industry's two largest companies provided GS with an enhanced position as insurance companies adjust their allocations of business to maintain their own flexibility and access to competitive pricing. Insurance companies, which make up about 50% of the replacement auto glass market, prefer vendors who can expedite claims processing and other administrative efforts related to auto glass replacement and repair. The segment has the ability to offer comprehensive claims processing services to these customers on a nationwide basis.

Discontinued Operations Businesses reported as discontinued operations reported a net loss, net of income tax benefit, of $75.2 million in fiscal 1998 compared to a net loss, net of tax effect, of $607,000 in fiscal 1997. The significant net loss in fiscal 1998 related primarily to international curtainwall operations, which included two nonrecurring pre-tax charges totaling $61.9 million. The domestic curtainwall and detention/security contracting businesses reported solid results for the year, slightly offsetting the losses suffered by the international operations. Domestic and international curtainwall net sales fell by 30% and 40%, respectively, due primarily to the decision to focus more selectively on higher margin domestic curtainwall business and the closure of our Asian curtainwall business.

The two nonrecurring pre-tax charges amounting to $61.9 million related to exit activities and other unusual items. A $26.0 million pre-tax provision for restructuring and other unusual items was recorded in the third quarter. The provision also included amounts for the estimated loss associated with certain disputed construction contract receivables in Europe, including the accrual of certain penalty amounts, and the accrual of costs associated with the resolution of legal proceedings related to organizational changes in its European curtainwall unit. In the fourth quarter, Apogee recorded a $35.9 million pre-tax provision for exiting all European curtainwall and related operations, including the completion of certain remaining projects.

In addition to the nonrecurring charges, international curtainwall operations posted an operating loss in excess of $50 million, reflecting significant cost overruns at certain projects in Europe and Asia. The operations also sustained sizable foreign currency translation losses on Asian assets, particularly those held in Malaysia. Despite a decline in net sales, our domestic curtainwall unit produced sharply higher profits, aided by the completion of the Getty Museum project as well as by reductions in overhead and operating costs. The detention/security unit also reported slightly higher net sales. However, operating income for the unit fell as improved earnings from security systems contracting were offset by losses from a related start-up operation.

In March 1998, the five operating companies comprising our European curtainwall operations filed for bankruptcy or commenced liquidation, effectively relinquishing the Company's control over these entities.

Liquidity and Capital Resources
Financial Condition
Net cash provided by financing activities In May 1998, the Company obtained a five-year, committed credit facility in the amount of $275 million. This credit facility requires Apogee to maintain minimum levels of net worth and

certain financial ratios, and was initially secured by the Company's receivables, inventory, equipment and intangibles. This facility replaced a $150 million five-year, multi-currency, committed credit facility obtained in May 1996, which also required the maintenance of minimum levels of net worth and certain financial ratios. The total commitment of the new credit facility was reduced by the sales price, net of taxes, of the sale of the detention/security business, resulting in a committed credit facility of $253 million as of February 27, 1999. The lenders' security interest in Apogee's assets was released during the year upon the achievement of certain financial ratios.

Long-term debt, including current installments of $1.3 million, stood at $166.4 million at February 27, 1999, up $12.8 million from a year earlier. Virtually all of the Company's long-term debt consisted of bank borrowings. The additional borrowings were primarily required to fund capital spending and dividends in excess of cash flow from operations, which included proceeds of $22.5 million from the sale of the Company's detention/security business unit.

In December 1998, Apogee entered into an interest rate swap agreement, which expires in fiscal 2004, which effectively converted $25 million of its variable rate borrowings into a fixed rate obligation.

For fiscal 2000, we expect that outstanding borrowings will increase during the first half of the year to fund working capital variations, capital spending and dividends in excess of the anticipated cash flow from operations. Debt levels are expected to decline during the latter half of the year. Apogee believes that cash from operating activities and the available credit facility provides the Company adequate liquidity for the next twelve months.

Net cash provided by operating activities Cash provided by continuing operating activities in fiscal 1999 rose to $62.1 million, up from $19.8 million in fiscal 1998. The increase primarily reflected a net favorable change in working capital, which included the receipt of refundable income taxes associated with the Company's fiscal 1998 net loss. Net receivables increased $18.7 million, which essentially tracked sales growth in the last quarter of the fiscal year. Most of our $7.1 million increase in inventories was at GT, reflecting the segment's higher activity level and increased level of finished goods. Nominal changes in accounts payable, accrued expenses and billings in excess of costs and earnings on uncompleted contracts all produced favorable changes to working capital.

Net cash used in investing activities New capital investment in fiscal 1999 totaled $80.9 million, versus $38.7 million and $75.6 million in fiscal 1998 and 1997, respectively. Additions to property, plant and equipment totaled $77.7 million. Major expenditures included the construction of an architectural glass fabrication facility in Statesboro, Georgia, and the relocation of Viratec's Optium cathode ray tube coating line to San Diego, California. Other expenditures included additions of manufacturing equipment and the upgrading of information systems throughout the Company.

The GS segment purchased an 80% interest in an insurance claims and policy processing company for $2.8 million and completed several small acquisitions of retail auto glass replacement stores for $0.4 million.

In fiscal 2000, the Company expects capital spending of approximately $50 million. Plans include expenditures for the completion of the new Tru Vue facility near Chicago, Illinois, as well as additions of manufacturing equipment and information systems throughout the Company.

Shareholders' Equity

At February 27, 1999, Apogee's shareholders' equity stood at $130.7 million, up 19% from a year ago. Book value per share also rose to $4.73, up from $3.99 per share a year ago, as outstanding common shares increased only nominally during the year. Net earnings and the proceeds from the issuance of 306,000 shares of common stock under our stock-based compensation plans accounted for the increases, which were partly offset by dividends paid and the repurchase of 136,000 shares of common stock. During the year, Apogee increased its quarterly dividend by 5% to 5 1/4 cents per share.

Market Risks

The Company's principal market risk is sensitivity to interest rates, which is the risk that changes in interest rates will reduce net earnings of the Company. To manage the Company's direct risk from changes in market interest rates, management actively monitors the interest sensitive components of the Company's balance sheet, primarily debt obligations, as well as market interest rates in order to minimize the impact of changes in interest rates on net earnings and cash flow.

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

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

Given the Company's balanced foreign exchange position shown above, a 10% adverse change in foreign exchange rates upon which these contracts are based would result in exchange losses from these contracts that would, in all material respects, be fully offset by exchange gains on the underlying net monetary exposures for which the contracts are designated as hedges.

Impact of Inflation

Our financial statements are prepared on a historical cost basis, which does not completely account for the effects of inflation. However, since the cost of many 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 our primary raw materials, was essentially unchanged from a year ago. We expect the cost of glass to remain essentially unchanged in fiscal 2000. Aluminum prices at year end were slightly lower than a year ago. 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, rose moderately in fiscal 1999 and a moderate increase also can be reasonably anticipated for fiscal 2000. Other costs are managed to minimize the inflationary pressures that exist in markets for goods and services that Apogee's business operations require.

Impact of Year 2000

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

The assessment phase for the Company's IT systems is approximately 90% complete. Remediation and implementation of the core operating and application programs within the IT systems are approximately 50% complete, and the intention is to be completed by October 1999. The costs related to Year 2000 to complete this activity should not exceed $9 million of both capital and expense, of which approximately $2 million has been incurred to date. Of this projected cost, approximately $3 million is related to accelerated replacement due to Year 2000 concerns.

The Company's businesses are approximately 90% complete in the assessment phase regarding embedded operating and applications software and hardware within its non-IT systems. The Company expects to complete that assessment by June 1999. Although the Company is still in the assessment phase, based on currently known data about its non-IT systems, the Company believes that the requirements for Year 2000 remediation of its non-IT systems will be limited in nature. While some issues have been identified, the Company believes it can remediate all equipment to become Year 2000 compliant and is in the process of doing so with the intent to be complete by August 1999.

The Company's businesses have contacted key customers and suppliers to assess Year 2000 compliance within their organizations to assure no material interruption in these important third party relationships. This dialogue and process will be ongoing throughout 1999. Non-compliant customers and suppliers will be evaluated in terms of the degree of risk posed to the Company's business. The Company plans to develop third party contingency plans as it identifies critical partners with evidence of non-compliance. The Company's contingency plans may include plans, where necessary, to establish additional or alternative sources of supply and channels of distribution. If there were significant non-compliance by key customers and suppliers, the Company might experience a material adverse effect on the businesses with those specific third-party relationships.

Most of the Company's businesses will remediate or replace portions of their software and hardware within the Company's IT systems and non-IT systems that are identified as requiring Year 2000 remediation. The Company intends to address contingency planning with respect to its IT systems, its non-IT systems and its third-party relationships with key customers and suppliers.

Based on the Company's assessments completed to date, the Company's total cost of addressing Year 2000 issues is currently estimated to be in the range of $10 to $14 million, of which approximately $4 million has already been incurred.

Cautionary Statement

This report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. A number of factors should be considered in conjunction with the report's forward-looking statements, including changes in economic and market conditions, factors related to competitive pricing, commercial building market conditions, management of growth of business units, costs or difficulties related to the operation of the businesses are greater than expected, the impact of foreign currency markets, the integration of acquisitions, the realization of expected economies gained through expansion and information systems technology and other factors as set forth in the cautionary statements included in Exhibit 99 to our 10-K filed with the Securities and Exchange Commission. The Company wishes to caution investors and others to review the statements set forth in Exhibit 99 and that other factors may prove to be important in affecting the Company's business or results of operations. These cautionary statements are intended to take advantage of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The information required by this Item is contained in a separate section of this report. See "Market Risks" included in Item 7 immediately above.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The information required 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

The information required by this Item is included on pages 15 and 16 of the Proxy Statement for the Annual Meeting of Shareholders to be held June 22, 1999, which is incorporated herein by reference.

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 in Part I above in "Executive Officers of the Registrant," is included on pages 1 to 6 and 10 to 13 of the Proxy Statement for the Annual Meeting of Shareholders to be held June 22, 1999, 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 in the accompanying "Index of 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

During the quarter ended February 27, 1999, the Company filed two reports on Form 8-K. The Company filed a Current Report on Form 8-K, dated December 3, 1998, updating the information on the purchase agreement between the Company and CompuDyne Corporation announced November 10, 1998 and announcing the closing of the sale of the Detention/Security business unit. The Company filed a Current Report on Form 8-K, dated February 22, 1999, disclosing the second amendment of the Rights Agreement between Registrant and American Stock Transfer Co. dated October 19, 1990 and announcing the Board of Directors' authorization for the Company to enter into severance agreements with certain senior executive officers of the

Company.

(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 28, 1999

APOGEE ENTERPRISES, INC.

By: /s/ Donald W. Goldfus

Donald W. Goldfus
Chairman of the Board of Directors

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

SIGNATURE	TITLE	DATE
/s/ Donald W. Goldfus Donald W. Goldfus	Chairman of the Board of Directors	May 28, 1999
/s/ Russell Huffer Russell Huffer	President and CEO, Director	May 28, 1999
/s/ Harry A. Hammerly Harry A. Hammerly	Director	May 28, 1999
/s/ Laurence J. Niederhofer Laurence J. Niederhofer	Director	May 28, 1999
/s/ James L. Martineau James L. Martineau	Director	May 28, 1999
/s/ D. Eugene Nugent D. Eugene Nugent	Director	May 28, 1999
/s/ Barbara B. Grogan Barbara B. Grogan	Director	May 28, 1999

SIGNATURE	TITLE	DATE
/s/ Stephen C. Mitchell	Director	May 28, 1999

Stephen C. Mitchell

/s/ Jerome B. Cohen	Director	May 28, 1999
Jerome B. Cohen		
/s/ J. Patrick Horner	Director	May 28, 1999
J. Patrick Horner		
/s/ Michael E. Shannon	Director	May 28, 1999
Michael E. Shannon		

Apogee Enterprises, Inc.
Form 10-K
Items 8, 14 (a) and 14 (d)

Index of Financial Statements and Schedules

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 the 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 27, 1999 and February 28, 1998 and the results of their operations and their cash flows for each of the years in the three-year period ended February 27, 1999 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, presents fairly, in all material respects, the information set forth therein.

KPMG Peat Marwick LLP

Minneapolis, Minnesota
April 12, 1999

CONSOLIDATED BALANCE SHEETS

(Dollar amounts in thousands)	February 27, 1999	February 28, 1998
Assets		
Current assets		
Cash and cash equivalents	$ 1,318	$ 7,853
Receivables, net of allowance for doubtful accounts	118,216	100,389
Inventories	68,171	61,001
Refundable income taxes	--	16,533
Deferred tax assets	11,622	14,218
Other current assets	6,018	6,864
Total current assets	205,345	206,858
Property, plant and equipment, net	180,428	126,729
Other assets		
Marketable securities available for sale	27,239	18,706
Investments	570	709
Intangible assets, at cost less accumulated amortization of $9,446 and $10,547, respectively	55,077	50,500
Other	2,532	2,025
Total assets	$ 471,191	$405,527
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable	$ 43,166	$ 37,750
Accrued expenses	51,738	51,379
Billings in excess of costs and earnings on uncompleted contracts	11,622	6,942
Accrued income taxes	7,385	--
Current installments of long-term debt	1,300	1,679
Total current liabilities	115,211	97,750
Long-term debt, less current installments	165,097	151,967
Other long-term liabilities	27,845	24,785
Net liabilities of discontinued operations	32,374	21,424
Commitments and contingent liabilities (Notes 6, 13 and 14)		
Shareholders' equity		
Common stock of $.33-1/3 par value; authorized 50,000,000 shares; issued and outstanding, 27,623,000 and 27,453,000, respectively	9,208	9,151
Additional paid-in capital	41,903	38,983
Retained earnings	80,194	61,899
Unearned compensation	(721)	(686)
Net unrealized gain on marketable securities	80	254
Total shareholders' equity	130,664	109,601
Total liabilities and shareholders' equity	$ 471,191	$405,527

See accompanying notes to consolidated financial statements.

CONSOLIDATED RESULTS OF OPERATIONS

(Dollar amounts in thousands except per share data)	Year Ended February 27, 1999	Year Ended February 28, 1998	Year Ended March 1, 1997
Net sales	$792,552	$731,094	$642,226
Cost of sales	622,376	565,955	498,465
Gross profit	170,176	165,139	143,761
Selling, general and administrative expenses	128,033	119,480	99,133
Operating income	42,143	45,659	44,628
Interest expense, net	9,524	6,276	5,111
Earnings from continuing operations before income taxes and other items below	32,619	39,383	39,517
Income taxes	11,743	14,390	12,353
Equity in net loss of affiliated companies	1,424	879	337
Minority interest	(235)	--	--
Earnings from continuing operations	19,687	24,114	26,827
Earnings (loss) from operations of discontinued businesses, net of income taxes	5,546	(75,169)	(607)
Net earnings (loss)	$ 25,233	$(51,055)	$ 26,220
Earnings (loss) per share - basic			
Continuing operations	$ 0.71	$ 0.87	$ 0.98
Discontinued operations	0.20	(2.70)	(0.02)
Net earnings (loss)	$ 0.91	$ (1.84)	$ 0.96
Earnings (loss) per share - diluted			
Continuing operations	$ 0.71	$ 0.85	$ 0.96
Discontinued operations	0.20	(2.65)	(0.02)
Net earnings (loss)	$ 0.91	$ (1.80)	$ 0.93

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(Amounts in thousands)	Common Shares Outstanding	Common Stock	Additional Paid-In Capital	Retained Earnings	Unearned Compensation	Cumulative Translation Adjustment	Unrealized Gain on Investments
Balance at March 2, 1996	13,517	$4,506	$20,445	$113,970			
Net earnings				26,220			
Cumulative translation adjustment						$(1,277)	
Change in unrealized gains on marketable securities, net of $11 tax expense							$ 22
Comprehensive earnings							
Common stock issued	478	159	12,871				
Tax benefit associated with stock plans			1,445				
Common stock repurchased and retired	(85)	(28)	(75)	(1,303)			
Cash dividends				(4,806)			
100% stock dividend, at par	13,972	4,657		(4,657)			
Balance at March 1, 1997	27,882	9,294	34,686	129,424	--	(1,277)	22
Net loss				(51,055)			
Cumulative translation adjustment						1,277	
Change in unrealized gains on marketable securities, net of $125 tax expense							232
Comprehensive loss							
Unearned compensation					$(686)		
Common stock issued	504	168	4,754				
Tax benefit associated with stock plans			1,503				
Common stock repurchased and retired	(933)	(311)	(1,960)	(11,219)			
Cash dividends				(5,251)			
Balance at February 27, 1998	27,453	9,151	38,983	61,899	(686)	--	254
Net earnings				25,233			
Change in unrealized gains on marketable securities, net of $93 tax benefit							(174)
Comprehensive earnings							

Unearned compensation					(35)		
Common stock issued	306	102	2,994				
Common stock repurchased and retired	(136)	(45)	(74)	(1,272)			
Cash dividends				(5,666)			
Balance at February 27, 1999	27,623	$9,208	$41,903	$ 80,194	$(721)	$ --	$ 80

(Amounts in thousands)	Comprehensive Earnings (Loss)
Balance at March 2, 1996	
Net earnings	$ 26,220
Cumulative translation adjustment	(1,277)
Change in unrealized gains on marketable securities, net of $11 tax expense	$ 22
Comprehensive earnings	$ 24,965
Common stock issued	
Tax benefit associated with stock plans	
Common stock repurchased and retired	
Cash dividends	
100% stock dividend, at par	
Balance at March 1, 1997	
Net loss	$(51,005)
Cumulative translation adjustment	1,277
Change in unrealized gains on marketable securities, net of $125 tax expense	232
Comprehensive loss	$(49,546)
Unearned compensation	
Common stock issued	
Tax benefit associated with stock plans	
Common stock repurchased and retired	
Cash dividends	
Balance at February 27, 1998	
Net earnings	$ 25,233
Change in unrealized gains on marketable securities, net of $93 tax benefit	(174)
Comprehensive earnings	$ 25,059
Unearned compensation	
Common stock issued	
Common stock repurchased and retired	
Cash dividends	
Balance at February 27, 1999	

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollar amounts in thousands)	Year Ended February 27, 1999	Year Ended February 28, 1998	Year Ended March 1, 1997
OPERATING ACTIVITIES			
Net earnings (loss)	$ 25,233	$(51,055)	$ 26,220
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Net (earnings) loss from discontinued operations	(5,546)	75,169	607
Depreciation and amortization	25,938	22,463	17,860
Provision for losses on accounts receivable	1,408	508	1,692
Deferred income tax (benefit) expense	4,844	(7,849)	9,452
Equity in net loss of affiliated companies	1,424	879	337
Minority interest	(235)	--	--
Other, net	(27)	2,294	870
Cash flow before changes in operating assets and liabilities	53,039	42,409	57,038
Changes in operating assets and liabilities, net of effect of acquisitions:			
Receivables	(18,682)	(13,684)	(3,113)
Inventories	(7,128)	(5,196)	1,005
Other current assets	917	107	(1,477)
Accounts payable and accrued expenses	4,395	8,933	181
Billings in excess of costs and earnings on uncompleted contracts	4,680	2,663	1,505
Refundable income taxes and accrued income taxes	24,135	(13,338)	(6,955)
Other long-term liabilities	778	(2,062)	374
Net cash provided by operating activities	62,134	19,832	48,558
Investing Activities			
Capital expenditures	(77,710)	(37,891)	(34,203)
Acquisition of Marcon Coatings, net of cash acquired	--	--	(40,161)
Acquisition of businesses, net of cash acquired	(3,181)	(810)	(1,365)

Decrease (increase) in marketable securities	(8,800)	1,306	(7,555)
Investment in and advances to affiliated companies	(1,285)	(850)	(464)
Proceeds from sales of property, plant and equipment	310	575	1,091
Other, net	(58)	(503)	(358)
Net cash used in investing activities	(90,724)	(38,173)	(83,015)
Financing Activities			
Payments on notes payable	--	--	(5,350)
Payments on long-term debt	(1,446)	(1,704)	(6,120)
Proceeds from issuance of long-term debt	14,197	26,003	51,100
Increase in deferred debt expense	(3,107)	--	--
Proceeds from issuance of common stock	3,096	4,922	3,930
Repurchase and retirement of common stock	(1,515)	(13,490)	(1,406)
Dividends paid	(5,666)	(5,251)	(4,806)
Net cash provided by financing activities	5,559	10,480	37,348
Net Cash Flow from Discontinued Operations	16,496	11,649	(6,215)
(Decrease) increase in cash and cash equivalents	(6,535)	3,788	(3,324)
Cash and cash equivalents at beginning of year	7,853	4,065	7,389
Cash and cash equivalents at end of year	$ 1,318	$ 7,853	$ 4,065
Supplemental Disclosure of Noncash Investing and Financing Activities			
Common stock issued in acquisition of business	$ --	$ --	$ 9,100

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 Summary of Significant Accounting Policies and Related Data

Basis of Consolidation Our consolidated financial statements include the accounts of Apogee and all majority-owned subsidiaries. As explained in Note 10, the Company's curtainwall contracting and detention/security contracting businesses are reported as discontinued operations. We use the equity method to account for 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.

Inventories Inventories, which consist primarily of purchased glass and aluminum, are valued at the lower of cost or market. Approximately 40% of the inventories are valued by use of the last-in, first-out (LIFO) method, which does not exceed market. If the first-in, first-out (FIFO) method had been used for all inventories, our inventories would have been $3,000,000 and $3,000,000 higher than reported at February 27, 1999, and February 28, 1998, 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. Depreciation is computed on a straight-line basis, based on estimated useful lives of 20 to 40 years for buildings and 2 to 15 years for equipment.

Intangible Assets and Amortization Intangible assets consist principally of the excess of cost over the fair value of net assets acquired (goodwill) and are amortized on a straight-line basis, primarily over 40 years. The carrying value of intangible assets is reviewed when circumstances suggest that it has been impaired. If this review indicates that intangible assets will not be recoverable based on the estimated undiscounted cash flows over the remaining amortization period, the carrying value of intangible assets must be reduced to estimated fair value. Amortization expense amounted to $2,124,000, $1,761,000 and $669,000 in 1999, 1998 and 1997, respectively.

Insurance Subsidiary We established a wholly-owned insurance subsidiary, Prism Assurance, Inc. (Prism), in 1996 to insure our workers' compensation, general liability and automobile liability risks. Prism invests in fixed maturity investments which we classify as "available-for-sale" and are carried at market value as prescribed by Statement of Financial Accounting

Standards (SFAS) No. 115. Reserve requirements are established based on actuarial projections of ultimate losses. Apogee also has accruals for losses incurred prior to Prism's formation. Losses estimated to be paid within twelve months are classified as accrued expenses, while losses expected to be payable in later periods are included in other long-term liabilities.

Revenue Recognition We recognize net sales from the sale of products and the related cost of sales upon shipment.

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

Foreign Operations The financial statements of foreign operations have been translated to U.S. dollars, using the rules of SFAS No. 52. Balance sheet accounts are stated in U.S. dollars, generally at the year-end exchange rate. Results of operations are translated at average exchange rates for the respective period.

We periodically enter into forward currency exchange contracts to manage specific foreign currency exposures related to foreign construction contracts, receivables, and bank borrowings denominated in foreign currencies. As of February 27, 1999, we had forward contracts maturing in 2000 with a value of approximately $11 million. Gains and losses on forward contracts related to receivables are recognized currently, while gains and losses related to construction projects are deferred and accounted for as a part of the related transaction.

Accounting Period Our fiscal year ends on the Saturday closest to February 28.

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

New Accounting Standards In June 1997, the FASB issued SFAS No. 130, Reporting Comprehensive Income, which establishes standards for reporting and display of comprehensive income and its components (net sales, expenses, gains, and losses) in a full set of general-purpose financial statements. We adopted SFAS No. 130 in 1999. The disclosures required by SFAS No. 130 are presented in the Consolidated Statement of Shareholders' Equity on page F-6.

In June 1997, the FASB issued SFAS No. 131, Disclosure about Segments of an Enterprise and Related Information, which changes the way public companies report information about operating segments. SFAS No. 131, which is based on the management approach to segment reporting, establishes requirements to report selected segment information quarterly and to report entity-wide disclosures about products and services, major customers, and the material countries in which the entity holds assets and reports net sales. We adopted SFAS No. 131 in 1999.

In June 1998, SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities, was issued and is effective for fiscal years beginning after June 15, 1999, although earlier application if permitted. SFAS No. 133 requires all derivatives to be measured at fair value and recognized as assets or liabilities on the balance sheet. Changes in the fair value of derivatives should be recognized in either net earnings or other comprehensive earnings, depending on the designated purpose of the derivative. SFAS No. 133 is not expected to have a material impact on the Company's financial position or results of operations.

2 Receivables

(In thousands)	1999	1998
Trade accounts	$104,813	$ 91,179
Construction contracts	13,431	9,994
Contract retainage	4,379	3,207
Other receivables	2,754	1,380
Total receivables	125,377	105,760
Less allowance for doubtful accounts	(7,161)	(5,371)
Net receivables	$118,216	$100,389

We provide 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. Allowances are maintained for potential credit losses and such losses have been within management's expectations. The provision for bad debt expense was $1,408,000, $508,000 and $1,692,000 in 1999, 1998 and 1997, respectively.

3 Inventories

(In thousands)	1999	1998
Raw materials	$16,324	$16,705
Work-in process	3,157	4,748
Finished	48,330	39,417
Costs and earnings in excess of billings on uncompleted contracts	360	131
Total inventories	$68,171	$61,001

4 Property, Plant and Equipment

(In thousands)	1999	1998
Land	$ 2,780	$ 2,686
Buildings and improvements	69,601	63,428
Machinery and equipment	137,638	127,257
Office equipment and furniture	54,205	49,368

Construction in progress	57,663	9,319
Total property, plant and equipment	321,887	252,058
Less accumulated depreciation	(141,459)	(125,329)
Net property, plant and equipment	$ 180,428	$ 126,729

Depreciation expense was $23,814,000, $20,702,000 and $17,191,000 in 1999, 1998 and 1997, respectively.

5 Accrued Expenses

(In thousands)	1999	1998
Payroll and related benefits	$24,591	$19,000
Insurance	11,824	13,677
Taxes, other than income taxes	4,459	4,582
Pension	4,651	5,371
Interest	902	1,205
Other	5,311	7,544
Total accrued expenses	$51,738	$51,379

6 Long-Term Debt

(In thousands)	1999	1998
Borrowings under revolving credit and other bank agreements, interest ranging from 5.63% to 7.75%	$164,700	$150,503
Other	1,697	3,143
Total long-term debt	166,397	153,646
Less current installments	(1,300)	(1,679)
Net long-term debt	$165,097	$151,967

Long-term debt maturities are as follows:

FISCAL YEAR	(In thousands)
2000	$ 1,300
2001	197
2002	100
2003	164,800

2004	--
Thereafter	--
Total	$166,397

In May 1998, we obtained a five-year, committed, secured credit facility in the amount of $275 million. This new credit facility requires us to maintain minimum levels of net worth and certain financial ratios. This facility replaced a $150 million five-year, multi-currency, committed credit facility which had been obtained in May 1996. This previous credit facility also required us to maintain minimum levels of net worth and certain financial ratios. The total commitment of the new credit facility was reduced by the sales price, net of taxes, of the sale of the detention/security business, resulting in a committed credit facility of $253 million as of February 27, 1999. The lenders' security interest in Apogee's assets was released during the year upon the achievement of certain financial ratios. At February 27, 1999, we were in compliance with all of the financial covenants of the new credit facility.

At February 28, 1998, we also had access to short-term credit on an uncommitted basis with several major banks. At February 28, 1998, $24.9 million in bank borrowings were outstanding under these agreements. These short-term borrowings could have been refinanced on a long-term basis under the revolving credit agreement described above. Accordingly, our short-term bank borrowings at February 28, 1998, which were not expected to be paid within one year, were classified as long-term debt.

Selected information related to bank borrowings is as follows:

(Dollar amounts in thousands)	1999	1998
Average daily borrowings during the year	$160,437	$133,158
Maximum borrowings outstanding during the year	172,200	158,294
Weighted average interest rate during the year	6.8%	5.6%

In 1999, we entered into a interest rate swap agreement that effectively converted $25 million of our variable rate borrowings into a fixed rate obligation. Under this agreement, which expires in 2001, we receive payments at variable rates while we make payments at a fixed rate of 7.125%. The net interest paid or received is included in interest expense.

In 1998 and 1996, we entered into interest rate swap agreements that effectively converted a portion of our variable rate borrowings into fixed rate obligations. During 1999, we sold these swap agreements. The net realized gains or losses were recognized as increases/reductions in interest expense.

The net book value of property and plant pledged as collateral under industrial development bonds was approximately $290,000 at February 27, 1999.

7 INTEREST, NET

(In thousands)	1999	1998	1997

Interest on debt	$10,898	$ 7,928	$ 4,859
Other interest expense	649	460	1,368
Total interest expense	11,547	8,388	6,227
Less interest income	(2,023)	(2,112)	(1,116)
Interest expense, net	9,524	$ 6,276	$ 5,111

Interest payments, including interest expense allocated to discontinued operations, were $ 12,067,000, $8,223,000 and $6,180,000 in 1999, 1998 and 1997, respectively.

8 SHAREHOLDERS' EQUITY AND STOCK OPTION PLANS

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

We have 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.

The 1997 Stock Option Plan and 1987 Stock Option Plan (the "Plans") each provide for the issuance of up to 2,500,000 options to purchase Company stock. Options awarded under these Plans, 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. The 1987 Plan has expired and no new grants of stock options may be made under this Plan.

The 1987 Partnership Plan, a Plan designed to increase the ownership of Apogee stock by key employees, allows participants selected by the Compensation Committee of the Board of Directors to use earned incentive compensation to purchase Apogee common stock. The purchased stock is then matched by an equal award of restricted stock, which vests over a predetermined period. 2,200,000 common shares are authorized for issuance under the Plan. As of February 27, 1999, 2,051,000 shares have been issued or committed under the Plan. We expensed $1,926,000, $1,613,000 and $2,145,000 in conjunction with the Partnership Plan in 1999, 1998 and 1997, respectively.

A summary of option transactions under the Plans for 1999, 1998 and 1997 follows:

	Options Outstanding		
	Number of Shares	Average Exercise Price	Option Price Range
Balances, March 2, 1996	1,404,000	$ 6.87	$4.48- $ 9.46
Options granted	587,000	15.08	10.50- 17.75
Options exercised	(368,000)	5.83	5.38- 8.69
Options canceled	(22,000)	7.53	5.38- 15.06
Balances, March 1, 1997	1,601,000	10.11	4.48- 17.75
Options granted	485,000	16.09	11.31- 25.00
Options exercised	(372,000)	6.86	5.38- 16.50
Options canceled	(230,000)	12.38	5.38- 16.75
Balances, February 28, 1998	1,484,000	12.53	4.48- 25.00

Options granted	443,000	13.94	10.63- 15.25
Options exercised	(160,946)	6.92	5.88- 8.69
Options canceled	(184,540)	14.33	5.88- 16.75
Balances, February 27, 1999	1,581,514	$13.27	$4.48- $25.00

The following table summarizes information about stock options outstanding and exercisable at February 27, 1999.

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding	Remaining Contractual Life	Weighted-Average Exercise Price	Number Exercisable	Weighted-Average Exercise Price
$ 4.48- 12.50	451,219	3.2 years	$ 8.31	339,594	$ 7.61
12.51- 15.00	462,670	9.1 years	13.97	104,420	14.35
15.01- 25.00	667,625	6.0 years	16.15	286,500	16.26
	1,581,514	6.1 years	$13.27	730,514	$11.96

In accordance with the disclosure-only provisions of SFAS No. 123, Accounting for Stock-Based Compensation, no compensation cost has been recognized with respect to the Plans. Had compensation cost for the Plans been determined based on the fair value of the awards, our net earnings (loss) and earnings (loss) per share would have been reduced to the pro forma amounts indicated below:

(In thousands, except per share data)	1999	1998	1997
Reported:			
Net earnings (loss)			
Continuing Operations	$19,687	$ 24,114	$26,827
Discontinuing Operations	5,546	(75,169)	(607)
	$25,233	$(51,055)	$26,220
Earnings (loss) per share diluted			
Continuing Operations	$ 0.71	$ 0.85	$ 0.96
Discontinuing Operations	0.20	(2.65)	(0.02)
	$ 0.91	$ (1.80)	$ 0.93
Pro forma:			
Net earnings (loss)			
Continuing Operations	$17,049	$ 22,168	$25,828
Discontinuing Operations	5,546	(75,169)	(607)
	$22,595	$(53,001)	$25,221
Earnings (loss) per share diluted			
Continuing Operations	$ 0.61	$ 0.78	$ 0.92
Discontinuing Operations	0.20	(2.65)	(0.02)
	$ 0.81	$ (1.87)	$ 0.90

The above pro forma amounts may not be representative of the effects on reported net earnings (loss) for future years. The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions used for grants in 1999, 1998 and 1997:

	1999	1998	1997
Dividend yield	1.5%	1.2%	1.1%
Expected volatility	38.0%	60.0%	60%
Risk-free interest rate	6.0%	7.0%	7.0%
Expected lives	10 years	10 years	7.5 years

9 INCOME TAXES

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

(In thousands)	1999	1998	1997
Current:			
Federal	$ 7,875	$ 10,966	$ 1,886
State and local	1,122	1,554	1,081
Total current	$ 8,997	$ 12,520	$ 2,967
Deferred:			
Federal	$ 2,414	$ 1,645	$ 7,883
State and local	332	225	1,503
Total deferred	$ 2,746	$ 1,870	$ 9,386
Provision for income taxes:			
Continuing operations	$11,743	$ 14,390	$12,353
Discontinuing operations	3,283	(26,815)	1,449
Total income tax expense	$15,026	$(12,425)	$13,802

Income tax payments, net of refunds, were $2,090,000, $12,000,000 and $11,520,000 in 1999, 1998 and 1997, respectively.

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

	1999	1998	1997
Statutory federal tax rate	35.0%	35.0%	35.0%
State and local income taxes, net of federal tax benefit	2.9	2.9	4.2
Tax credits	(1.5)	(1.8)	(2.4)
Foreign sales corporation	(1.0)	(1.4)	(1.3)

Resolution of Revenue Agent Exams	---	---	(2.5)
Other, net	0.6	1.8	(1.7)
Consolidated effective tax rate	36.0%	36.5%	31.3%

Tax benefits for deductions associated with the 1987 Stock Option Plan and the 1987 Partnership Plan amounted to $1,503,000 and $1,445,000 in 1998 and 1997, respectively. These benefits were added directly to additional paid-in capital and were not reflected in the determination of income tax expense.

Deferred tax assets and deferred tax liabilities at February 27, 1999 and February 28, 1998 are as follows:

	1999		1998	
(In thousands)	Current	Noncurrent	Current	Noncurrent
Accounts receivable	$ 5,702	$(1,378)	$ 2,393	$ ---
Accrued insurance	---	4,641	---	3,715
Deferred compensation	(140)	4,165	(140)	4,071
Restructuring reserve	16,670	---	22,982	6
Inventory	1,477	203	1,383	128
Depreciation	(194)	(6,444)	143	(6,235)
Employee benefit plans	(1,840)	---	(1,451)	---
Other	2,147	(5,040)	1,108	(3,291)
	23,822	(3,853)	26,418	(1,606)
Less valuation allowance	(12,200)	---	(12,200)	---
Deferred tax assets (liability)	$ 11,622	$(3,853)	$ 14,218	$(1,606)

At February 27, 1999, future tax deductions from the reversal of temporary differences comprise the deferred tax asset, which has been reduced by a valuation allowance. This valuation allowance reduces the deferred tax asset to a net amount which we believe we more likely than not will realize, based on our estimates of future earnings and the expected timing of temporary difference reversals. The valuation allowance did not change during they year ended February 27, 1999 and reflects amounts for foreign tax credits, general business tax credits, net operating loss carryforwards and capital loss carryforwards.

10 DISCONTINUED OPERATIONS

In 1999, our Board of Directors' authorized the divestiture of our detention/security and domestic curtainwall operations. On December 3, 1998, the segment executed the sale of its detention/security business, effective November 28, 1998. On April 9, 1999, we announced that we had entered into an agreement to sell our domestic curtainwall operations. Combined with last year's exit from international curtainwall operations, the above transactions effectively remove us from the large-scale construction business. Accordingly, these businesses are presented as discontinued operations in the consolidated financial statements and notes. Prior periods have been restated.

Earnings (Loss) from Operations of Discontinued Businesses

(In thousands)	1999	1998	1997
Net sales	$164,249	$ 191,311	$319,711
Earnings (loss) before income			

taxes and minority interest*	8,830	(101,984)	14
Income tax expense (benefit)	3,283	(26,815)	1,449
Minority interest	---	---	(827)
Earnings (loss) from operations, net of income taxes	5,546	(75,169)	(607)

* Includes net interest expense allocations (based on the ratio of net operating assets of discontinued operations to consolidated net assets) of $414,000, $1,058,000 and $1,854,000 for 1999, 1998 and 1997, respectively.

The 1999 effective income tax rate of 37.2% on discontinued operations was significantly lower than the 1998 and 1997 rates due to increases in our valuation allowance in 1998 and 1997. It is expected that there will be a gain on ultimate disposal of our domestic curtainwall business, taking into account its estimated results in 2000.

Net Liabilities of Discontinued Operations

(In thousands)	1999	1998
Current assets	$ 20,430	$ 56,381
Property, plant and equipment -- net	2,050	3,209
Current liabilities	(54,854)	(81,014)
Net liabilities of discontinued operations	$(32,374)	$(21,424)

During 1998, we recorded pre-tax charges of $96.1 million for unusual items in discontinued operations. The amount included nonrecurring charges of $26.0 million and $35.9 million recorded in the third and fourth quarter, respectively, related to international curtainwall operations. In addition, unusual items included operating losses totaling $34.2 million, representing the net operating results for European curtainwall operations.

The $26.0 million charge included amounts for the estimated loss on a disputed construction contracts in Europe, including the accrual of certain penalty amounts, and a provision for the accrual of legal and related costs associated with the resolution of legal proceedings related to organizational changes in our majority-owned European curtainwall unit. The charge for restructuring included amounts for severance and termination benefits for employees in France, Asia and the US., the write-down of property and equipment and other long-term assets to their estimated net salable value and other items such as lease termination costs. The $35.9 million charge reflected the estimated costs associated with exiting our European operations, including the completion of certain remaining projects. In March 1998, the five operating companies comprising our European curtainwall operations filed for bankruptcy or commenced liquidation, effectively relinquishing control over those entities.

At February 1999, accruals totaling $27.5 million represented the remaining future cash outflows associated with the exit from our international curtainwall operations. The majority of these cash expenditures are expected to be made within the next one to three years. The primary components of the accrual relate to the completion of certain construction projects, legal costs and other costs associated with the proceedings noted above.

11 EMPLOYEE BENEFIT 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. 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 $4,267,000, $3,884,000 and $3,361,000 in 1999, 1998 and 1997, respectively.

We also maintain a 401(k) savings plan, which allows employees to contribute 1% to 13% of their compensation. Apogee matches 30% of the first 6% of the employee contributions. Our contributions to the Plan were $2,031,000, $1,817,000 and $1,541,000 in 1999, 1998 and 1997, respectively.

12 ACQUISITIONS

In 1999, our Glass Services segment purchased the assets of three retail auto glass stores in three separate transactions. The aggregate purchase price of the acquisitions was $400,000, including $200,000 recorded as goodwill. During 1999, the segment also purchased an 80% interest in an insurance claims and policy processing outsource company. The aggregate purchase price of the acquisition was $2.8 million. Goodwill of $3.4 million was recorded and liabilities of $1.4 million were assumed.

In 1998, our Glass Services segment purchased the assets of ten retail auto glass stores in four separate transactions. The aggregate purchase price of the acquisitions was $800,000, including $200,000 recorded as goodwill.

In 1997, we purchased a joint venture partner's 50% interest in Marcon Coatings, Inc., which was subsequently merged into our Viracon subsidiary, its subsidiary, Viratec Thin Films, Inc. and certain leased assets. Both businesses operate glass coating facilities. The aggregate purchase price, net of cash acquired, was $40.2 million. Liabilities of $11.8 million were assumed. The purchase price exceeded the fair value of net assets acquired by $34.5 million, which was recorded as goodwill and is being amortized over 40 years.

In 1997, our Glass Services segment purchased the common stock of a 46-location retail auto glass replacement and repair company. The aggregate purchase price, net of cash acquired, was $10.4 million, consisting of $1.3 million in acquisition related expenditures and 215,000 shares of Apogee common stock valued at $9.1 million. Liabilities of $5.9 million were assumed. The purchase price exceeded the fair value of net assets acquired by $9.4 million, which was recorded as goodwill. The Glass Services segment also made two smaller acquisitions of retail auto glass stores in 1997, purchasing assets for $100,000.

Unless noted, no liabilities were assumed in the above transactions. All of the above transactions were accounted for by the purchase method. Accordingly, our consolidated financial statements include the net assets and results of operations from the dates of acquisition.

13 LEASES

As of February 27, 1999, 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)
2000	$12,283
2001	9,475
2002	6,905
2003	5,115
2004	3,519
Thereafter	3,499

Total minimum payments	$40,796

Total rental expense was $24,918,000, $20,690,000 and $16,184,000 in 1999, 1998 and 1997, respectively.

14 COMMITMENTS AND CONTINGENT LIABILITIES

At February 27, 1999, we had ongoing letters of credit related to our risk management programs, construction contracts and certain industrial development bonds. The total value of letters of credit under which we are obligated as of February 27, 1999 was approximately $9,500,000. We have entered into a number of noncompete agreements. As of February 27, 1999, we were committed to make future payments of $3,527,000 under such agreements.

We have been a party to various legal proceedings incidental to our normal operating activities. In particular, like others in the construction industry, our discontinued construction business is routinely involved in various disputes and claims arising out of construction projects, sometimes involving significant monetary damages. Although it is impossible to predict the outcome of such proceedings, 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.

15 FAIR VALUE DISCLOSURES

In preparing disclosures about the fair value of financial instruments, we determined that for cash and cash equivalents, receivables, marketable securities, accounts payable and long-term debt, carrying value is a reasonable estimate of fair value. The fair value of interest rate swaps is the difference between the present value of our future interest obligation at a fixed rate and the counterparty's obligation at a floating rate. The estimated fair value of interest rate swap agreements in a net payable position was $1.6 million and $648,000 at February 27, 1999 and February 28, 1998, respectively.

16 EARNINGS PER SHARE

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

(In thousands)	1999	1998	1997
Basic earnings per share - Weighted common shares outstanding	27,586	27,795	27,384
Weighted common shares assumed upon exercise of stock options	176	564	673
Diluted earnings per share - Weighted common shares and potential common shares outstanding	27,762	28,359	28,057

17 QUARTERLY DATA (UNAUDITED)

(Dollar amounts in thousands, except per share data)

Quarter	First	Second	Third	Fourth
Fiscal 1999				
Net sales	$190,377	$208,167	$192,665	$201,343
Gross profit	40,439	45,879	42,300	41,558
Earnings from continuing operations	4,188	7,632	5,668	2,199
Earnings (loss) from discontinued operations	(310)	1,523	1,582	2,752
Net earnings	3,878	9,155	7,250	4,951
Earnings (loss) per share -- basic				
From continuing operations	0.15	0.28	0.21	0.08
From discontinued operations	(0.01)	0.06	0.06	0.10
Net earnings	0.14	0.33	0.26	0.18
Earnings (loss) per share -- diluted				
From continuing operations	0.15	0.27	0.20	0.08
From discontinued operations	(0.01)	0.05	0.06	0.10
Net earnings	0.14	0.33	0.26	0.18
FISCAL 1998				
Net sales	$176,698	$194,314	$188,439	$171,643
Gross profit	40,960	51,320	43,087	29,771
Earnings from continuing operations	6,360	13,069	7,145	(2,460)
Earnings (loss) from discontinued operations	414	(3,412)	(17,580)	(54,591)
Net earnings	6,774	9,657	(10,435)	(57,051)
Earnings (loss) per share -- basic				
From continuing operations	0.23	0.47	0.26	(0.09)
From discontinued operations	0.01	(0.12)	(0.63)	(1.97)
Net earnings (loss)	0.24	0.35	(0.37)	(2.06)
Earnings (loss) per share -- diluted				
From continuing operations	0.22	0.46	0.25	(0.09)
From discontinued operations	0.01	(0.12)	(0.62)	(1.97)
Net earnings (loss)	0.24	0.34	(0.37)	(2.06)
FISCAL 1997				
Net sales	$156,156	$170,920	$159,810	$155,340
Gross profit	34,633	37,789	36,627	34,712
Earnings from continuing operations	5,328	7,172	6,754	7,573
Earnings (loss) from discontinued operations	(352)	808	848	(1,911)
Net earnings	4,976	7,980	7,602	5,662
Earnings (loss) per share -- basic*				
From continuing operations	0.20	0.26	0.25	0.27
From discontinued operations	(0.01)	0.03	0.03	(0.07)
Net earnings	0.18	0.29	0.28	0.20
Earnings (loss) per share -- diluted*				
From continuing operations	0.19	0.26	0.24	0.27
From discontinued operations	(0.01)	0.03	0.03	(0.07)
Net earnings	0.18	0.28	0.27	0.20

*Per share data adjusted to reflect the fiscal 1997 stock dividend.

18 BUSINESS SEGMENTS DATA

(In thousands)

Net Sales	1999	1998	1997
Glass technologies	$324,456	$324,195	$276,872
Glass services	468,797	407,985	367,097
Intersegment elimination	(701)	(1,086)	(1,743)
Net sales	$792,552	$731,094	$642,226

Operating Income (Loss)	1999	1998	1997
Glass technologies	$ 21,691	$ 30,746	$ 22,328
Glass services	21,478	16,123	21,417
Corporate and other	(1,026)	(1,210)	883
Operating income (loss)	$ 42,143	$ 45,659	$ 44,628

Identifiable Assets	1999	1998	1997
Glass technologies	$250,391	$188,363	$166,102
Glass services	155,516	142,430	135,018
Corporate and other	65,284	74,734	109,402
Total	$471,191	$405,527	$410,522

Capital Expenditures	1999	1998	1997

Glass technologies	$ 70,034	$ 23,871	$ 18,579
Glass services	6,084	12,268	15,517
Corporate and other	1,592	1,752	107
Total	$ 77,710	$ 37,891	$ 34,203

Depreciation & Amortization	1999	1998	1997
Glass technologies	$ 13,997	$ 12,853	$ 10,283
Glass services	11,218	9,360	7,371
Corporate and other	723	250	206
Total	$ 25,938	$ 22,463	$ 17,860

Apogee's export net 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 Quantifying 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 27, 1999:				
Allowance for doubtful receivables	$5,372	$1,408	$ (381)	$7,161
Inventory reserves	$4,281	$1,031	$ 200	$5,112
For the year ended February 28, 1998:				
Allowance for doubtful receivables	$6,085	$ 508	$1,221	$5,372
Inventory reserves	$4,790	$ 991	$1,500	$4,281
For the year ended March 1, 1997:				
Allowance for doubtful receivables	$5,710	$1,963	$1,588	$6,085
Inventory reserves	$3,390	$1,900	$ 500	$4,790

(1) Net of recoveries

EXHIBIT INDEX

Exhibit (3A) Restated Articles of Incorporation. Incorporated by reference to Exhibit 3A to Registrant's Annual Report on Form 10-K for year ended February 27, 1988.

Exhibit (3B)	Restated By Laws of Apogee Enterprises, Inc. Incorporated by reference to Exhibit 3B to Registrant's Quarterly Report on Form 10-Q for the quarter ended May 30, 1998.
Exhibit (4A)	Specimen certificate for shares of common stock of Apogee Enterprises, Inc. Incorporated by reference to Exhibit 4A to Registrant's Annual Report on Form 10-K for year ended February 29, 1992.
Exhibit (4B)	Rights Agreement between Registrant and American Stock Transfer Co. dated October 19, 1990. Incorporated by reference to Registrant's Form 8-A on October 19, 1990.
Exhibit (4C)	Amendment No. 1 to Rights Agreement, dated June 28, 1995, to the Rights Agreement between Registrant and American Stock Transfer Co. dated October 19, 1990. Incorporated by reference to Registrant's Form 8-A/A on June 28, 1995.
Exhibit (4D)	Amendment No. 2 to Rights Agreement, dated February 22, 1999, to the Rights Agreement between Registrant and American Stock Transfer Co. dated October 19, 1990. Incorporated by reference to Registrant's Form 8-A/A on February 22, 1999.
Exhibit (10A)	Deferred Incentive Compensation Plan dated February 27, 1986 between Registrant and certain executive officers. Incorporated by reference to Exhibit 10N to 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. Incorporated by reference to Registrant's S-8 registration statement dated March 30, 1993
Exhibit (10C)	Employment Agreement between Registrant and Richard Gould dated May 23, 1994. Incorporated by reference to Exhibit 10I to Registrant's Annual Report on Form 10-K for year ended February 25, 1995.
Exhibit (10D)	Amendment to Apogee Enterprises, Inc. Employment Agreement with Richard Gould dated July 7, 1998. Incorporated by reference to Exhibit 10.4 to Registrant's Quarterly Report on Form 10-Q for the quarter ended November 28, 1998.
Exhibit (10E)	1987 Apogee Enterprises, Inc. Stock Option Plan. Incorporated by reference to Registrant's S-8 registration statement dated July 18, 1990.
Exhibit (10F)	Multi-Currency Credit Agreement dated as of May 21, 1998 between Apogee Enterprises, Inc. and banks party to the agreement, including related security, pledge, contribution and subsidiary guaranty agreements. Incorporated by reference to Exhibit 10-G to Registrant's Annual Report on Form 10-K for year ended February 28, 1998.
Exhibit (10G)	1997 Omnibus Stock Incentive Plan. Incorporated by reference to Exhibit A Registrant's proxy statement for the 1997 Annual Meeting of Shareholders, filed May 16, 1997
Exhibit (10H)	Resignation Agreement between Apogee Enterprises, Inc. and James L. Martineau. Incorporated by reference to Exhibit 10.1 to Registrant's Quarterly Report on Form 10-Q for the quarter ended November 28, 1998.
Exhibit (10I)	Apogee Enterprises, Inc. Officers' Supplemental Executive Retirement Plan. Incorporated by reference to Exhibit 10.2 to Registrant's Quarterly Report on Form 10-Q for the quarter ended November 28, 1998.

Exhibit (10J) First Amendment of Apogee Enterprises, Inc. Officers' Supplemental Executive Retirement Plan, dated May 11, 1999.

Exhibit (10K) Apogee Enterprises, Inc. Executive Supplemental Plan. Incorporated by reference to Exhibit 10.3 to Registrant's Quarterly Report on Form 10-Q for the quarter ended November 28, 1998.

Exhibit (10L) Form of Severance Agreement between the Company and certain senior executive officers of the Company. Incorporated by reference to Exhibit 2 to Registrant's Current Report on Form 8-K filed February 22, 1999.

Exhibit (10M) Stock Purchase Agreement dated November 10, 1998 between Apogee Enterprises, Inc. and CompuDyne Corporation. Incorporated by reference to Registrant's Current Report of Form 8-K filed November 10, 1998.

Exhibit (21) Subsidiaries of the Registrant

Exhibit (23) Consent of KPMG Peat Marwick LLP

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

Exhibit (99) Litigation Reform Act of 1995 - Cautionary Statement

EXHIBIT 10.J

FIRST AMENDMENT
OF
APOGEE ENTERPRISES, INC.
OFFICERS' SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN
(1998 Statement)

The "APOGEE ENTERPRISES, INC. OFFICERS' SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN (1998 Statement)" as heretofore adopted by APOGEE ENTERPRISES, INC., a Minnesota corporation, and first effective January 1, 1998, (hereinafter referred to as the "Plan Statement"), is hereby amended in the following respects:

1. CLARIFICATION. Effective as of January 1, 1998, Section 1.1.5(a) of the Plan Statement is amended to read in full as follows:

(a) General Rule. Benefit Service shall be equal to the total number of the Participant's completed years and fractions of years of employment with the Employer, determined according to the following rules:

(i) Except as provided below, one (1) year of Benefit Service shall be credited for each Plan Year in which the Participant has one thousand (1,000) or more Hours of Service and no Benefit Service shall be credited for a Plan Year in which the Participant has less than one thousand (1,000) Hours of Service.

(ii) In any Plan Year in which the Participant first becomes employed with the Employer on other than the first day of the Plan Year and in the Plan Year in which he or she last ceases to be employed with the Employer (whether by reason of retirement, quit, discharge, death, transfer or other reason), he or she shall be credited with that fraction of a year of Benefit Service equal to the fraction of the Plan Year he or she was employed with the Employer if, and only if, during such fraction of the Plan Year he or she was credited with Hours of Service at the rate of at least one thousand (1,000) Hours of Service per Plan Year.

(iii) Benefit Service shall be credited for the Participant's employment with the Employer before the date he or she became a Participant and before this Officers' SERP was established.

2. CLARIFICATION. Effective January 1, 1998, Section 1.1.14(d) of the Plan Statement is deleted without replacement.

3. SPECIAL ADJUSTMENT. Effective January 1, 1999, as applied only to the Participant who, as of January 8, 1999, the date of the adoption of this First Amendment by the Board of Directors of Apogee Enterprises, Inc., holds the position of Chairman of the Board of Directors of Apogee Enterprises, Inc., Section 1.1.3 of the Plan Statement is amended to read in full as follows:

1.1.3. Average Monthly Compensation -- one-thirty-sixth (1/36th) of the total dollar amount of Pensionable Compensation attributable to the three (3) consecutive, completed calendar years which produce the highest amount; subject, however, to the following:

(a) Less Than Three Years. If the Participant shall have received Pensionable Compensation attributable to less than three (3) consecutive, completed calendar years as of the date his or her Average Monthly Compensation is determined, his or her Average Monthly Compensation shall be equal to the total of all the

Pensionable Compensation attributable to his or her consecutive, completed calendar years, divided by the number of months (12 or 24) in the consecutive, completed calendar years to which any of his or her Pensionable Compensation is attributable.

(b) Completed Years. Completed calendar years are all calendar years which are completed prior to the specific date as of which the Average Monthly Compensation is determined and during all of which the Participant was an employee of the Employer.

(c) Final Partial Year. If it results in a higher Average Monthly Compensation, there shall be included in the determination the partial year's Pensionable Compensation attributable to the final partial calendar year in which the Participant's Termination of Employment occurred (as if it were a completed year) in lieu of the Participant's entire Pensionable Compensation attributable to an earlier completed calendar year (but the requirement that the calendar years considered shall be consecutive shall not be waived or altered by this special rule).

(d) Ten-Year Limit. In determining the Participant's Average Monthly Compensation, there shall be disregarded all Pensionable Compensation attributable to calendar years ending more than ten (10) years prior to the date as of which the Average Monthly Compensation is determined.

(e) No Compensation. The absence of Pensionable Compensation (or less than full compensation) in any calendar year shall not affect the requirement that only consecutive calendar years be considered in determining a Participant's Average Monthly Compensation.

4. SAVINGS CLAUSE. Save and except as herein expressly amended, the Plan Statement shall continue in full force and effect.

May 11, 1999

APOGEE ENTERPRISES, INC.

By /s/ Russell Huffer

Russell Huffer
Its Chief Executive Officer and President

Exhibit 21

SUBSIDIARIES OF THE REGISTRANT

The Company is the owner of all of the issued and outstanding stock of the following corporations, except as noted below.

Name of Subsidiary	State or Country of Incorporation
Apogee Enterprises International, Inc.	Barbados
Prism Assurance, Ltd.	Vermont
Harmon, Ltd. (formerly W.S.A., Inc.)	Minnesota
Harmon, Inc.	Minnesota
Harmon Contract, Inc. (1)	Minnesota
Harmon Contract Asia, Ltd. (2)	Minnesota
Harmon Contract Asia Sdn Bhd (3)	Malaysia
Harmon Contract U.K., Limited (4)	United Kingdom
Harmon Europe S.A. (5)	France
AWG Services, Inc. (formerly Milco Contracting, Inc.) (6)	Wisconsin
Viracon, Inc.	Minnesota
Viratec Thin Films, Inc. (7)	Minnesota
Viracon Georgia, Inc. (7)	Minnesota
Viracon/Curvlite, Inc.	Minnesota
Tru Vue, Inc.	Illinois
Harmon Glass Company	Minnesota
American Management Group, Inc. (8)	Maine
Apogee Sales Corporation (8)	South Dakota
Harmon Glass of Canada Ltd. (8) (11)	Canada
The Glass Depot, Inc.	Minnesota
The Glass Depot of New York, Inc. (9)	Minnesota
Apogee Wausau Group, Inc.	Wisconsin
Dover Glass Co. (10)	Maine
Harmon CFEM Facades (UK) Ltd. (12)	United Kingdom
Harmon/CFEM Facades S.A. (13)	France
Harmon Facalu S.A. (13)	France
Harmon Sitraco S.A. (13)	France
Harmon Voisin S.A. (13)	France
VIS'N Service Corporation (14)	Minnesota

(1) Owned by Harmon, Ltd.
(2) Owned by Harmon Contract, Inc.
(3) Owned by Harmon Contract Asia, Ltd.
(4) 99.99% owned by Harmon Contract, Inc. and .01% by Apogee Enterprises, Inc.
(5) 100% owned by various Apogee entities
(6) Owned by Apogee Wausau Group, Inc.
(7) Owned by Viracon, Inc.
(8) Owned by Harmon Glass Company
(9) Owned by The Glass Depot, Inc.
(10) Owned by American Management Group, Inc.
(11) Inactive
(12) 99.99% owned by Harmon Europe S.A. and .01% by Apogee Enterprises, Inc.
(13) Owned by Harmon Europe S.A.
(14) 80% owned by Harmon Glass Company

Exhibit 23

Independent Auditors' Consent

The Board of Directors
Apogee Enterprises, Inc.:

We consent to incorporation by reference in the registration statements (Nos. 33-60400, 333-20979, 333-32437, 33-13302, 33-66574, 333-58181, 333-58165 and 33-35944) on Forms S-3 and S-8 of Apogee Enterprises, Inc. of our report dated April 12, 1999, relating to the consolidated balance sheets of Apogee Enterprises, Inc. and subsidiaries as of February 27, 1999 and February 28, 1998 and the related consolidated results of operations and cash flows for each of the years in the three-year period ended February 27, 1999, which report appears in the February 27, 1999 annual report on Form 10-K of Apogee Enterprises, Inc.

KPMG Peat Marwick LLP

Minneapolis, Minnesota
May 28, 1999

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Exhibit 99

LITIGATION REFORM ACT OF 1995

CAUTIONARY STATEMENTS

The following discussion contains certain cautionary statements regarding Apogee's business and results of operations which should be considered by investors and others. These statements discuss matters which may in part be discussed elsewhere in this Form 10-K and which may have been discussed in other documents prepared by the Company pursuant to federal securities laws. This discussion is intended to take advantage of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. The following factors should be considered in conjunction with any discussion of operations or results by the Company or its representatives, including any forward-looking discussion, as well as comments contained in press releases, presentations to securities analysts or investors, or other communications by the Company.

In making these statements, the Company is not undertaking to address or update each factor in future filings or communications regarding the Company's business or results, and is not undertaking to address how any of these factors may have caused changes to discussions or information contained in previous filings or communications. In addition, any of the matters discussed below may have affected Apogee's past results and may affect future results, so that the Company's actual results for first quarter fiscal 2000 and beyond may differ materially from those expressed in prior communications. Though the Company has attempted to list comprehensively these important cautionary factors, the Company wishes to caution investors and others that other factors may in the future prove to be important in affecting the Company's business or results of operations.

Industry Conditions

The Company is divided into two segments, each serving different markets.

The Glass Technologies segment (GT) serves the high-performance architectural glass, custom window and wall systems, computer, optical imaging and picture framing glass industries, which are very competitive, highly responsive to new products and price sensitive. Further, the products offered by Viracon and Wausau are affected by changes in the commercial construction industry and in general economic conditions. The companies of this segment have been solidly profitable with growing revenues. There can be no assurance the current growth experience by the segment will continue or that the introduction of new products or competitors will not significantly change market conditions.

The Glass Services segment (GS) serves the repair and replacement auto glass market which tends to be cyclical in nature and is influenced by a variety of factors, including new car sales, speed limits, road conditions, the economy, weather and average annual number of miles driven. This market's pricing structure has changed significantly in recent years as insurance companies seek volume pricing at discounted rates from historical levels and attempt to enter into preferred or exclusive provider arrangements with a limited number of providers. As a result, margins have narrowed at the retail level and, to a lesser extent, at wholesale and manufacturing levels. There can be no assurance that the Company will be able to improve or maintain its margins or that it will be selected by insurance companies as a provider of replacement and repair auto glass on a regional or national basis.

Competitive Environment

The Company's business segments operate in industries that are highly competitive and that, other than the industry in which GT's Viratec Thin Films unit competes, are fairly mature. In addition, the barriers to entry for several of these industries are not significant. Therefore, the Company expects its markets to remain highly competitive. The Company faces competition from other major contractors, subcontractors, manufacturers, fabricators, wholesalers, retailers and installers in each of its markets, certain of which may have greater financial or other resources than the Company.

The Glass Technologies segment competes with several large integrated glass manufacturers and numerous smaller specialty fabricators. Product pricing and service are the primary competitive factors in this market. The markets for the products of this segment are also characterized by frequent refinement and enhancement, new product introductions and by declining average selling prices over product life cycles.

The Company's Wausau unit competes against several major aluminum window manufacturers. Wausau 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 Glass Services segment competes with other auto glass shops, glass distributors, car dealers, body shops and fabrication facilities on the basis of pricing, national coverage and customer service. Its competition consists of national and regional chains as well as significant local competition. There can be no assurance that the Company will continue to be able to compete effectively in its markets.

Discontinued International Curtainwall Operations

During fiscal 1998, the Company made the strategic decision to close or exit its European and Asian international curtainwall operations in order to focus more selectively on higher-margin domestic curtainwall business. As a result of such restructuring, the Company recorded nonrecurring pre-tax charges of $26.0 million and $35.9 million in the third and fourth quarters of fiscal 1998, respectively. While the Company believes these restructuring charges are adequate to cover all expenses the Company has incurred or will incur in order to close or exit such operations, there can be no assurance given that additional charges will not be required to be made in future periods. The Company faces related risks and uncertainties, including the inability to effectively manage restructured business units and the inability to effectively manage costs or difficulties related to the operation of the businesses or execution of restructuring or exit activities. The occurrence of one or more of such events may have a material adverse effect on the business, financial condition or results of operations of the Company.

Year 2000 Issue

The Company is reviewing the potential impact of the "Year 2000" date change which involves the inability of certain software and hardware systems to properly recognize and process date information relating to the Year 2000. The Company has assigned a team to evaluate the nature and extent of the work required to make the Company's systems, products and infrastructure Year 2000 compliant. A number of existing systems projects are either underway or under review within the Company's various business units to incorporate Year 2000 compliance. The Company continues to evaluate efforts to ensure that such systems, products and infrastructure are Year 2000 compliant. While these on-going efforts will involve additional costs, the Company believes, based on available information, that it is and will continue to effectively manage the Year 2000 transition without any material adverse effect on the Company's business, results of operations or financial condition. Notwithstanding the foregoing, there can be no guarantee that the Company's efforts will completely mitigate the Year 2000 issue.

In addition to issues relating to internal Year 2000 compliance, the Company is dependent upon third party suppliers and large customers to remedy their own Year 2000 problems. There can be no guarantee that the systems of other companies on which the Company's systems rely will be timely converted, or that failure to convert by another company, or a conversion that is incompatible with the Company's systems, would not have a material adverse effect on the

Company.

Planned Capital expenditures (GT Segment)

The GT's segment's continued growth depends to a significant degree on its ability to expand its production facilities and to minimize the disruption caused by this expansion. In response to continued strong demand for the GT segment's high-performance architectural glass products, the Company in fiscal 1999 undertook a capital investment program, the primary purpose of which is to increase production capacity and productivity of its GT segment. Pursuant to this plan, the segment's Viracon unit completed construction of a new architectural glass fabrication complex in Statesboro, Georgia, the Tru Vue unit expected to move to a new facility in the spring of 1999, and Viratec's Optium line moved in fiscal 1999 to a location closer to the flow of customers' computer monitor supply chains. The Company believes that completion of these expansion plans on time and within budget will be important in enabling the GT segment to continue to satisfy the demand for its products and services. Although the Company believes it has the capital and managerial resources to execute these plans, there can be no assurance that the planned expansions will produce the improved operating and financial results expected by the Company.

Consolidation of Auto Glass Installation Industry (GS Segment)

The auto glass installation industry is consolidating in response to insurance companies' growing preference to interact with only a few major providers that are capable of offering efficient claims management services throughout a large geographic region. During fiscal 1998, the auto glass installation industry's two largest companies merged, resulting in a company with more than 20% of the U.S. auto glass installation market. While this merger resulted in the Company's GS segment becoming the second largest repair and replacement auto glass company, it created a stronger competitor for GS and may precipitate further industry consolidation. If the Company's GS segment is unable to grow quickly enough, whether internally or through acquisitions, it may not be able to remain a viable competitor in this industry. Further, the consolidation of this industry may change the scope of services traditionally offered by auto glass providers. For example, this consolidation may result in insurance companies requiring auto glass providers (1) to offer a broader array of claims management services such as standardized reporting of replacement claims or (2) to provide collision repair services and process collision claims for types of automotive repairs traditionally served by autobody companies. The failure by the GS segment to timely respond to such changes could have a material adverse effect on its, and the Company's, business, financial condition or results of operations.

Dependence on Certain Customers; Claims Management (GS Segment)

During fiscal 1998, the GS segment's five largest customers accounted for approximately 20% of such segment's sales. No customer accounted for more than 10% of the GS segment's sales during fiscal 1998. The Company is highly dependent on recurring revenues generated by the GS segment's insurance company customers and could be adversely affected by changes in such insurance companies' policies concerning coverage for auto glass repair and replacement claims. Failure by insurance companies to cover auto glass repair and replacement claims or the imposition of increased deductibles with respect to coverage of such claims could significantly reduce the GS segment's sales generated through its insurance company customers. Many of the GS segment's arrangements and relationship with its insurance company customers are not evidenced by written contracts and are therefore terminable at any time. A significant decrease in business from the GS segment's insurance company customers would have a material adverse effect on the GS segment's operations and, therefore, could have a material adverse effect on the Company's business, financial condition or results of operations.

Further, the repair and replacement auto glass industry's pricing structure has changed significantly in recent years as insurance companies seek volume pricing at discounted rates from historical levels and attempt to enter into preferred or exclusive provider arrangements with a limited number of providers. As a result, the ability of auto glass service providers to handle insurance company claims quickly and efficiently is becoming more and more important in the auto glass business. If the GS segment is unable to provide competitive claims management service to its insurance company customers, it could have a material adverse effect on the GS segment's operations and, therefore, could have a material adverse effect on the Company's business, financial condition or results of operations.

Government Regulation (GS Segment)

Many states have statutes or regulations prohibiting certain referral practices by insurers. Approximately 30 states currently have statutes or regulations that prohibit an insurance company from requiring a policyholder to use a particular vendor. In addition, new laws or regulations relating to the referral practices of insurance companies may be adopted in these or other states. The GS segment does not enter into arrangements with insurance companies pursuant to which such insurance companies require policyholders to use the GS segment for auto glass replacement or repair services. Although the Company does not believe that existing government regulation of insurance company referral practices will have a material adverse effect on the Company, no assurance can be given that future regulation of such referral practices will not have a material adverse effect on its, and the Company's, business, financial condition or results of operations.

Effect of Weather Conditions (GS Segment)

The severity of weather has historically affected the GS segment's sales and operating income, with severe weather generating increased sales and income and mild weather resulting in lower sales and income. Accordingly, mild weather conditions may adversely affect the GS segment's results of operations.