

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

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

For the fiscal year ended February 26, 1994

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

Commission File Number 0-6365

APOGEE ENTERPRISES, INC.

(Exact name of registrant as specified in its charter)

Minnesota

41-0919654

(State or other jurisdiction of
incorporation or organization)

IRS Employer Identification Number

7900 Xerxes Avenue South - Suite 1800
Minneapolis, Minnesota

55431

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: (612) 835-1874

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

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

Common Stock \$.33-1/3 Par Value

Title of Class

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

The aggregate market value of voting stock held by non-affiliates of the
registrant on March 31, 1994 was \$142,600,864. The number of shares outstanding
of the Registrant's Common Stock at March 31, 1994 was 13,313,131.

DOCUMENTS INCORPORATED BY REFERENCE

Part III incorporates information by reference from the Proxy Statement for
the Annual Meeting of Shareholders to be held June 21, 1994.

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

APOGEE ENTERPRISES, INC.
FORM 10-K

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PART I
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ITEM 1. BUSINESS
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The Company
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Apogee Enterprises, Inc. is a holding company incorporated under the laws of the State of Minnesota in 1949. The Company, through its operating subsidiaries, is primarily engaged in the fabrication, distribution and installation of curtainwall, aluminum windows and glass products. Four divisions comprise Apogee's operations: Commercial Construction (CCD), Window Fabrication (WFD), Glass Fabrication (GFD), and Installation and Distribution (IDD). These divisions serve the commercial and institutional building markets, detention/security, as well as the automotive glass replacement, consumer and industrial markets. Financial information about the Company's divisions can be found at Note 17 - Business Segments of the Notes to consolidated financial statements of Apogee Enterprises, Inc. contained in a separate section of this report. See "Index of Financial Statements and Schedules"

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

Commercial Construction
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The Company's Commercial Construction Division, operating principally under the name "Harmon Contract", is engaged in the design, engineering, procurement and installation of custom and standard curtainwall and window systems for commercial, institutional and detention/security buildings. The Company is the nation's largest curtainwall and glazing contractor with bidding offices throughout the United States as well as in Europe and Asia. CCD performs a subcontractor role at the building site for the purpose of erecting the building's exterior enclosure. This enclosure typically consists of a metal framing system which is glazed (filled) with glass in the vision areas and with opaque glass or panels in the non-vision (spandrel) areas. Panels are usually made from aluminum, precast concrete or natural stone. The division procures its materials from a number of independent fabricators, including the Company's

Window Fabrication and Glass Fabrication Divisions. CCD also serves as a stone subcontractor, setting stone on both the exterior and interior of buildings, including floors, benches and lavatories.

CCD also has seven replacement glazing operations located around the country. These centers offer complete replacement or remodeling glass services for residential and commercial buildings. CCD's engineering capabilities have been used to duplicate the original design or create a completely new appearance while updating costly old window systems with inexpensive energy efficient systems.

CCD competes in the detention/security market through its Norment operating unit. Norment, based in Montgomery, Alabama, is a leader in the design, manufacture and installation of institutional and governmental security and detention systems. CCD also operates two other detention related companies including Airteq, located in Portland, Oregon, and EMSS, located in San Francisco, California. Airteq holds patents on the manufacture of pneumatic locks used in Norment's and other detention/security systems. EMSS is a detention equipment contractor in the prison/security industry, which operates primarily on the West Coast.

In July 1993, CCD acquired an 80% interest in CFEM Facades (CFEM) a French company engaged in both the manufacture and installation of curtainwall. This office, in addition to the other European and Asian offices, has given the division a stronger presence in overseas markets.

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

Window Fabrication

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The Window Fabrication Division's principal business is the design and manufacture of high-quality, thermally-efficient aluminum window and curtainwall systems. WFD also provides aluminum anodizing and painting services and

manufactures and markets miscellaneous architectural metal products and interior window covering products. The division currently operates six businesses, based in Wausau, Wisconsin.

WFD markets aluminum windows and curtainwall systems (an exterior multi-story wall consisting of an aluminum framing system anchored to steel or concrete, glazed with glass in the vision area and with panels in the non-vision areas) under the "Wausau Metals" name. These products meet high standards of wind load capacity and resistance to air and moisture seepage. WFD 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.

Wausau Metals' products are marketed through a nationwide network of distributors and a direct sales staff. Sales are made to building contractors, including Harmon Contract, for new construction and to building owners for retrofitting older buildings. Wausau Metals maintains design and product engineering staffs to prepare aluminum window and curtainwall system designs to fit customers' needs and to originate new product designs. Wausau Metals occasionally joins Harmon Contract in pursuing certain projects, as many architects and general contractors prefer to work with an experienced curtainwall subcontractor and manufacturer team.

Wausau Metals' curtainwall and aluminum window systems are often glazed at the building site. Wausau Metals fabricates much of its own insulating glass for factory glazing requirements. When a customer specifies safety glazing materials, such as tempered or laminated glass, these materials are occasionally purchased from the Company's Glass Fabrication Division. Extruded aluminum is purchased from several principal suppliers and window system hardware is obtained from several sources.

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

The division also offers several types of window coverings for residential, commercial and institutional markets, under the "Nanik" and "Shutterry" names. Nanik manufactures various types of custom aluminum, wood and polycarbonate venetian blinds, and markets them primarily to interior designers through independent distributors. The Shutterry is a manufacturer of custom wooden and vinyl interior shutters. Nanik Wood Products was formed in 1991 to provide a reliable source of wood mouldings for both Nanik and The Shutterry, while allowing both units to improve inventory control and production efficiency. All three companies operate manufacturing facilities in Wausau, Wisconsin.

Glass Fabrication

The Glass Fabrication Division fabricates finished glass products and provides glass coating services, primarily under the "Viracon", "Marcon" and "Tru Vue" names, for the architectural, automotive, consumer and industrial markets. The Company's glass fabrication and coating activities are conducted at four facilities, three in Owatonna, Minnesota and one in Chicago, Illinois.

GFD purchases flat, unprocessed glass in bulk quantities from which it fabricates a variety of glass products, including insulating, tempered and laminated architectural glass; security glass; laminated and tempered automotive and industrial glass; anti-reflection and UV-light blocking picture framing glass; and provides reflective and low-emissivity coatings on glass.

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

GFD's Viracon unit is able to fabricate all types of architectural glass (insulating, laminated, tempered and combinations of all three) at its Owatonna complex. Combined with the adjacent Marcon's glass coating capabilities, GFD is able to

provide a full range of products from a central location. GFD markets its products nationally and overseas to glass distributors, glazing contractors (including CCD) and industrial glass fabricators. A substantial portion of its glass products is delivered to customers by GFD's fleet of company-owned trucks, providing "backhaul" capability for its raw materials, thereby reducing shipping time, transportation costs and breakage expense. The Company believes Viracon

is the largest architectural glass fabricator in the United States.

The primary products of the division's automotive unit, known as Viracon/Curvlite, are replacement windshields for foreign and domestic automobiles and tempered and laminated parts for the transportation industry. It fabricates approximately 800 types of replacement windshields which are marketed nationally to distributors and glass shops, including the Company's Installation and Distribution Division.

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

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

Installation and Distribution

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The Installation and Distribution Division (IDD) is engaged in the automotive and flat glass replacement business through its auto glass service centers (retail) and distribution centers (wholesale) located throughout the country.

IDD operates 231 auto glass service centers and 45 distribution centers in 35 states, primarily in the Midwest, Great Lakes, and Southeast regions. The glass service centers replace auto glass on the premises and also provide mobile installation service. Primary customers include insurance companies (on behalf of their insured clients), fleet owners and car owners. The glass 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 the service centers. Quality service is stressed in the service centers, most of which operate under the name "Harmon Glass/TM/." The Company believes Harmon Glass is the second-largest auto glass retailer in the United States.

The auto glass distribution centers, known as "Glass Depot/TM/", supply the Company-owned glass service centers with auto and flat glass, as well as selling wholesale to other glass installers. Purchases of fabricated automotive glass are made from several primary glass manufacturers and fabricators, including the Company's Glass Fabrication Division.

In fiscal 1994, the division acquired or opened 5 new wholesale distribution centers, while closing 12 retail auto glass units. The division continues to evaluate opportunities to expand both its retail and wholesale auto glass segments, while closely monitoring existing units' profitability.

IDD also operates a centralized service for handling auto glass claims under the name Harmon Glass Network/TM/ (Network). This service subcontracts auto claims with nearly 3,000 auto glass stores nationwide. The Network seeks to maximize the electronic exchange of information, which reduces claim costs and eliminates errors. This type of service is a fast -growing segment for the division.

Under a franchise agreement with Midas International Corporation in 1980, the division operates seven Midas Muffler locations in Minnesota, South Dakota,

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

Competition
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All segments of the Company's business, other than Viratec, are generally fairly mature and are highly competitive. The curtainwall installation business is primarily price competitive, although the Commercial Construction Division's reputation for quality engineering and service is an important factor in receiving invitations to bid on large projects. In addition to the above factors, CCD has the advantage of having the financial strength and long-term viability of Apogee, which allows CCD to be bonded on even the largest, most complex jobs. This is an important competitive advantage in the bidding of larger contracts. The Window Fabrication Division competes against several major aluminum window manufacturers. WFD 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 Company's Glass Fabrication Division 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 Installation and Distribution Division competes with other auto glass shops and repair/replacement chains, car dealers and body shops on the basis of pricing and customer service. Its competition consists of national and regional chains as well as significant local competition. Viratec Thin Films has both domestic and foreign competitors, several of whom are older and more established.

CCD, WFD and GFD serve the nonresidential construction market, which tends to be cyclical and which in recent years has been in decline, both in terms of dollars and square feet of new contract awards. Nonresidential construction, particularly the office building segment, has been hard hit due to the overbuilding in past years, tax law changes, recession, tightening credit standards, business restructurings and other factors. The resulting contraction in demand for building materials and construction services has intensified competition, squeezed profit margins and contributed to some business failures in the market sectors served by the Company. In response to weak markets, the Company's operating divisions have consolidated manufacturing facilities, closed bidding offices and reduced personnel and discretionary expenses. They have also redirected their marketing focus to sectors with relative strength, including remodeling, institutional (including detention/security) and certain international markets such as Asia and Europe. GFD and IDD service the automotive aftermarket which is influenced by a variety of factors, including new car sales, gasoline prices, speed limits, road conditions, the economy, weather and average number of miles driven. A transformation of the industry's pricing structure has intensified competition. In recent years, major purchasers of auto glass, such as insurance companies, have increasingly requested volume pricing and awarded regions to glass providers at significant discounts from historical levels. As a result, margins have narrowed at the retail level and, to a lesser extent, at wholesale and manufacturing levels.

Sources and Availability of Raw Materials

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. 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

CCD has sales offices in Europe and Asia. Sales for those offices were approximately \$65,021,000, \$6,490,000 and

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\$22,085,000 for the years ended February 26, 1994, February 27, 1993 and February 29, 1992, respectively. During fiscal 1994, such operations had a \$887,000 operating loss. At February 26, 1994, the identifiable assets of foreign operations totaled \$31,786,000. At February 26, 1994, the backlog of work for European and Asian projects was \$121 million, \$65,000,000 of which is not expected to be reflected as revenue in fiscal 1995. In addition, during the years ended February 26, 1994, February 27, 1993 and February 29, 1992, the Company's export sales, principally from GFD operations, amounted to approximately \$27,643,000, \$22,808,000 and \$18,671,000, respectively.

Employees

The Company employed 5,863 persons at February 26, 1994, of whom 1,156 were represented by labor unions. The Company is a party to 94 collective bargaining agreements with several different unions. Seventy-six (76) of the collective bargaining agreements will expire during fiscal 1995. The number of collective bargaining agreements to which the Company is a party will vary with the number of cities with active window and curtainwall installation contracts. The Company considers its employee relations to be very good and has not recently experienced any significant loss of work days due to strike.

Backlog

The backlog of orders is significant in the Company's three construction-related activities: window fabrication, glass fabrication and contract installation. At February 26, 1994, the Company's total backlog of orders considered to be firm was \$405,000,000, compared with \$322,000,000 at February 27, 1993. Approximately \$115,000,000 is not expected to be reflected as revenue in fiscal 1995.

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.

Division/Facility	Location	Owned/Leased	Function
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Commercial Construction

CCD headquarters	Minneapolis, MN	Leased	Administrative
United Kingdom facility	Milton Keynes, United Kingdom	Owned	Fabrication/Admin.
Norment	Montgomery, AL	Owned	Mfg./Admin.
Harmon CFEM -- Sitraco	Pinon, France	Owned	Mfg.
Harmon CFEM -- Facalu	Epernon, France	Owned	Mfg.

Window Fabrication

Wausau Metals	Wausau, WI	Owned	Mfg./Admin.
Wausau Metals - Plant II	Wausau, WI	Owned	Mfg.
Wausau Metals - Plant III	Wausau, WI	Owned	Mfg.
Nanik	Wausau, WI	Owned	Mfg./Admin.
Nanik Wood Products	Wausau, WI	Owned	Mfg./Admin.
Linetec Paint	Wausau, WI	Owned	Mfg./Admin.
Shuttery	Wausau, WI	Leased	Mfg./Admin.
Linetec Anodize	Wausau, WI	Owned	Mfg.

Glass Fabrication

Viracon	Owatonna, MN	Owned	Mfg./Admin.
Curv-lite	Owatonna, MN	Owned	Mfg./Admin.

Division/Facility	Location	Owned/Leased	Function
Tru Vue	Chicago, IL	Owned	Mfg./Admin.
Marcon Coatings, Inc.	Owatonna, MN	Owned	Mfg./Admin.

Installation and Distribution

IDD headquarters	Minneapolis, MN	Leased	Administrative
Harmon Glass Network	Orlando, FL	Owned	Administrative

Other

Viratec Thin Films	Faribault, MN	Owned	Mfg./Admin.
Apogee Corporate Office	Minneapolis, MN	Leased	Administrative

The Commercial Construction Division has fifteen sales offices, five glazing service centers and five fabrication facilities generally located in major metropolitan areas in the United States, Europe and Asia, virtually all of which are leased.

The Installation and Distribution Division has 276 retail service centers and warehouses located nationally and seven Midas Muffler franchises located in the Midwest, the majority of which are leased.

The GFD Curv-lite plant; a Wausau Metals facility; the Linetec paint facility; an addition to one of the Wausau Metals plants; a glass warehouse in Minneapolis; and the Orlando administrative center were constructed with the use

of proceeds from industrial revenue bonds issued by those cities. These properties are considered owned, since at the end of the bond term, title reverts to the Company.

ITEM 3. LEGAL PROCEEDINGS

There are no material pending legal proceedings.

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

None.

EXECUTIVE OFFICERS OF THE REGISTRANT

NAME - - - - -	AGE	POSITION - - - - -
Donald W. Goldfus	60	Chairman of the Board of Directors and Chief Executive Officer
Gerald K. Anderson	62	President
James L. Martineau	53	Vice President
William G. Gardner	48	Treasurer, Chief Financial Officer and Secretary

Executive officers are elected annually by the Board of Directors and serve for a one-year period. With the exception of Gerald K. Anderson, who has a post-employment consulting agreement, no officers have employment contracts with the Company. None of the executive officers or directors of the Company are related.

All of the above named executive officers have been employees of the Company for more than the last five years.

PART II

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

MATTERS

Apogee common stock is traded in the National Market System of the NASDAQ over-the-counter market, under the ticker symbol APOG. Stock price quotations are printed daily in major newspapers. During the fiscal year ended February 26, 1994, the average trading volume of Apogee common stock was 259,450 shares per month, according to NASDAQ.

As of March 31, 1994, there were 13,313,132 shares of common stock outstanding, of which about 6.8 percent were owned by officers and directors of Apogee. At that date, there were approximately 2,322 shareholders of record and 2,953 shareholders for whom securities firms acted as nominees.

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

	QUARTER I	QUARTER II	QUARTER III	QUARTER IV	YEAR END
1990	\$ 13-15 5/8	\$ 15-18 3/4	\$14 3/4-18 1/2	\$13 5/8-18 1/8	\$14 3/4
1991	14 1/4-18 1/4	15 3/4-20 1/8	14 1/4-18 1/4	13 1/4-19 1/4	18
1992	12 3/4-18	12 3/4-14 1/2	10 3/4-14 3/8	9 1/2-14	12 1/4
1993	10 1/4-12 3/4	8 1/4-10 3/4	9 3/4-12 1/4	9 3/4-12 1/4	11 5/8
1994	10 1/4-12 1/2	11 1/2-14 1/4	11 1/4-14 1/2	13 1/2-17 3/4	14 1/2

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

	QUARTER I	QUARTER II	QUARTER III	QUARTER IV	YEAR
1990	\$0.050	\$0.050	\$0.050	\$0.050	\$0.200
1991	0.060	0.060	0.060	0.060	0.240
1992	0.065	0.065	0.065	0.065	0.260
1993	0.065	0.065	0.070	0.070	0.270
1994	0.070	0.070	0.075	0.075	0.290

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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.

	1994	1993	1992	1991	1990	1989	1988	1987	1986	1985	1984
OPERATING DATA	----	----	----	----	----	----	----	----	----	----	----
Net sales	\$ 688.2	572.5	596.3	599.5	589.7	433.7	312.1	279.1	249.6	219.6	181.1
Cost of sales	\$ 604.3	494.2	494.7	499.4	495.9	361.5	254.7	230.8	207.4	186.6	153
% of net sales	87.8	86.3	83	83.3	84.1	83.4	81.6	82.7	83.1	85	84.5
Operating income	\$ 9.4	8.2	16.7	30.2	30.4	24.3	20.6	17.7	17.4	11.9	9.6
% of net sales	1.4	1.4	2.8	5	5.2	5.6	6.6	6.3	7	5.4	5.3
Interest expense, net	\$ 2.7	1.8	1	1.1	3.8	2.9	0.9	1.2	1.1	1.2	0.4
% of net sales	0.4	0.3	0.2	0.2	0.6	0.7	0.3	0.4	0.5	0.5	0.2
Earnings before income taxes and other items	\$ 6.6	6.5	15.8	28.8	23.4	21.6	19.7	16.1	15.7	11.1	9.3
% of net sales	1	1.1	2.6	4.8	4	5	6.3	5.8	6.3	5	5.1
Income taxes	\$ 2.6	1.9	7.2	11.8	9.3	8.2	8.1	7.6	7.4	5.2	4.2
% of net sales	0.4	0.3	1.2	2	1.6	1.9	2.6	2.7	3	2.3	2.3
Effective tax rate - %	39.8	30	46	41	39.7	38	41	47.2	47.5	47.3	44.5
Net earnings*	\$ 3.8	4.5	8.5	17	14.1	13.4	11.6	8.5	8.2	5.8	5.2
% of net sales	0.6	0.8	1.4	2.8	2.4	3.1	3.7	3.1	3.3	2.7	2.9
Dividends	\$ 3.8	3.6	3.5	3.2	2.7	2.1	1.8	1.5	1.3	1.2	1.1
% of prior year net earnings	85.1	42.1	20.6	22.7	20.1	18.4	21.2	18.4	23.1	23	14.4
INVESTMENT DATA											
Total assets	\$ 306.2	251.5	249.5	250.3	244.1	207.7	143.5	115.7	102.6	91	78.1
Working capital	\$ 80.4	69.2	65.4	60.2	59.9	58	38.4	32.1	41.6	37.9	31.2
Current ratio	1.6	1.7	1.6	1.6	1.6	1.8	1.8	1.9	2.4	2.5	2.3
Property, plant & equipment, net	\$ 64.9	66.1	70.6	71.5	69.9	64.7	47.6	39.4	28	24.2	21.6
Depreciation expense	\$ 13.4	13	14.2	11.5	10.4	7.7	6.2	4	3.5	2.8	2.3
Capital expenditures	\$ 14	9.2	13	12.8	17	23.7	11.3	14.9	7.4	7.2	7.4
Intangible assets, net	\$ 2	4.9	5.6	5.1	5.2	6	4.5	3.3	1.8	1.7	1.3
Amortization expense	\$ 2.3	2.1	2.1	1.8	1.8	1.3	0.4	0.3	0.1	0.1	-
Long-term debt	\$ 35.7	28.4	25.3	29.4	41.4	46.3	17.9	12.1	14.2	15.4	10.2
% of invested capital	21.6	18.7	17	19.9	27.7	33.3	18.7	15.3	19.6	23.4	18.7
Shareholders' equity	\$ 114.1	112.3	113.8	109.1	95.8	83.9	72.1	62.6	55.4	48.4	43.5
% of invested capital	69	74.1	76.6	73.8	64.2	60.4	75.2	78.7	76.6	73.5	79.2
RETURN ON INVESTMENT*											
On beginning total assets - %	1.5	1.8	3.4	7	6.8	9.4	10	8.3	9	7.5	7.7
On beginning shareholders' equity - %	3.4	4	7.8	17.8	16.8	18.6	18.6	15.4	17	13.4	13.1
On beginning invested capital - %	2.5	3	5.8	11.4	10.2	14	14.6	11.7	12.5	10.6	10.9

TURNOVER RATIOS											
Sales/beginning total assets	2.7	2.3	2.4	2.5	2.8	3	2.7	2.7	2.7	2.8	2.7
Sales/average receivables	5.5	5.7	6.3	6	6.2	5.9	5.9	5.9	5.3	5.1	4.9
Cost of sales/average inventories	13	12.4	12.5	13	13.9	12.6	12.5	13.1	13.7	14.4	14
EMPLOYEE DATA											
Number at year end	5,863	5,358	5,136	5,377	5,258	4,612	3,534	2,908	2,737	2,340	2,185
Total direct compensation - 000,000	\$ 194.9	154.7	160.6	155.9	139.5	105.1	78.1	75.9	63.4	58.7	47.8
Sales per employee (average) - 000	\$ 117.4	109.1	113.4	112.7	119.5	106.5	96.9	98.9	98.3	97	87.7
PER SHARE DATA (ADJUSTED FOR STOCK DIVIDENDS)											
Average shares outstanding - 000,000	13.3	13.3	13.5	13.6	13.6	13.4	13.4	13.4	13.3	13.2	13.2
Net earnings*	\$ 0.29	0.34	0.63	1.25	1.04	1	0.87	0.64	0.62	0.44	0.39
Dividends	\$ 0.29	0.27	0.26	0.24	0.2	0.16	0.14	0.11	0.1	0.09	0.08
Shareholders' equity	\$ 8.57	8.53	8.45	8.09	7.11	6.25	5.40	4.68	4.17	3.65	3.29
Price range during year:											
High	\$17 3/4	12 3/4	18	20 1/8	18 3/4	14 1/4	12 1/4	15 1/8	10 3/4	8 1/2	11
Low	\$10 1/4	8 1/4	9 1/2	13 1/4	13	10	7 1/2	7 5/8	6 1/8	5 1/8	7 1/4

* 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.

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

AND RESULTS OF OPERATIONS

FINANCIAL GOALS

Last year, we reported that weak demand and highly competitive pricing had caused flat sales levels and lower net earnings. In an effort to resume our historical growth rate, we cited short-term measures to more properly size our profit centers to better fit available business. Longer term, we indicated our focus would be to improve quality, reduce costs and become more responsive to customer needs. During fiscal 1994, this focus allowed Apogee to achieve significant sales and earnings growth in our replacement auto glass and fabricated architectural glass businesses. Meanwhile, in our nonresidential construction businesses, we saw further margin erosion and took some false steps as we struggled to achieve the goals noted above.

As we pointed out last year, it is our intention to delay setting specific financial goals until we resumed steady earnings growth. Although we believe important strides were made during the past year, holding off on setting new targets is warranted in light of the difficulties still faced by our construction-related units.

PERFORMANCE

FISCAL 1994 COMPARED TO FISCAL 1993

The following table illustrates the relationship between various components of operations, stated as a percent of net sales, for the three years ended February 26, 1994.

	PERCENT OF NET SALES		
	1994	1993	1992
	----	----	----
Net sales.....	100.0	100.0	100.0
Cost of sales.....	87.8	86.3	83.0
Gross profit.....	12.2	13.7	17.0

Selling, general and administrative expenses.....	10.4	12.5	12.8
Equity in net (earnings) loss of affiliated companies.....	(0.3)	(0.3)	0.4
Provision for business restructuring and asset valuation.....	0.8	-	1.0
Operating income.....	1.4	1.4	2.8
Interest expense, net.....	0.4	0.3	0.2
Earnings before income taxes and other items.....	1.0	1.1	2.6
Income taxes.....	0.4	0.3	1.2
Minority interest.....	0.1	-	-
Net earnings before cumulative effect of change in accounting principle....	0.5	0.8	1.4
Cumulative effect of change in accounting principle.....	0.1	-	-
Net earnings.....	0.6	0.8	1.4

Consolidated net sales rose 20% to \$688 million in fiscal 1994 due to strong replacement auto glass markets, higher overseas nonresidential construction activity and improved demand for architectural glass products. Our window coverings and nonglare picture framing glass units also reported improved sales.

Low margins in construction markets, ineffective project management and poor factory utilization by our window fabrication division's architectural units caused Apogee's gross profit, as a percent of sales, to fall for the second straight year. Replacement auto glass and architectural glass markets continued to be very competitive, but strong demand for such products allowed for firmer pricing, partially offsetting the negative impact of the factors noted above.

Selling, general and administrative expenses decreased slightly from a year earlier, as we benefited from cost containment

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efforts throughout the company. This represented a sharp decline as a percent of sales. Higher information systems costs and expanded marketing expenditures were offset by improvements made in other areas.

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

During the fourth quarter of fiscal 1994, Apogee recorded a provision of \$5.6 million (\$4.5 million after tax, or 34 cents per share), for business restructuring and asset valuation to reflect the costs of consolidating or closing 10 commercial construction division offices and facilities, of writing down certain assets and of reorganizing the window fabrication division's architectural products group. The provision consisted of asset write-downs of \$2.5 million plus projected cash outlays of \$3.1 million. Most of the \$3.1 million will be expended in fiscal 1995 for equipment relocation, employee severance and facility closing costs.

The asset valuation component of the provision included a \$1,600,000 write-off of certain intangible assets, principally patents and non-compete agreements. Based on our review of expected results for the related operations, we determined that the intangibles assets held no future value and, therefore, were written off. We also wrote down to estimated net realizable value a facility scheduled for closure in the amount of \$850,000. We believe that our restructuring plan has resulted in cost reductions which will benefit future periods. However, we expect the greatest benefits will derive from improved project selection, bidding and project management resulting from selective centralization of certain functions.

The charge described immediately above was the primary factor leading to Apogee's first-ever reported quarterly loss: \$3.0 million, or 22 cents per share, for the thirteen weeks ended February 26, 1994.

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

We recorded a first quarter gain of \$525,000, or 4 cents a share, due to the adoption of Statement of Financial Accounting Standards No. 109-Accounting for Income Taxes (SFAS 109). Under SFAS 109, our deferred tax liabilities declined, primarily reflecting the fact that deferred taxes on depreciation were originally booked at higher tax rates than current tax rates. Other deferred tax assets and liabilities were essentially unchanged due to implementation of SFAS 109.

The effective tax rate for fiscal 1994 was 39.8%, up from 30.0% a year ago. The rise was primarily due to the increase in our deferred tax asset valuation allowance related to a capital loss carryforward.

The provision for business restructuring and asset valuation and the poor performance of our nonresidential construction units combined to offset the strong results of Apogee's architectural glass and replacement auto glass operations, leading consolidated net earnings, including the SFAS 109 accounting change, to fall 15 % to \$3.8 million, or 29 cents per share, from \$4.5 million, or 34 cents per share, in 1993. Return on beginning shareholders' equity was 3.4% compared with 4.0% a year ago.

SEGMENT ANALYSIS

Apogee is organized into four operating divisions, plus the Viratec Thin Films joint venture. Each segment is discussed below.

Commercial Construction

The Commercial Construction Division (CCD), the nation's largest designer and installer of curtainwall and window systems, continued to encounter extremely tough nonresidential construction market conditions. While growth in overseas markets pushed up revenues by 24%, highly competitive pricing took its toll, eroding already very thin margins. In addition, the complexity of many projects stretched the division's ability to effectively manage its book of work. Along with the high costs of international marketing and setting up overseas offices, the aforementioned factors caused CCD to record a \$19.0 million operating loss, compared to a \$5.1 million operating loss in fiscal 1993. CCD took several steps to lower overhead during fiscal 1994, including closing or consolidating several domestic sales offices. The division's loss included \$4.7 million of the provision for business restructuring and asset valuation described above.

During the year, CCD acquired majority ownership of one of Europe's leading curtainwall contracting firms, CFEM Facades (CFEM). The acquisition provided CCD with substantial backlog, a medium-sized manufacturing facility and expertise in European construction techniques. CFEM generated significant sales

and operating income during fiscal 1994.

CCD achieved sharp backlog growth in 1994, finishing the year with \$365 million in backlog, up 26% from a year ago. The growth came from European and Asian markets, primarily the addition of the \$80 million Petronas Towers project in Kuala Lumpur, Malaysia. While the growth in overseas contracts has bolstered the division's backlog, approximately \$115 million will not be reflected as revenue in fiscal 1995.

Window Fabrication

The difficult market conditions of the nonresidential construction industry contributed to erratic order flow, poor pricing and inconsistent factory utilization at the window fabrication division (WFD). The division suffered an operating loss of \$3.5 million, after losing \$506,000 the previous year. WFD's architectural units, which serve the commercial and institutional construction markets with custom aluminum windows and curtainwalls, had a 10% rise in revenues, to \$83 million, but narrow margins and costs of re-work and rush shipping orders more than offset the sales gain. The division's results included \$850,000 of the restructuring and asset valuation provision.

The window coverings group of WFD produced strong revenues and earnings, partially offsetting the architectural units' loss. Sales volume was good, but a change in sales mix toward lower margin products kept the group from reporting improved margins. Substantial operating improvements at The Shuttery also helped the group strengthen earnings. The group continues to improve operations and shorten lead times, which should help to produce continued good results in fiscal 1995.

Glass Fabrication

The glass fabrication division (GFD) leveraged sales growth across all product lines into a 73% improvement in operating income, to \$13.6 million. Sales rose 21% to \$135 million. Strong demand for replacement auto glass required Curv-lite, the division's auto glass fabricating unit, to operate at near-capacity levels throughout the year. The resulting efficiency led to sharp unit cost reduction, offsetting price weakness.

GFD's architectural glass unit, Viracon, also experienced strong product demand, as key competitors left the business due to market weakness. Pricing also improved slightly as industry demand temporarily exceeded capacity. High demand, a healthy year-end backlog and selected increases in production capacity should allow for further earnings improvements in fiscal 1995.

The division's picture framing glass unit, Tru Vue, reported stellar results for the year. Tru Vue's sales rose 7%, which combined with productivity gains to improve operating income by 34%. Tru Vue also acquired the assets of Miller Artboard, a manufacturer of picture framing matboard, which complements Tru Vue's product offerings.

Viracon's 50%-owned joint venture, Marcon Coatings, placed its second coater in service during fiscal 1994. The unit was able to boost shipments to both joint venture partners and produced a solid profit for the year. However, earnings were lower than last year due to higher depreciation, debugging costs and training expenses.

Installation and Distribution

The installation and distribution division (IDD), the nation's second largest retail chain of automotive glass stores, grew sales 19% and earnings 138%. In fiscal 1993, IDD realigned its structure from a regional to a national focus, and split its lines of business into retail and wholesale. This realignment helped the division capitalize on increased unit movement and firmer pricing in the replacement auto glass market. Same-store revenues rose 15%, reflecting industry growth and increased market penetration. The Harmon Glass Network, which subcontracts with more than 3,000 auto glass stores nationwide, reported a 53% jump in sales, about two-thirds of which were handled by company-owned stores.

The division also increased its market penetration by adding 5 wholesale distribution centers during the year, for a year-end total of 45 locations. At February 26, 1994, IDD also had 231 retail glass stores and 7 Midas Muffler franchises in 38 states.

The division plans to speed up its development of information systems and communications technology during the upcoming year. Additional retail store and warehouse expansion also is anticipated.

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Viratec Thin Films

Viratec Thin Films (Viratec), a joint venture with Marvin Windows, develops and applies optical-grade coatings to glass and other substrates. For the third consecutive year, Viratec achieved both sales and earnings growth, reporting a 71% sales jump and a seven-fold increase in pretax earnings. Strong demand, particularly in overseas markets, combined with healthy margins to produce the outstanding results. To meet demand and proceed with new product development, the unit is currently expanding its facility, nearly doubling square footage. Viratec's backlog increased 22% from a year ago, to \$13 million at year end.

FISCAL 1993 COMPARED TO FISCAL 1992

For the year ended February 27, 1993, Apogee reported a 4% decrease in sales and a 47% decrease in earnings. Limited demand and severe competitive pricing pressures were experienced by most of our business segments. Sales gains achieved by architectural fabricated glass and installed auto glass were more than offset by declines in curtainwall contracting and aluminum window fabrication. Gross margin fell to its lowest level in over a decade, as decreased volume and falling sales prices took their toll. Selling, general and administrative expenses were reduced through cost containment programs at GFD, restructuring efforts at IDD and lower bad debt expense. CCD experienced higher selling costs as the division furthered its efforts to penetrate foreign and security markets. A sharp turnaround in equity in net earnings of affiliates was due to substantial improvements at Viratec and the absence of the Marcon West coating unit. Net interest expense increased 85%, as bank borrowings rose and less interest income was earned on invested funds. Lower consolidated profits led to a decrease in the tax rate.

CCD encountered very rugged industry conditions during fiscal 1993, leading to a 10% reduction in division revenues, to \$249 million. Narrowing margins and higher marketing costs related to the pursuit of international and detention/security sales resulted in a \$5.1 million operating loss for the year, compared with \$15.0 million operating income in fiscal 1992. The division's backlog grew 45% and finished the year at \$289 million. This was achieved largely by obtaining a \$42 million order for the Getty Museum curtainwall in Los Angeles. Detention/security and international segments of CCD also reported backlog growth.

WFD reported a 15% decline in revenues, to \$75 million, and a \$506,000 operating loss in fiscal 1993. Architectural sales fell 23% from fiscal 1992. Tight margins and erratic productivity were the main factors behind the division's results. The window coverings group, however, reported a 22% increase in sales and strong profits, nearly offsetting the architectural group's loss. The absence of Window Works, sold a year earlier, and operational improvements made by The Shutterry played a major role in the group's results.

GFD produced a dramatic earnings turnaround in fiscal 1993. Total revenues gained only 3%, but operating income grew to \$7.8 million, compared with a \$2.3 million loss in fiscal 1992. The consolidation of architectural glass production to its Minnesota facilities and the cumulative effect of several years of continuous cost reduction efforts throughout the division were significant factors leading to the reported gains. Marcon, a 50%-owned glass coating joint venture, reported modest growth in both revenues and operating

income due to rising popularity of coated glass for both homes and businesses.

IDD was able to achieve sales growth and a return to profitability in fiscal 1993 despite continued unfavorable pricing. The division began the process of transformation from a regional to a national company with a line-of-business concept. Strong demand also helped the recovery. The Harmon Glass Network reported 26% revenue growth. The division closed 31 stores while adding only 10.

Viratec Thin Films made substantial improvements in fiscal 1993, closing the year with a modest profit. Viratec's backlog grew to \$10.7 million at year end.

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LIQUIDITY AND CAPITAL RESOURCES

FINANCIAL CONDITION Major balance sheet items as a percentage of total assets at February 26, 1994 and February 27, 1993 are presented below:

	1994	1993
	----	----
Current assets	72%	67%
Current liabilities	46	40
Long-term debt	12	11
Deferred taxes and other liabilities	5	4
Shareholders' equity	37	45

Working capital increased 16% to \$80.4 million at February 26, 1994. Total receivables grew 36% due to increased sales and extended collection periods. The competitiveness of the construction industry and a greater proportion of institutional, versus commercial, sales have slowed the payment cycle, resulting in extended collection periods. Inventories rose 31% due to higher costs in excess of billings on uncompleted construction contracts, the addition of Miller Artboard's inventory and higher IDD inventories, resulting from the addition of 5 wholesale distribution centers and growth in the number of auto glass parts.

Bank debt increased to fund working capital growth and to pay down other higher-priced debt. Total bank borrowing, including \$25 million classified as long-term, rose from \$10.9 million to \$48.9 million. Long-term debt stood at \$35.7 million, but was only 12% of assets and 22% of total invested capital at year end. In fiscal 1995, we expect operating cash flow, after working capital adjustments, to exceed our requirements for debt service and dividends. However, we may continue to rely on bank credit or other sources of financing to support expansion and acquisition activity. We believe that existing and reasonably available sources of financing will enable us to maintain liquidity and achieve improved results.

CAPITAL INVESTMENT

New capital investment for the year totaled \$19.4 million, versus \$13.6 million and \$18.5 million in fiscal 1993 and 1992, respectively. New property, plant and equipment totaled \$14.0 million, and we invested \$3.2 million to fund CCD's acquisition of CFEM Facades and GFD's acquisition of Miller.

Capital investment for fiscal 1995 is estimated at \$26 million. Upgrading of information and communication systems at IDD and facility expansions at our joint ventures and GFD are the major components of next year's spending plans.

SHAREHOLDERS' EQUITY

Apogee's quarterly dividend rose 7% to 7 1/2 cents per share during fiscal 1994, our 19th consecutive year of increase. Total cash dividends slightly exceeded net earnings for the year. The issuance of common stock in connection with the

1987 Stock Option Plan and the 1987 Partnership Plan accounted for the marginal increase in book value, to \$8.57 per share.

IMPACT OF INFLATION

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

The cost of glass, one of Apogee's primary raw materials, modestly increased as both residential building and auto sales were strong in 1993. While our supply and construction contracts are at a fixed price, material cost is usually based on firm quotes obtained from suppliers. Through new production efficiencies and cost containment programs set up at most operating units, selling, general and administrative expenses were held relatively constant. Our divisions continue to improve efficiencies and cost containment programs to offset inflation wherever possible.

OUTLOOK

- - - - -
Apogee's backlog grew 26% and stood at \$405.0 million at February 26, 1994, our second straight year of double-digit growth. However, a substantial portion of CCD's backlog will not be realized in fiscal 1995. Also, while U.S. nonresidential

construction activity is expected to gradually strengthen, a firmer pricing stance may result in fewer orders. Improved project management, the expected benefit of closing and consolidating CCD offices and facilities, will also be essential in fiscal 1995. The demand in auto replacement glass has slowed somewhat, but remains positive. Overall, improved industry conditions and better management of our businesses should result in improved profitability and, possibly, higher revenues.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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

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

FINANCIAL DISCLOSURE

None.

PART III

ITEMS 10, 11, 12 and 13. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT; ----- EXECUTIVE COMPENSATION; SECURITY OWNERSHIP OF CERTAIN ----- BENEFICIAL OWNERS AND MANAGEMENT; AND CERTAIN ----- RELATIONSHIPS AND RELATED TRANSACTIONS. -----

The information required by these Items, other than the information set forth above in "Executive Officers of the Registrant," is included on pages 1 to 10 of the Proxy Statement for the Annual Meeting of Shareholders to be held June 21, 1994, which is incorporated herein by reference.

PART IV

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

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

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

(b) Reports on Form 8-K

No reports on Form 8-K were filed during the quarter ended February 26, 1994.

(c) Exhibits -

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

Bank, N.A. Filed with Registrant's Annual Report on Form 10-K for year ended February 27, 1993.

- Exhibit (10I) Consulting Agreement between Registrant and Laurence J. Niederhofer dated November 1, 1993.
- Exhibit (11) Statement of Determination of Common Shares and Common Share Equivalents
- Exhibit (21) Subsidiaries of the Registrant

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- 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 20, 1994

APOGEE ENTERPRISES, INC.

By: /s/ Donald W. Goldfus

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

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

SIGNATURE	TITLE	DATE
-----	-----	----
/s/ Donald W. Goldfus ----- Donald W. Goldfus	Chairman of the Board of Directors and Chief Executive Officer -----	May 20, 1994 -----
/s/ Gerald K. Anderson ----- Gerald K. Anderson	President and Director -----	May 20, 1994 -----
/s/ Laurence J. Niederhofer ----- Laurence J. Niederhofer	Director -----	May 20, 1994 -----
/s/ James L. Martineau ----- James L. Martineau	Vice President and Director -----	May 20, 1994 -----
/s/ D. Eugene Nugent ----- D. Eugene Nugent	Director -----	May 20, 1994 -----

Treasurer, Chief Financial

William G. Gardner

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

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All other schedules are omitted because they are not applicable or not required, or because the required information is included in the consolidated financial statements or notes 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 schedules as listed in the accompanying index. These consolidated financial statements and financial statement schedules are the responsibility of the company's management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedules 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 26, 1994 and February 27, 1993 and the results of their operations and their cash flows for each of the years in the three-year period ended February 26, 1994 in conformity with generally accepted accounting principles. Also in our opinion, the related financial statement schedules, when considered in

relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

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

KPMG Peat Marwick

Minneapolis, Minnesota
April 22, 1994

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CONSOLIDATED BALANCE SHEETS
Apogee Enterprises, Inc. and Subsidiaries

(Dollar amounts in thousands)	February 26, 1994	February 27, 1993
-----	-----	-----
ASSETS		
Current assets		
Cash and cash equivalents	\$ 10,824	\$ 8,908
Receivables, net of allowance for doubtful accounts	144,597	106,421
Inventories	52,732	40,189
Deferred income taxes	8,454	8,481
Other current assets	4,679	5,030
	-----	-----
Total current assets	\$221,286	\$169,029
	-----	-----
Property, plant and equipment, net	64,917	66,128
Other assets		
Intangible assets, at cost less accumulated amortization of \$10,999 and \$8,101, respectively	1,972	4,917
Investments in and advances to affiliated companies	11,826	10,179
Deferred income taxes	3,526	-
Other	2,661	1,203
	-----	-----
	19,985	16,299
	-----	-----
Total assets	\$306,188	\$251,456
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 51,488	\$ 37,200
Accrued expenses	40,916	36,414
Billings in excess of costs and earnings on uncompleted contracts	15,911	17,440
Accrued income taxes	4,524	4,556
Notes payable	23,850	-
	-----	-----
Current installments of long-term debt	4,157	4,177
	-----	-----
Total current liabilities	\$140,846	\$ 99,787
	-----	-----
Long-term debt	35,688	28,419

Other long-term liabilities	14,260	10,915
Minority interest	1,331	-
Commitments and contingent liabilities (Notes 14 and 15)		
Shareholders' equity		
Common stock of \$.33-1/3 par value; authorized 50,000,000 shares; issued and outstanding, 13,312,000 and 13,177,000 shares, respectively	4,437	4,392
Additional paid-in capital	17,718	15,845
Retained earnings	91,908	92,098
	-----	-----
Total shareholders' equity	114,063	112,335
	-----	-----
Total liabilities and shareholders' equity	\$306,188	\$251,456
	=====	=====

See accompanying notes to consolidated financial statements.

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CONSOLIDATED RESULTS OF OPERATIONS
Apogee Enterprises, Inc. and Subsidiaries

	Year Ended February 26, 1994	Year Ended February 27, 1993	Year Ended February 29, 1992
(Dollar amounts in thousands, except per share data)			
Net sales	\$688,233	\$572,450	\$596,281
Cost of sales	604,338	494,249	494,701
	-----	-----	-----
Gross profit	83,895	78,201	101,580
Selling, general and administrative expenses	71,659	71,832	76,531
Equity in net (earnings) loss of affiliated companies	(2,294)	(1,875)	2,529
Provisions for business restructuring and asset valuation	5,178	-	5,800
	-----	-----	-----
Operating income	9,352	8,244	16,720
Interest expense, net	2,735	1,794	970
	-----	-----	-----
Earnings before income taxes and other items below	6,617	6,450	15,750
Income taxes	2,634	1,936	7,245
Minority interest	675	-	-
Net earnings before cumulative effect of change in accounting for income taxes	3,308	4,514	8,505
	-----	-----	-----
Cumulative effect of change in accounting for income taxes	525	-	-
	-----	-----	-----
Net earnings	\$ 3,833	\$ 4,514	\$ 8,505
	=====	=====	=====
Earnings per share:			
Earnings per share before cumulative effect of change in accounting for income taxes	\$ 0.25	\$ 0.34	\$ 0.63
Cumulative effect of change in accounting for income taxes	0.04	-	-
	-----	-----	-----
Earnings per share	\$ 0.29	\$ 0.34	\$ 0.63
	=====	=====	=====

See accompanying notes to consolidated financial statements.

QUARTERLY DATA (UNAUDITED)

(Dollar amounts in thousands, except per share data)

NET SALES				GROSS PROFIT			
Quarter	1994	1993	1992	Quarter	1994	1993	1992
First	\$148,752	\$130,878	\$133,755	First	\$19,947	\$19,236	\$ 23,138
Second	175,568	145,802	158,798	Second	22,093	20,855	25,841
Third	184,529	146,723	161,374	Third	23,917	19,859	26,248

Fourth	179,384	149,047	142,354	Fourth	17,938	18,251	26,353
Total	\$688,233	\$572,450	\$596,281	Total	\$83,895	\$78,201	\$101,580

NET EARNINGS (LOSS)*				EARNINGS (LOSS) PER SHARE*			
Quarter	1994	1993	1992	Quarter	1994	1993	1992
First	\$1,443	\$ 319	\$2,705	First	\$ 0.11	\$0.02	\$0.20
Second	2,441	1,949	3,933	Second	0.18	0.15	0.29
Third	2,902	2,020	260	Third	0.22	0.15	0.02
Fourth	(2,953)	226	1,607	Fourth	(0.22)	0.02	0.12
Total	\$3,833	\$4,514	\$8,505	Total	\$ 0.29	\$0.34	\$0.63

[FN]

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

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CONSOLIDATED STATEMENTS OF CASH FLOWS
Apogee Enterprises, Inc. and Subsidiaries

(Dollar amounts in thousands)	Year Ended February 26, 1994	Year Ended February 27, 1993	Year Ended February 29, 1992
OPERATING ACTIVITIES			
Net earnings	\$ 3,833	\$ 4,541	\$ 8,505
Adjustments to reconcile net earnings to net cash (used by) provided by operating activities:			
Cumulative effect of change in accounting for income taxes	(525)	-	-
Depreciation and amortization	15,724	15,110	16,305
Provision for losses on accounts receivable	2,388	2,061	6,261
Noncurrent deferred income tax expense	(3,124)	(1,992)	(1,357)
Provision for business restructuring and asset valuation	5,178	-	5,800
Equity in net (earnings) loss of affiliated companies	(2,294)	(1,875)	2,529
Minority interest in net earnings	675	-	-
Other, net	(1,580)	176	371
Changes in operating assets and liabilities, net of effect of acquisitions:			
Receivables	(40,205)	(14,692)	7,179
Inventories	(10,255)	(131)	2,081
Other current assets	351	421	(696)
Accounts payable and acquired expenses	17,003	2,255	(5,393)
Billings in excess of costs and earnings on on uncompleted contracts	(1,529)	968	(18,826)
Accrued and current deferred income taxes	164	(3,333)	(2,376)
Other long-term liabilities	3,299	3,457	1,404
Net cash (used by) provided by operating activities	(10,897)	6,939	21,787
INVESTING ACTIVITIES			
Capital expenditures	(14,046)	(9,166)	(12,974)
Acquisition of businesses, net of cash acquired	(3,154)	(1,696)	(5,398)
Investment in and advances to affiliated companies	1,527	(2,502)	127
Proceeds from sale of property, plant and equipment	832	818	376
Other, net	(1,340)	(1,434)	(1,234)
Net cash used by investing activities	(16,181)	(13,980)	(19,103)
FINANCING ACTIVITIES			
Increase in notes payable	23,850	-	-
Payments on long-term debt	(6,851)	(7,733)	(636)
Proceeds from issuance of long-term debt	14,100	10,900	-
Proceeds from issuance of common stock	1,945	1,508	579
Repurchase and retirement of common stock	(209)	(3,834)	(848)
Dividends paid	(3,841)	(3,584)	(3,505)
Net cash provided by (used by) financing activities	28,994	(2,793)	(4,410)
Increase (decrease) in cash and cash equivalents	1,916	(9,834)	(1,726)
Cash and cash equivalents at beginning of year	8,908	18,742	20,468
Cash and cash equivalents at end of year	\$ 10,824	\$ 8,908	\$ 18,742

See accompanying notes to consolidated financial statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Apogee Enterprises, Inc. and Subsidiaries

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND RELATED DATA

PRINCIPLES OF CONSOLIDATION Our consolidated financial statements include the accounts of Apogee and all majority-owned subsidiaries. We use the equity method to account for our 50%-owned joint ventures. All significant intercompany transactions are eliminated. Certain amounts from prior-year financial statements have been reclassified to be consistent 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 cost, principally by using the last-in, first-out (LIFO) method, which does not exceed market. If the first-in, first-out (FIFO) method had been used, our inventories would have been \$1,825,000 and \$1,900,000 higher than reported at February 26, 1994 and February 27, 1993, respectively.

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

INTANGIBLE ASSETS AND AMORTIZATION Intangible assets consist principally of goodwill and non-compete agreements. We review the ongoing future value of intangibles on an annual basis. The continuing benefit of such assets is evaluated based upon an assessment of relevant economic and other criteria, including projections of future results.

Goodwill is the excess of cost over the fair value of acquired assets of purchased businesses. Goodwill is amortized over periods ranging from 10 to 40 years, except for \$923,000, which is not being amortized. In our opinion, there has been no diminution of its value.

Non-compete agreements are contracts with the previous management of purchased businesses not to enter into competition with us for a certain period of time. Non-compete agreements are amortized ratably over the term of the agreements. Amortization expense amounted to \$2,328,000, \$2,123,000 and \$2,106,000 in 1994, 1993 and 1992, respectively.

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

REVENUE RECOGNITION We recognize revenue from construction contracts on a percentage-of-completion basis, measured by the percentage of costs incurred to date to estimated total costs for each contract. Contract costs include materials, labor and other direct costs related to contract performance. We establish provisions for estimated losses, if any, on uncompleted contracts in the period in which such losses are determined. Revenue from the sale of products and the related cost of sales are recorded upon shipment. All selling, general and administrative costs are expensed in the period incurred.

INCOME TAXES Apogee files a consolidated income tax return. Effective February 28, 1993, Apogee adopted the provisions of Statement of Financial Accounting Standards No. 109 (SFAS 109). SFAS 109 requires the asset and liability method be used to account for income taxes. This method recognizes deferred tax assets and liabilities based upon the future tax consequences of temporary differences between financial and tax reporting. Previously Apogee

followed the provisions of Accounting Principles Board Opinion No. 11. The cumulative effect of the change in accounting for income taxes is included in the fiscal 1994 Consolidated Results of Operations.

EARNINGS PER SHARE Apogee computes earnings per share by dividing net earnings by the weighted average number of common shares and common share equivalents outstanding during the year. Our average common shares and common share equivalents outstanding during 1994, 1993 and 1992 were 13,289,000, 13,293,000 and 13,512,000, respectively.

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

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

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2. RECEIVABLES

(In thousands)	1994	1993
-----	-----	-----
Trade accounts	\$ 58,474	\$ 43,172
Construction contracts	59,747	43,090
Contract retainage	30,507	23,730
Other receivables	3,748	2,768
	-----	-----
Total receivables	152,476	112,760
Less allowance for doubtful accounts	(7,879)	(6,339)
	-----	-----
Net receivables	\$144,597	\$106,421
	=====	=====

Apogee provides products and services to the commercial and institutional new construction and remodeling markets, the automotive replacement glass market (wholesale and retail) and selected consumer markets at the distribution level. We do not believe a concentration of credit risk exists, due to the diversity of our markets and channels of distribution, and the geographic location of our customers. We perform ongoing credit evaluations of our customers' financial condition and limit the amount of credit extended when deemed necessary. We also routinely file liens to protect our interest whenever possible. We generally require no collateral. Allowances are maintained for potential credit losses and such losses have been within management's expectations. The provision for bad debt expense was \$2,388,000, \$2,061,000 and \$6,261,000 in 1994, 1993 and 1992, respectively.

3. INVENTORIES

(In thousands)	1994	1993
-----	-----	-----
Raw materials	\$ 9,994	\$ 8,819
In process	3,413	2,315
Finished	29,565	23,148

Costs in excess of billings	9,760	5,907
	-----	-----
Total inventories	\$52,732	\$40,189
	=====	=====

4. PROPERTY, PLANT AND EQUIPMENT

(In thousands)	1994	1993
-----	-----	-----
Land	\$ 2,308	\$ 2,202
Buildings	37,283	35,454
Machinery and equipment	60,117	55,960
Office furniture and equipment	23,232	20,694
Leasehold improvements	6,682	8,216
Construction in progress	4,019	2,031
Other	7,769	7,704
	-----	-----
Total property, plant and equipment	141,410	132,261
Less allowance for depreciation	(76,493)	(66,133)
	-----	-----
Net property, plant and equipment	\$ 64,917	\$ 66,128
	=====	=====

Depreciation expense was \$13,397,000, \$12,987,000 and \$14,199,000 in 1994, 1993 and 1992, respectively.

5. ACCRUED EXPENSES

(In thousands)	1994	1993
-----	-----	-----
Payroll and related benefits	\$15,331	\$ 9,823
Insurance	10,023	12,419
Taxes, other than income taxes	1,888	2,656
Pension	2,929	2,804
Interest	994	806
Other	9,751	7,906
	-----	-----
Total accrued expenses	\$40,916	\$36,414
	=====	=====

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6. LONG-TERM DEBT

(In thousands)	1994	1993
-----	-----	-----
Promissory note, 9.65%, due in annual installments through 1998	\$11,607	\$17,857
Borrowings under revolving credit agreements	25,000	10,900

Floating rate industrial development bond, 2.6% at year end, due in annual installments through 1999	2,000	2,400
Industrial development bonds, interest ranging from 3.60% to 6.30%, due in annual installments through 2003	1,177	1,330
Other	61	109
	-----	-----
Total long-term debt	39,845	32,596
Less current installments	(4,157)	(4,177)
	-----	-----
Net long-term debt	\$35,688	\$28,419
	=====	=====

Long-term debt maturities are as follows:

Fiscal Year	(In thousands)
-----	-----
1995	\$ 4,157
1996	4,172
1997	12,430
1998	9,761
1999	8,878
Thereafter	447

Total	\$39,845
	=====

In fiscal 1992, we entered into three interest rate swap agreements with a notional amount of \$25 million that effectively converted a portion of our fixed rate, long-term borrowings into variable rate obligations. The swap agreements are accounted for as hedges, with the net interest paid or received included in interest expense. During fiscal 1993, we sold two of the swap agreements at net gains. The gains are being recognized as reductions in interest expense over the original term of the swap agreements.

The terms of the promissory note include certain dividend and debt level restrictions and requirements to maintain minimum levels of tangible net worth and certain financial ratios. Retained earnings available for dividends under the terms of the promissory note were approximately \$27 million at February 26, 1994.

The net book value of property, plant and equipment pledged as collateral, principally under industrial development bonds, was approximately \$2 million at February 26, 1994.

In February 1993, we entered into new revolving credit agreements with two banks. The agreements allow us to borrow up to \$25 million at various alternative rates. The revolving credit term is three years, with an additional three-year term-loan option. At any time through the revolving period, we can convert any outstanding loans into a long-term note. The agreements require us to maintain minimum levels of tangible net worth and certain financial ratios.

We also had access to \$60 million via committed and uncommitted credit facilities with several major lending institutions. We may elect to have borrowings under the agreements bear interest at fixed or floating rates. At February 26, 1994, \$23.9 million in borrowings were outstanding under these agreements. Interest rates on the year-end borrowings ranged from 3.50% to 3.81%.

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

(Dollar amounts in thousands)	1994	1993
Average daily borrowings during the year	\$34,203	\$ 3,992
Maximum borrowings outstanding during the year	\$53,800	\$12,100
Weighted average interest rate during the year	3.67%	4.00%

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7. SHAREHOLDERS' EQUITY

(In thousands)	Common Shares Outstanding	Common Stock	Additional Paid-in Capital	Retained Earnings
Balance at March 2, 1991	13,477	\$4,492	\$14,422	\$90,136
Net earnings	-	-	-	8,505
Common stock issued	53	18	561	-
Common stock repurchased or retired	(69)	(23)	(75)	(750)
Cash dividends	-	-	-	(3,505)
Balance at February 29, 1992	13,461	4,487	14,908	94,386
Net earnings	-	-	-	4,514
Common stock issued	150	50	1,458	-
Common stock repurchased or retired	(434)	(145)	(521)	(3,218)
Cash dividends	-	-	-	(3,584)
Balance at February 27, 1993	13,177	4,392	15,845	92,098
Net earnings	-	-	-	3,833
Common stock issued	152	51	1,894	-
Common stock repurchased or retired	(17)	(6)	(21)	(182)
Cash dividends	-	-	-	(3,841)
Balance at February 26, 1994	\$13,312	\$4,437	\$17,718	\$91,908

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

Apogee has a Shareholders' Rights Plan, under which each share of our outstanding common stock has an associated preferred share purchase right. The rights are exercisable only under certain circumstances and allow holders of such rights to purchase common stock of Apogee or an acquiring company at a discounted price, which generally would be 50% of the respective stock's current fair market value.

8. INTEREST EXPENSE, NET

(In thousands)	1994	1993	1992
----------------	------	------	------

-----	-----	-----	-----
Interest on debt	\$3,008	\$ 2,709	\$ 2,832
Other interest	620	278	91
	-----	-----	-----
Total interest expense	3,628	2,987	2,923
Less interest income	(893)	(1,193)	(1,953)
	-----	-----	-----
Interest expense, net	\$2,735	\$ 1,794	\$ 970
	=====	=====	=====

Interest payments were \$3,714,000, \$2,556,000 and \$2,959,000 in 1994, 1993 and 1992 respectively.

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9. INCOME TAXES

As discussed in Note 1, we adopted Statement of Financial Accounting Standards No. 109 (SFAS 109) in 1994. The cumulative effect of this change in accounting for income taxes is reported separately in the accompanying Results of Operations for the year ended February 26, 1994. Prior years' financial statements have not been restated to apply the provisions of SFAS 109.

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

(In thousand ds)	1994	1993	1992
-----	-----	-----	-----
CURRENT:			
Federal	\$ 3,342	\$ 2,525	\$10,430
State and local	701	639	2,127
Foreign	1,520	(429)	3,203
	-----	-----	-----
Total current	5,563	2,735	15,760
DEFERRED:			
Federal	(2,794)	(1,494)	(5,903)
State and local	(485)	(310)	(1,237)
Foreign	350	1,005	(1,375)
	-----	-----	-----
Total deferred	(2,929)	(799)	(8,515)
	-----	-----	-----
Total income tax expense	\$ 2,634	\$ 1,936	\$ 7,245
	=====	=====	=====

Income tax payments, net of refunds, were \$5,934,000, \$7,371,000 and \$11,337,000 in 1994, 1993 and 1992, respectively.

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

	1994	1993	1992
	-----	-----	-----
Statutory federal tax rate	35.0%	34.0%	34.0%

State and local income taxes, net			
of federal tax benefit	2.1	3.4	4.4
Equity in (earnings) affiliates	(12.3)	(11.0)	8.8
Tax credits	(2.2)	-	-
Foreign items with no tax benefit	7.7	-	-
Other, net	0.4	3.6	(1.2)
Valuation allowance	9.1	-	-
	-----	-----	-----
Consolidated effective tax rate	39.8%	30.0%	46.0%
	=====	=====	=====

The components of deferred income tax expense (benefit) for 1993 and 1992 are as follows:

(In thousands)	1993	1992
- - - - -	-----	-----
Completed contract accounting	\$ (172)	\$ (2,668)
Accelerated depreciation	394	(1,659)
Allowance for doubtful accounts	1,862	(2,095)
Accrued insurance	(1,499)	(601)
Other accrued expenses	(170)	35
Deferred compensation	(215)	(511)
Inventory	384	(510)
Business restructuring reserve	(863)	(464)
Other, net	(520)	(42)
	-----	-----
Deferred income taxes	\$ (799)	\$ (8,515)
	=====	=====

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Deferred tax assets and deferred tax liabilities at February 26, 1994 and February 28, 1993 are as follows:

(In thousands)	1994	1993
	-----	-----
Deferred tax assets:		
Allowance for doubtful accounts	\$ 3,035	\$ 2,400
Accrued insurance	8,701	7,358
Deferred compensation	3,143	2,900
Business restructuring reserve	2,127	1,017
Inventory capitalization	1,591	1,348
Other	2,260	2,191
	-----	-----
Gross deferred tax assets	20,857	17,214
Less valuation allowance	(1,035)	(435)
	-----	-----
Net deferred tax assets	19,822	16,779
	-----	-----
Deferred tax liabilities:		
Accelerated depreciation	5,006	5,100
Employee benefit plans	1,307	1,385
Other	1,529	1,243
	-----	-----

Net deferred tax liabilities	7,842	7,728
	-----	-----
Net deferred tax assets	\$11,980	\$ 9,051
	=====	=====

Apogee's valuation allowance increased by \$600,000, which relates primarily to a capital loss carryforward. The valuation allowance at February 26, 1994 also included amounts for foreign tax credits.

10. INVESTMENT IN AFFILIATED COMPANIES

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

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

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

(In thousands)	1994	1993	1992
-----	-----	-----	-----
Current assets	\$10,248	\$ 5,402	\$ 3,483
Noncurrent assets	15,704	11,997	14,752
Current liabilities	7,214	4,577	6,842
Noncurrent liabilities	14,066	12,716	14,473
Net sales	34,497	24,150	15,944
Gross profit (loss)	10,967	6,929	(1,302)
Net earnings (loss)	\$ 4,566	\$ 3,188	\$ (6,615)

11. EMPLOYEE BENEFIT AND STOCK OPTION PLANS

We maintain a qualified defined contribution pension plan that covers substantially all full-time, non-union employees. Contributions to the plan are based on a percentage of employees' base earnings. Benefits for each employee vary based on total contributions and earnings on invested funds. We deposit pension costs with the trustee annually. All pension costs were fully funded or accrued as of year end. Contributions to the plan were \$3,014,000, \$2,848,000 and \$2,651,000 in 1994, 1993 and 1992, respectively.

We also maintain a 401(k) Savings Plan, designed to encourage eligible employees to develop a long-term savings program. The plan allows employees to contribute 1% to 10% of their pretax compensation. Apogee matches 30% of the first 6% of the employee contributions. Amounts contributed by us to the plan

were \$1,206,000, \$1,069,000 and \$1,035,000 in 1994, 1993 and 1992, respectively.

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

	1994	1993	1992
	-----	-----	-----
Options outstanding at beginning of the year	481,000	381,000	467,000
Granted	148,000	165,000	25,000
Exercised	(4,000)	(31,000)	(54,000)
Forfeited	(148,000)	(34,000)	(57,000)
	-----	-----	-----
Options outstanding at end of year	477,000	481,000	381,000
	=====	=====	=====
Options exercisable at end of year	129,000	150,000	167,000
	=====	=====	=====
Price range of outstanding options	\$8.95-\$18.91	\$8.95-\$18.91	\$8.38-\$18.91
	=====	=====	=====
Price range of exercised options	\$10.75-\$12.00	\$9.38	\$6.75-\$15.25

The 1987 Partnership Plan, a plan which is designed to increase the ownership of Apogee stock by key employees, allows participants selected by the Compensation Committee of the Board of Directors to use earned incentive compensation to purchase Apogee stock. The purchased stock is then matched by an equal award of restricted stock, which vests over a predetermined period. There are 1,100,000 shares of common stock authorized for issuance or repurchase under the plan. As of February 26, 1994, 500,000 shares have been issued under the plan. We expensed \$478,000, \$287,000, and \$450,000 in conjunction with the Partnership Plan in 1994, 1993, and 1992, respectively.

12. ACQUISITIONS AND DIVESTITURES

In April 1993, our commercial construction division purchased certain assets of CFEM Facades, a French curtainwall company. Also in 1994, our glass fabrication division's Tru-View unit purchased the assets of a company serving another segment of the picture framing market.

During 1993 and 1992, our installation and distribution division purchased the assets of several auto glass service and distribution centers. In 1992, our commercial construction division purchased the assets of three companies in the detention/security sector of the nonresidential construction market.

All of the above transactions were accounted for by the purchase method. Accordingly, Apogee's consolidated financial statements include the net assets and results of operations from the dates of acquisition. In connection with the above acquisitions, the fair market value of assets purchased and liabilities assumed were as follows:

(In thousands)	1994	1993	1992
-----	-----	-----	-----
Fair value of assets acquired	\$3,154	\$1,696	\$17,392
Liabilities assumed	-	-	11,994
	-----	-----	-----
Net cash paid	\$3,154	\$1,696	\$ 5,398
	=====	=====	=====

13. PROVISION FOR BUSINESS RESTRUCTURING AND ASSET VALUATION

During 1994, we recorded business restructuring and asset provision of \$5.6 million. (\$4.5 million pre-tax). The charge was principally related to the consolidation or closing of 10 commercial construction division offices and facilities, the write-down of certain assets and the reorganization of the window fabrication division's architectural products operation. The provision consisted of asset writedowns of \$2.5 million and projected cash outlays of \$3.1 million, most of which will take place in fiscal 1995.

During 1992, we recorded a business restructuring provision of \$5.8 million (\$4.1 million after tax). The charge was principally related to the consolidation of our glass fabrication division's fabricating and coating capabilities, which involved the closing of its West Coast facilities and merging them with the division's Minnesota operations. We settled all outstanding matters related to the consolidation during fiscal 1994 and recorded a \$405,000 recovery of the fiscal 1992 provision.

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14. LEASES

As of February 26, 1994, 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)
1995	\$8,170
1996	5,574
1997	3,838
1998	2,418
1999	1,604
Thereafter	1,729
Total minimum payments	\$23,333

Total rental expense was \$17,129,000, \$15,653,000 and \$16,889,000 in 1994, 1993 and 1992, respectively.

15. COMMITMENTS AND CONTINGENT LIABILITIES

Apogee has entered into a number of non-compete agreements. Non-compete agreements represent contractual agreements with the previous management of purchased businesses not to enter into competition with us for a certain period of time. As of February 26, 1994, we were committed to make future payments of \$1,716,000 under such agreements.

Apogee has ongoing letters of credit related to risk management programs, construction contracts and certain industrial development bonds. The total value of letters of credit under which the company is obligated as of February 26, 1994 was approximately \$38,923,000.

Apogee, like other participants in the construction business, is routinely involved in disputes and claims arising out of construction projects, sometimes involving significant monetary damages. Although it is impossible to predict the outcome of such disputes, we believe, based on facts currently available to us,

that none of such claims will result in losses that would have a material adverse effect on our financial condition.

16. FAIR VALUE DISCLOSURES

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

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

Estimated fair values of our financial instruments at February 26, 1994 are as follows:

(In thousands)	Carrying Amount	Estimated Fair Value
-----	-----	-----
Long-term debt	\$39,845	\$40,259
Interest rate swap agreement in a net payable position	-	\$182

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

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

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.

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17. BUSINESS SEGMENTS

Sales, operating income, identifiable assets and other related data for our operations in different business segments, appearing in this report, are an integral part of these financial statements. Fiscal 1990 and 1991 segment data are not covered by the Independent Auditors' Report.

Dollar amounts in thousands	1994		1993		1992		1991		1990	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
SALES										
Commercial construction	\$307,036	44.6	\$248,532	43.4	\$274,863	46.1	\$272,215	45.4	\$283,720	48.1
Window fabrication	83,228	12.1	75,325	13.2	89,101	14.9	84,600	14.1	85,763	14.5
Glass fabrication	135,208	19.6	111,933	19.6	108,530	18.2	122,692	20.5	118,662	20.1
Installation and distribution	197,471	28.7	165,842	29.0	153,561	25.8	149,893	25.0	136,639	23.2
Total	722,943	105.0	601,632	105.1	626,055	105.0	629,400	105.0	624,784	106.0
Intersegment elimination	(34,710)	(5.0)	(29,182)	(5.1)	(29,774)	(5.0)	(29,875)	(5.0)	(35,127)	(6.0)
Net sales	\$688,233	100.0	\$572,450	100.0	\$596,281	100.0	\$599,525	100.0	\$589,657	100.0

OPERATING PROFIT (Loss)										
Commercial construction	\$(18,959)	(376.5)	\$(5,092)	(62.9)	\$14,972	74.6	\$15,527	45.5	\$12,775	39.8
Window fabrication	(3,484)	(69.2)	(506)	(6.3)	7,426	37.0	8,508	25.4	3,676	11.4
Glass fabrication	13,650	269.3	7,845	96.9	(2,292)	(11.4)	670	2.0	4,483	14.0

Installation and distribution	13,918	276.4	5,845	72.2	(43)	(0.2)	9,121	27.2	11,173	34.8
Total	5,035	100.0	8,092	100.0	20,063	100.0	33,556	100.0	32,107	100.0
Interest expense, net	(2,735)		(1,794)		(970)		(1,059)		(3,824)	
Other income (expense)	4,317		152		(3,343)		(3,655)		(4,908)	
Earnings before income taxes and other items	\$ 6,617		\$ 6,450		\$ 15,750		\$ 28,842		\$ 23,375	

	Identifiable Assets			Capital Expenditures			Depreciation & Amortization		
	1994	1993	1992	1994	1993	1992	1994	1993	1992
Commercial construction	\$114,060	\$ 86,911	\$ 66,596	\$ 2,600	\$2,774	\$ 3,131	\$ 3,508	\$ 2,920	\$ 2,314
Window fabrication	43,928	39,084	41,290	2,332	3,120	2,657	2,927	2,706	2,825
Glass fabrication	59,470	52,976	58,567	4,611	1,360	3,753	4,452	4,701	6,411
Installation and distribution	62,564	55,177	54,404	4,451	1,668	3,377	4,696	4,651	4,651
Corporate and other	29,413	20,679	36,096	52	244	56	141	132	104
Intersegment elimination	(3,247)	(3,371)	(7,444)	-	-	-	-	-	-
Total	\$306,188	\$251,456	\$249,509	\$14,046	\$9,166	\$12,974	\$15,724	\$15,110	\$16,305

Notes: Apogee's commercial construction division has subsidiaries in Europe and Asia. During 1994, such operations had net sales and an operating loss of \$65,021,000 and \$887,000 respectively. At February 26, 1994, identifiable assets of the subsidiaries totaled \$31,786,000. In 1993 and 1992, net sales and identifiable assets of these units were less than 10% of Apogee's consolidated figures. Foreign currency transaction gains or losses included in net earnings for 1994, 1993 and 1992 were immaterial.

Apogee's export sales are less than 10% of consolidated net sales. No single customer, including government agencies, accounts for 10% or more of consolidated net sales. Intersegment sales are arms-length transactions. Segment operating profit (loss) is net sales less cost of sales and operating expenses. Operating income does not include provision for interest expense or income taxes. Other income (expense) includes miscellaneous corporate activity not allocable to business segments.

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SCHEDULE V

APOGEE ENTERPRISES, INC. AND SUBSIDIARIES

Property, Plant and Equipment
(In thousands)

	Balance at beginning of period	Additions at cost(1)	Retirements, sales or adjustments	Balance at end of period
	-----	-----	-----	-----
For the year ended				
February 26, 1994:				
Land	\$ 2,202	\$ 44	\$ (62)	\$ 2,308
Buildings	35,454	1,892	63	37,283
Machinery and equipment	55,960	6,409	2,252	60,117
Office furniture and equipment	20,694	3,468	930	23,232
Leasehold improvements	8,216	(813)	721	6,682
Construction in progress	2,031	2,432	444	4,019
Other	7,704	1,723	1,658	7,769
	-----	-----	-----	-----
	\$132,261	\$15,155	\$6,006	\$141,410
	=====	=====	=====	=====

For the year ended
February 27, 1993:

Land	\$ 2,306	\$ -	\$ 104	\$ 2,202
Buildings	35,695	199	440	35,454
Machinery and equipment	53,277	2,433	(250)	55,960
Office furniture and equipment	18,273	3,177	756	20,694
Leasehold improvements	8,530	944	1,258	8,216
Construction in progress	657	1,813	439	2,031
Other	8,184	764	1,244	7,704
	-----	-----	-----	-----
	\$126,922	\$ 9,330	\$3,991	\$132,261
	=====	=====	=====	=====

For the year ended

February 29, 1992:

Land	\$ 2,124	\$ 182	\$ -	\$ 2,306
Buildings	32,362	3,335	2	35,695
Machinery and equipment	52,633	2,328	1,684	53,277
Office furniture and equipment	14,194	6,615	2,536	18,273
Leasehold improvements	7,874	1,199	543	8,530
Construction in progress	1,269	568	1,180	657
Other	7,505	1,722	1,043	8,184
	-----	-----	-----	-----
	\$117,961	\$15,949	\$6,988	\$126,922
	=====	=====	=====	=====

[FN]

- (1) The amounts listed include property purchased through acquisitions of \$986, \$164 and \$2,975 for the years 1994, 1993 and 1992, respectively, consisting entirely of machinery and equipment and office furniture and equipment, with the exception of \$1,435 for a building in 1992.

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SCHEDULE VI

APOGEE ENTERPRISES, INC. AND SUBSIDIARIES

Accumulated Depreciation and Amortization
of Property, Plant and Equipment
(In thousands)

	Balance at beginning of period	Additions charged to costs and expenses	Retirements, sales or adjustments	Balance at end of period
	-----	-----	-----	-----
For the year ended				
February 26, 1994:				
Buildings	\$10,576	\$ 1,547	\$ (1,773)	\$13,896
Machinery and equipment	33,399	5,907	2,022	37,284
Office furniture and equipment	11,767	3,788	732	14,823
Other	10,391	2,154	2,055	10,490
	-----	-----	-----	-----
	\$66,133	\$13,396	\$ 3,036	\$76,493
	=====	=====	=====	=====

For the year ended

February 27, 1993:

Buildings	\$ 9,134	\$ 1,532	\$ 90	\$10,576
-----------	----------	----------	-------	----------

Machinery and equipment	27,969	5,667	237	33,399
Office furniture and equipment	9,235	3,465	933	11,767
Other	10,003	2,323	1,935	10,391
	-----	-----	-----	-----
	\$56,341	\$12,987	\$ 3,195	\$66,133
	=====	=====	=====	=====

For the year ended
February 29, 1992:

Buildings	\$ 7,610	\$ 1,526	\$ 2	\$ 9,134
Machinery and equipment	22,893	6,517	1,441	27,969
Office furniture and equipment	7,796	3,255	1,816	9,235
Other	8,170	2,901	1,068	10,003
	-----	-----	-----	-----
	\$46,469	\$14,199	\$ 4,327	\$56,341
	=====	=====	=====	=====

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SCHEDULE VIII

APOGEE ENTERPRISES, INC. AND SUBSIDIARIES

Valuation and Qualifying Accounts
(In thousands)

	Balance at beginning of period	Charged to costs and expenses	Deductions from reserves (1)	Balance at end of period
	-----	-----	-----	-----
For the year ended February 26, 1994:				
Allowance for doubtful receivables	\$6,339	\$2,388	\$ 848	\$7,879
	=====	=====	=====	=====
For the year ended February 27, 1993:				
Allowance for doubtful receivables	\$9,049	\$2,061	\$4,771	\$6,339
	=====	=====	=====	=====
For the year ended February 29, 1992:				
Allowance for doubtful receivables	\$5,070	\$6,261	\$2,282	\$9,049
	=====	=====	=====	=====

[FN]

(1) Net of recoveries

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CONSULTING AGREEMENT

This Agreement is made as of the 1st day of November, 1993, between Apogee Enterprises, Inc., a Minnesota corporation (the "Company"), and Laurence J. Niederhofer ("Consultant").

WHEREAS, Consultant has been an executive officer and member of the Board of Directors of the Company for many years and in such capacities has developed expertise and experience in matters relating to the Company's business;

WHEREAS, Consultant has resigned as an officer of the Company, but will remain as a director of the Company, and the Company desires to retain Consultant to render consulting and advisory services for the Company in accordance with the terms and conditions set forth in this Agreement; and

WHEREAS, Consultant desires to perform consulting and advisory services for the Company on such terms and conditions.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties hereto agree as follows:

1. Term of Agreement. This Agreement shall become effective as of November 1, 1993 and shall extend for five one-year terms commencing November 1, 1993 unless earlier terminated pursuant to Section 7 of the Agreement.

2. Consulting Agreement. The Company hereby agrees to retain Consultant, and Consultant hereby agrees to be retained by the Company, to perform consulting and advisory services in accordance with the terms of this Agreement for, and on behalf of, the Company. During the term of this Agreement, upon reasonable notice, Consultant shall be obligated to consult with and advise the officers and directors of the Company as reasonably requested. Such consulting and advisory services shall be performed by Consultant at such times and at such locations as the Company shall reasonably request and as shall be reasonably acceptable to Consultant.

3. Compensation. As compensation for the consulting and advisory services rendered by Consultant pursuant to this Agreement, the Company shall pay Consultant a fee equal to \$60,000 per year, payable on a monthly basis in advance on the first day of each month.

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4. Expenses.

(a) The Company shall reimburse Consultant for reasonable out-of-pocket expenses incurred by Consultant in connection with the performance of services hereunder, including, but not limited to, travel and entertainment expenses.

(b) The Company shall provide Consultant with suitable office space, secretarial services and administrative assistance during the term of this Agreement.

5. Other Benefits. During the term of this Agreement and so long as Consultant remains a director of the Company, the Company will provide Consultant with group health insurance or medical insurance supplementary to the Medicare program in an amount such that Consultant shall be covered to the same extent as though he were a full time employee of the Company and shall furnish

tax return preparation and tax consulting services to Consultant on substantially the same basis as provided to corporate officers. Consultant will continue to receive all fees, retainers, stock-based compensation and other benefits generally granted to non-employee directors of the Company.

6. Covenants of Consultant. In consideration of the covenants of the Company contained in this Agreement and in connection with Consultant's termination of employment as an officer of the Company, Consultant agrees that he will not

(a) divulge, furnish or make accessible to anyone or use in any way (other than in respect of the Company's business) any confidential or proprietary information or secret knowledge or information of the Company; or

(b) during the term of this Agreement, engage in competition, directly or indirectly, with the Company in any manner or capacity (e.g., as an advisor, principal, agent, partner, officer, director, stockholder, employee, or otherwise) or directly or indirectly assist, induce or encourage any other person to engage in a business in competition with the Company. The obligations of Consultant under this Section 6(b) shall apply to any geographic area within the United States where the Company, directly or indirectly, through one or more subsidiaries or affiliates, has conducted business within the three years preceding the date of this Agreement or shall conduct business during the term of this Agreement.

7. Termination Upon Death or Disability. This Agreement shall remain in effect for the balance of its then current one-year term upon Consultant's death, but in such event shall then terminate without any further notice under this Agreement. Upon Consultant's disability, this Agreement shall remain in effect for six full months after the event of disability, and Consultant shall receive monthly compensation as provided in Section 3, but after such six-month period, this Agreement shall terminate.

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8. Successors; Binding Agreement.

(a) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company, by agreement in form and substance satisfactory to Consultant, to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which executes and delivers the agreement provided for in this Section 8(a) or which otherwise becomes bound by all the terms and provisions of this Agreement by operation of law.

(b) This Agreement is personal to Consultant and Consultant may not assign or transfer any part of his obligations hereunder to any other person. Notwithstanding the foregoing, the provisions of Section 7 of this Agreement shall inure to the benefit of and be enforceable by Consultant's personal or legal representatives, executors, administrators, heirs, distributees, devisees and legatees.

9. Modification; Waiver. No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in a writing signed by Consultant and the Company. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time.

10. Notice. All notices, requests, demands and all other communications required or permitted by either party to the other party by this

Agreement shall be in writing and shall be deemed to have been duly given when delivered personally or received by certified or registered mail, return receipt requested, postage prepaid, at the address of the other party, as follows:

If to the Company, to:

Apogee Enterprises, Inc.
7900 Xerxes Avenue South
Minneapolis, Minnesota 55431

Attention: Chief Executive Officer

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If to Consultant, to:

Laurence J. Niederhofer
1217 Kreutzer Boulevard
Wausau, Wisconsin 54401

Either party hereto may change its address for purposes of this Section 10 by giving 15 days' prior notice to the other party hereto.

11. Severability. If any term or provision of this Agreement or the application hereof to any person or circumstance shall to any extent to be invalid or unenforceable, the remainder of this Agreement or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable shall not be affected thereby, and each term and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

12. Headings. The headings in this Agreement are inserted for convenience of reference only and shall not be a part of or control or affect the meaning of this Agreement.

13. Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

14. Governing Law. This Agreement has been executed and delivered in the State of Minnesota and shall in all respects be governed by, and construed and enforced in accordance with, the laws of the State of Minnesota, including all matters of construction, validity and performance.

15. Entire Agreement. This Agreement and any and all oral or written agreements heretofore made relating to the subject matter hereof constitutes the entire agreement of the parties relating to the subject matter hereof.

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed in its name by a duly authorized officer and Consultant has hereunto set his hand, all as of the date first above written.

Laurence J. Niederhofer

APOGEE ENTERPRISES, INC.

By
Its

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Statement of Determination of Common Shares and Common Share Equivalents

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

	February 26, 1994	February 27, 1993	February 29, 1992
	-----	-----	-----
Primary:			
Weighted average of common shares outstanding (a)	13,232,504	13,287,054	13,481,699
Common share equivalents resulting from the assumed exercise of stock options (b)	56,275	5,542	30,048
	-----	-----	-----
Total primary common shares and common share equivalents	13,288,779	13,292,596	13,511,747
	=====	=====	=====
Net earnings before cumulative effect of change in accounting for income taxes	\$ 3,308,000	\$ 4,514,000	\$ 8,505,000
Cumulative effect of change in accounting for income taxes	525,000	--	--
	-----	-----	-----
Net earnings	\$ 3,833,000	\$ 4,514,000	\$ 8,505,000
	=====	=====	=====
Earnings per share before cumulative effect of change in accounting for income taxes	\$.25	\$.34	\$.63
Cumulative effect of change in accounting for income taxes	.04	--	--
	-----	-----	-----
Per share amount	\$.29	\$.34	\$.63
	=====	=====	=====
Assuming full dilution:			
Total common shares and common share equivalents as determined for primary computation	13,288,779	13,292,596	13,511,747
Additional dilutive effect resulting from the assumed exercise of stock options (c)	61,633	8,519	22,363
	-----	-----	-----
Total fully diluted common shares and common share equivalents	13,350,412	13,301,115	13,534,110
	=====	=====	=====
Earnings per share before cumulative effect of change in accounting for income taxes	\$.25	\$.34	\$.63
Cumulative effect of change in accounting for income taxes	.04	--	--
	-----	-----	-----
Per share amount	\$.29	\$.34	\$.63
	=====	=====	=====

Notes:

- (a) Beginning balance of common stock adjusted for changes in amount outstanding, weighted by the elapsed portion of the period during which the shares were outstanding.

- (b) Common share equivalents computed by the "treasury" method. Share amounts represent the dilutive effect of outstanding stock options which have an option value below the average market value for the current period.
- (c) Share amounts represent the additional dilutive effect of outstanding stock options where the underlying market value of the stock at the end of the period is in excess of the average market value for the period.

SUBSIDIARIES OF THE REGISTRANT

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

Name of Subsidiary -----	State or Country of Incorporation -----
Viracon/Curvlite, Inc.	Minnesota
Tru Vue, Inc.	Illinois
The Glass Depot, Inc.	Minnesota
Harmon Glass Company	Minnesota
Harmon Glass of Florida, Inc. (1)	Florida
Glass Depot of Florida, Inc. (2) (8)	Florida
Apogee Sales Corporation (1)	South Dakota
Spectrum Automotive Centers, Inc. (1) (8)	Iowa
Harmon Glass of Indiana, Inc.	Indiana
Randell Thomas Glass Co., Inc. (2)	Florida
Marcon Coatings, Inc. (3)	Minnesota
W.S.A., Inc.	Minnesota
Harmon Glass of Savannah, Inc. (2)	Georgia
Harmon Contract Asia, Ltd. (4)	Minnesota
Harmon Contract U.K., Limited (5)	United Kingdom
Harmon Glass Network, Inc. (2) (8)	Florida
Glass & Metal Distributors, Inc. (6)	Michigan
Viratec Thin Films, Inc. (7)	Minnesota
Empire State Auto & Plate Glass, Inc. (9)	New York
Harmon Glass of Canada Ltd. (1) (8)	Canada
Harmon Contract Europe, Ltd. (10)	United Kingdom
Harmon Contract, Inc. (11)	Minnesota
Norshield Corporation (11)	Alabama
The Glass Depot of New York, Inc. (12)	Minnesota
Harmon Contract Asia Sdn Bhd (13)	Malaysia
Harmon Europe S.A. (14)	France
Harmon/CFEM Facades S.A. (14)	France
Harmon Facalu S.A. (14)	France
Harmon Sitraco S.A. (14)	France

(1) Owned by Harmon Glass Company
(2) Owned by Harmon Glass of Florida, Inc.
(3) 50% owned by W.S.A., Inc.
(4) Owned by Harmon Contract, Inc.
(5) 99.99% and .01% owned by Harmon Contract, Inc. and Apogee Enterprises, Inc., respectively.
(6) Owned by Harmon Glass of Indiana, Inc.
(7) Owned by Marcon Coatings, Inc.
(8) Inactive
(9) 66% owned by Harmon Glass of Florida, Inc.
(10) Owned by Harmon Contract U.K., Limited
(11) Owned by W.S.A., Inc.
(12) Owned by The Glass Depot, Inc.
(13) Owned by Harmon Contract Asia, Ltd.
(14) 80% owned by various Apogee entities