

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

Current Report Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

Date of report (Date of earliest event reported): February 22, 1999

APOGEE ENTERPRISES, INC.

(Exact name of registrant as specified in its charter)

Minnesota

0-6365

41-0919654

(State or other jurisdiction of
incorporation or organization) (Commission
File Number) (I.R.S. Employer
Identification No.)

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

Not Applicable

(Former name or former address, if changed since last report.)

Item 5. Other Events

On February 22, 1999, Apogee Enterprises, Inc., a Minnesota corporation (the "Company") amended its Rights Agreement, dated as of October 19, 1990 and first amended as of June 28, 1995 (the "Rights Agreement"), by entering into Amendment No. 2, dated as of February 22, 1999 (the "Amendment"), with American Stock Transfer & Trust Company (f/k/a American Stock Transfer Company). Capitalized terms used and not otherwise defined herein have the meanings ascribed to them in the Rights Agreement and the Amendment.

The Rights Agreement has been amended to: (i) delete all references to "Baumgartner" and the "Baumgartner Group" in the definitions, (ii) extend the Final Expiration Date from October 19, 2000 to October 9, 2008, (iii) modify the Purchase Price from \$70.00 to \$50.00 per one one-hundredth of a Preferred Share, and (iv) modify the redemption provision to prohibit redemptions during the 90-day period after any Person first becomes an Acquiring Person if the majority of the Company's Board is not composed of Continuing Directors.

A copy of the Amendment has been attached as an exhibit hereto and is incorporated herein by reference. All capitalized and undefined terms used herein have the meanings given to them in the Rights Agreement. The foregoing description of the amendments to the Rights Agreement does not purport to be complete and is qualified in its entirety by reference to the Amendment.

In addition, the Company's Board of Directors authorized the Company to enter into Severance Agreements with certain senior executive officers of the Company (including the Chief Executive Officer and the Chief Financial Officer). These Agreements provide, in general, for certain cash payments, accelerated vesting of certain stock-based compensation and continuation of certain benefits in the event such an officer's employment with the Company is terminated within two years following a "Change-in-Control" (as defined therein). A copy of the form of Severance Agreement has been attached as an exhibit hereto and is incorporated herein by reference. The foregoing description of the form of Agreement does not purport to be complete and is qualified in its entirety by reference to the Severance Agreement.

Item 7. Financial Statement, Pro Forma Financial Statements and Exhibit.

1. Amendment No. 2, dated as of February 22, 1999, to Rights Agreement, dated as of October 19, 1990 and first amended as of June 28, 1995, between the Company and American Stock Transfer & Trust Company (f/k/a American Stock Transfer Company).

2. Form of Severance Agreement between the Company and certain senior executive officers of the Company.

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

APOGEE ENTERPRISES, INC.

By: /s/ Robert G. Barbieri

Robert G. Barbieri
Chief Financial Officer

Dated: February 22, 1999

AMENDMENT NO. 2
TO
RIGHTS AGREEMENT

Amendment No. 2, dated as of February 22, 1999 (the "Amendment"), to the Rights Agreement, dated as of October 19, 1990 and amended as of June 28, 1995, (as amended to date, the "Rights Agreement"), between Apogee Enterprises, Inc., a Minnesota corporation (the "Company"), and American Stock Transfer & Trust Company (f/k/a American Stock Transfer Company), a New York corporation (the "Rights Agent").

WITNESSETH:

WHEREAS, the Company and the Rights Agent entered into the Rights Agreement; and

WHEREAS, on October 9, 1998, the Board of Directors of the Company, in accordance with Section 27 of the Rights Agreement, determined it desirable and in the best interests of the Company and its shareholders to supplement and amend certain provisions of the Rights Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein set forth, the parties hereby agree as follows:

Section 1. Amendment to Section 1. The following definitions appearing in Section 1 of the Rights Agreement are hereby amended to read in their entirety as follows:

"(a) "Acquiring Person" shall mean any Person (as such term is hereinafter defined) who or which, together with all Affiliates and Associates (as such terms are hereinafter defined) of such Person, shall be the Beneficial Owner (as such term is hereinafter defined) of 10% or more of the Common Shares (as such term is hereinafter defined) of the Company then outstanding, but shall not include (i) the Company, (ii) any Subsidiary (as such term is hereinafter defined) of the Company, (iii) any employee benefit plan of the Company or any Subsidiary of the Company, or (iv) any entity holding Common Shares for or pursuant to the terms of any such plan. Notwithstanding the foregoing:

(x) no Person shall become an Acquiring Person as the result of an acquisition of Common Shares by the Company which, by reducing the number of shares outstanding, increases the proportionate number of shares beneficially owned by such Person to 10% or more of the Common Shares of the Company then outstanding; provided, however, that if a Person shall become the Beneficial Owner of 10% or more of the Common Shares of the Company then outstanding by reason of share purchases by the Company and shall, after such share purchases by the

Company, become the Beneficial Owner of any additional Common Shares of the Company, then such Person shall be deemed to be an Acquiring Person; and

(y) if a majority of the Continuing Directors of the Company determines in good faith that a Person who would otherwise be an Acquiring Person has become such inadvertently (including, without limitation, because (i) such Person was unaware that he or it was the Beneficial Owner of a percentage of Common Shares that would otherwise cause such person to be an Acquiring Person or (ii) such Person was aware of the extent to which he or its is the Beneficial Owner of Common Shares but had no actual knowledge of the consequences of being such a Beneficial Owner under this Agreement) and without any intention of changing or influencing control of the Company, and if such Person, after being advised of such determination and within a period of time set by a majority of the Continuing Directors, divest himself or itself of a sufficient number of Common Shares so that such Person would no longer be an Acquiring Person, then such Person shall not be deemed to be or to have become and Acquiring Person for any purposes of this Agreement; and during any period of time (1) prior to the time the Continuing Directors shall have become aware that such Person had become an Acquiring Person (but for the provisions of this subsection (y)); (2) during which the Continuing Directors are making the determination called for under this subsection (y), and (3) during which such Person is divesting himself or itself of a sufficient number of Common Shares so that such Person would no longer be an Acquiring Person, such Person shall not be deemed to be or to have become an Acquiring Person for any purpose under this Agreement."

"(b) "Affiliate" and "Associate" shall have the respective meanings ascribed to such terms in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as in effect on the date of this Agreement.

Notwithstanding anything in this definition of Affiliate or Associate to the contrary, no trustee or other person holding Common Shares for or pursuant to the terms of any employee benefit plan shall be deemed an Affiliate or Associate of any employee benefit plan, respectively, because of the trustee's, beneficiary's or other Person's position, capacity, power or action as a trustee, beneficiary of the holder of Common Shares for or pursuant to the terms of any employee benefit plan of the Company or of any subsidiary of the Company, and no such employee benefit plan shall be deemed an Affiliate or Associate of such trustee, beneficiary or other Person (or of any Affiliate or Associate of such trustee or other Person) because of such trustee's, beneficiary's

or other Person's capacity, power or action as a trustee, beneficiary or holder of Common Shares for or pursuant to the terms of such employee benefit plan."

"(c) [Deleted Intentionally.]"

"(d) [Deleted Intentionally.]"

"(e) [Deleted Intentionally.]"

"(f) [Deleted Intentionally.]"

"(l) [Deleted Intentionally.]"

Section 2. Amendment to Section 1(g). The last two paragraphs of Section 1(g) of the Rights Agreement are hereby deleted in their entirety.

Section 3. Amendment to Section 3(c). The first sentence of the legend set forth in Section 3(c) is hereby amended by inserting after the words, "October 19, 1990," the words, "and amended as of June 28, 1995 and February 22, 1999."

Section 4. Amendments to Section 7 . Section 7(a) of the Rights Agreement is hereby amended to delete the words, "October 19, 2000" in clause (i) thereof and replace such words with "October 9, 2008." Section 7(b) of the Rights Agreement is hereby amended to delete the phrase, "shall initially be \$70.00 (Seventy Dollars)" with the phrase, "shall be \$50.00 (Fifty Dollars)."

Section 5. Amendment to Section 23. The first sentence of Section 23(a) of the Rights Agreement is hereby amended to read in its entirety as follows:

"Subject to the provisions of Section 27, the Board of Directors of the Company may, at its option, at any time prior to the earlier of (i) the Close of Business on the twentieth day after the Share Acquisition Date (or, if the twentieth day following such Share Acquisition Date occurs before the record Date, the Close of Business on the Record Date) or (ii) the final Expiration Date, redeem all but not less than all of the then outstanding Rights at a redemption price of \$.01 per Right, appropriately adjusted to reflect any stock split, stock dividend or similar transaction occurring after the date hereof (such redemption price being hereinafter referred to as the "Redemption Price"); provided, however, the Board of Directors of the Company shall not be entitled to so redeem the Rights for a period of 90 days after the time at which any person first becomes an Acquiring Person if a majority of the members of the Board of Directors then serving are not Continuing Directors."

Section 6. Amendment to Form of Right Certificate. The first page of the Form of Right Certificate to purchase Preferred Shares set forth in Exhibit B attached to the Rights Agreement is hereby amended to read in its entirety as set forth in the attachment hereto.

Section 7. Amendment to Summary of Rights. The form of Summary of Rights to purchase Preferred Shares set forth in Exhibit C attached to the Rights Agreement is hereby amended to read in its entirety as set forth in the attachment hereto.

Section 8. Rights Agreement as Amended. The term "Agreement" as used in the Rights Agreement shall be deemed to refer to the Rights Agreement as amended hereby. This Amendment shall be effective as of the date hereof and, except as set forth herein, the Rights Agreement shall remain in full force and effect and be otherwise unaffected hereby.

Section 9. Counterparts. This Amendment may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties have caused this Amendment to be duly executed and their respective corporate seals to be hereunto affixed and attested, all as of the day and year first above written.

APOGEE ENTERPRISES, INC.

Attest:

By: /s/ Martha L. Richards

Title: Secretary and General Counsel
Officer and President

By: /s/ Russell Huffer

Title: Chief Executive

AMERICAN STOCK TRANSFER & TRUST
COMPANY F/K/A AMERICAN STOCK
TRANSFER COMPANY

Attest:

By: /s/ Geraldine M. Zarbo

Title: Vice President

By: /s/ Herbert Lemmer

Title: Vice President

FORM OF RIGHT CERTIFICATE

Certificate No. R- _____ Rights

NOT EXERCISABLE AFTER OCTOBER 9, 2008 OR EARLIER IF REDEMPTION OR EXCHANGE OCCURS. THE RIGHTS ARE SUBJECT TO REDEMPTION AT \$.01 PER RIGHT (SUBJECT TO ADJUSTMENT) AND TO EXCHANGE ON THE TERMS SET FORTH IN THE RIGHTS AGREEMENT. UNDER CERTAIN CIRCUMSTANCES SET FORTH IN THE RIGHTS AGREEMENT, RIGHTS BENEFICIALLY OWNED BY A PERSON WHO IS, WAS OR BECOMES AN ACQUIRING PERSON OR AN AFFILIATE OR ASSOCIATE OF AN ACQUIRING PERSON (AS SUCH TERMS ARE DEFINED IN THE RIGHTS AGREEMENT) AND SUBSEQUENT HOLDERS OF SUCH RIGHTS MAY BECOME NULL AND VOID.

RIGHT CERTIFICATE

APOGEE ENTERPRISES, INC.

This certifies that _____, or registered assigns, is the registered owner of the number of rights set forth above, each of which entitles the owner thereof, subject to the terms, provisions and conditions of the Rights Agreement, dated as of October 19, 1990, and as amended as of June 28, 1995 and as of February 22, 1999 (as amended, the "Rights Agreement"), between Apogee Enterprises, Inc., a Minnesota corporation (the "Company"), and American Stock Transfer & Trust Company (f/k/a American Stock Transfer Company), a New York corporation (the "Rights Agent"), to purchase from the Company at any time after the Distribution Date (as such term is defined in the Rights Agreement) and prior to 5:00 P.M., Minneapolis, Minnesota time, on October 9, 2008, at the office or offices of the Rights Agent designated for such purpose, or of its successor as Rights Agent, one one-hundredth of a fully paid nonassessable share of Series A Junior Participating Preferred Stock, par value \$1.00 per share (the "Preferred Shares"), of the Company, at a purchase price of \$50.00 (the "Purchase Price"), upon presentation and surrender of this right Certificate with the form of Election to Purchase duly executed. The number of Rights evidenced by this Right Certificate (and the number of one one-hundredths of a Preferred Share which may be purchased upon exercise hereof) set forth above, and the Purchase Price set forth above, are the number and Purchase Price as of October 9, 1998, based on the Preferred Shares as constituted at such date. As provided in the Rights Agreement, the Purchase Price and the number of one one-hundredths of a Preferred Share which may be purchased upon the exercise of the Rights evidenced by this Right Certificate are subject to modification and adjustment upon the happening of certain events.

APOGEE ENTERPRISES, INC.

SUMMARY OF RIGHTS TO PURCHASE

PREFERRED SHARES

On October 19, 1990, the Board of Directors of Apogee Enterprises, Inc. (the "Company"), declared a dividend of one preferred share purchase right (a "Right") per share for each outstanding share of Common Stock, par value \$33 1/3 (the "Common Shares"), of the Company. The dividend was payable on November 6, 1990 (the "Record Date") to shareholders of record on that date.

Each Right entitles the registered holder to purchase from the Company one one-hundredth of a share of Series A Junior Participating Preferred Stock, par value \$1.00 (the "Preferred Shares"), of the Company at a price of \$50.00 per one-hundredth of a Preferred Share (the "Purchase Price"), subject to adjustment. The description and terms of the Rights are set forth in a Rights Agreement (the "Rights Agreement"), dated as of October 19, 1990, as amended by Amendment No. 1, dated as of June 28, 1995, and Amendment No. 2, dated as of February 22, 1999, between the Company and American Stock Transfer & Trust Company (formerly known as American Stock Transfer Company), as Rights Agent (the "Rights Agent").

Initially, the Rights will attach to all certificates representing Common Shares then outstanding and no separate Right Certificates will be distributed. The Rights will separate from the Common Shares, and a Distribution Date for the Rights will occur upon the earlier of:

(i) the close of business on the twentieth day following a public announcement that a person or group of affiliated or associated persons has become an "Acquiring Person" (i.e., has become, subject to certain exceptions, the beneficial owner of 10% or more of the outstanding Common Shares);

(ii) the close of business on the twentieth day following the commencement or public announcement of a tender offer or exchange offer, the consummation of which would result in a person or group of affiliated or associated persons becoming, subject to certain exceptions, the beneficial owner of 10% or more of the outstanding Common Shares (or such later date as may be determined by the Board of Directors of the Company prior to a person or group of affiliated or associated persons becoming an Acquiring Person).

A Person will not be an Acquiring Person if the Continuing Directors of the company determine that such Person became an Acquiring Person inadvertently and such Person divests itself, within a reasonable period of time as determined by the Continuing Directors, of a sufficient number of Common Shares so that such Person is no longer an Acquiring Person.

Until the Distribution Date,

(i) the Rights will be evidenced by the Common Share certificates and will be transferred with and only with the Common Shares,

(ii) new Common Share certificates issued after the Record Date upon transfer or new issuance of the Common Shares will contain a notation incorporating the Rights Agreement by reference, and

(iii) the surrender for transfer of any Common Share certificate, even without such notation or a copy of this Summary of Rights attached thereto, will also constitute the transfer of the Rights associated with the Common Shares represented by such certificate.

As promptly as practicable following the Distribution Date, separate certificates evidencing the Rights ("Right Certificates") will be mailed to holders of record of the Common Shares as of the close of business on the Distribution Date, and such separate Right Certificates alone will evidence the Rights.

The Rights are not exercisable until the Distribution Date. The Rights will expire on October 9, 2008, unless extended or earlier redeemed or exchanged by the Company as described below.

The Purchase Price payable, and the number of Preferred Shares or other securities or property issuable upon exercise of the Rights are subject to adjustment from time to time to prevent dilution:

(i) in the event of a stock dividend on, or a subdivision, combination or reclassification of, the Preferred Shares,

(ii) upon the grant to holders of the Preferred Shares of certain rights, options or warrants to subscribe for or purchase Preferred Shares or convertible securities at less than the then current market price of the Preferred Shares, or

(iii) upon the distribution to holders of the Preferred Shares of evidences of indebtedness or assets (excluding regular periodic cash dividends or dividends payable in Preferred Shares) or of subscription rights or warrants (other than those described in clause (ii) of this paragraph).

With certain exceptions, no adjustment in the Purchase Price will be required until cumulative adjustments require an adjustment of at least 1% in the Purchase Price. No fraction of a Preferred Share will be issued (other than fractional shares which are integral multiples of one one-hundredth of a Preferred Share, which may, at the election of the Company, be evidenced by depositary receipts) if in lieu thereof, a payment in cash is made based on the

closing price (prorated for the fraction) of the Preferred Shares on the last trading date prior to the date of exercise.

The number of outstanding Rights and the number of one one-hundredths of a Preferred Share issuable upon exercise of each Right are also subject to adjustment in the event of a stock split of the Common Shares or a stock dividend on the Common Shares payable in Common Shares or subdivisions, consolidations or combinations of the Common Shares occurring, in any such case, prior to the Distribution Date.

Preferred Shares purchasable upon exercise of the Rights will not be redeemable. Each Preferred Share will be entitled to a minimum preferential quarterly dividend payment of \$1.00 per share but will be entitled to an aggregate dividend of 100 times the dividend declared per Common Share. In the event of liquidation, the holders of the Preferred Shares will be entitled to a minimum preferential liquidation payment of \$100 per share but will be entitled to an aggregate payment of 100 times the payment made per Common Share. Each Preferred Share will have 100 votes, voting together with the Common Shares. Finally, in the event of any merger, consolidation or other transaction in which Common Shares are exchanged, each Preferred Share will be entitled to receive 100 times the amount received per Common Share. These rights are protected by customary antidilution provisions.

Because of the nature of the Preferred Shares' dividend, liquidation and voting rights, the value of the one one-hundredth interest in a Preferred Share purchasable upon exercise of each Right should approximate the value of one Common Share.

In the event that:

(i) any person or group of affiliated or associated persons becomes an Acquiring Person (unless such person first becomes an Acquiring Person pursuant to a tender offer or an exchange offer for all outstanding Common Shares at a price and on terms determined by the Board of Directors of the Company (prior to any change in control of the Board of Directors) to be fair to shareholders and otherwise in the best interests of the Company and its shareholders and which the Board of Directors recommends to the shareholders) or

(ii) during such time as there is an Acquiring Person, there shall be a reclassification of securities or a recapitalization or reorganization of the Company or other transaction or series of transactions involving the Company or a subsidiary of the Company which has the effect of increasing by more than 1% the proportionate share of the outstanding shares of any class of equity securities of the Company or any of its subsidiaries beneficially owned by an Acquiring Person, proper provision shall be made so that each holder of a Right, other than Rights beneficially owned by the Acquiring Person and certain transferees thereof (which will thereafter be void), will thereafter have the right, exercisable following the expiration of the Company's right to redeem the

Rights, to receive upon exercise thereof at the then current exercise price of the Right that number of Common Shares having a market value of two times the exercise price of the Right, subject to certain possible adjustments.

In the event that the Company is acquired in certain mergers or other business combination transactions (other than a transaction for at least the same per-share consideration with a person who acquired Common Shares through a tender offer or exchange offer for all outstanding Common Shares approved by the Board of Directors of the Company in accordance with the preceding paragraph or any wholly owned subsidiary of such person) or 50% or more of the assets or earning power of the Company and its subsidiaries (taken as a whole) are sold after the Distribution Date or within twenty days prior thereto, each holder of a Right (other than Rights which have become void under the terms of the Rights Agreement) will thereafter have the right to receive, upon exercise thereof at the then current exercise price of the Right, that number of Common Shares of the acquiring company (or, in certain cases, one of its affiliates) having a market value of two times the exercise price of the Right.

In certain events specified in the Rights Agreement, the Company is permitted to temporarily suspend the exercisability of the Rights.

At any time after a person or group of affiliated or associated persons becomes an Acquiring Person (subject to certain exceptions), and prior to the acquisition by a person or group of affiliated or associated persons of 50% or more of the outstanding Common Shares, the Board of Directors of the Company may (if there has been no change in control of the Board of Directors) exchange all or part of the Rights (other than Rights which have become void under the terms of the Rights Agreement) for Common Shares at an exchange ratio per Right equal to the result obtained by dividing the exercise price of a Right by the current per share market price of the Common Shares, subject to adjustment.

At any time prior to the close of business on the twentieth day after a public announcement that a person or group of affiliated or associated persons has become an Acquiring Person, the Board of Directors of the Company may redeem the Rights in whole, but not in part, at a price of \$.01 per Right, subject to adjustment (the "Redemption Price"), payable in cash, Common Shares or any other form of consideration deemed appropriate by the Board of Directors; provided, however, that such redemption may not occur for the ninety-day period after any person becomes an Acquiring Person if there has been a change in control of the Board of Directors of the Company. The period of time during which the Rights may be redeemed may be extended if no such change of control has occurred or if no person has become an Acquiring Person. The redemption of the Rights may be made effective at such time, on such basis and with such conditions as the Board of Directors in its sole discretion may establish. The Board of Directors and the Company shall not have any liability to any person as a result of the redemption or exchange of the Rights pursuant to any provisions of the Rights Agreement.

Until a Right is exercised, the holder thereof, as such, will have no rights as a shareholder of the Company, including without limitation, the right to vote or to receive dividends. In addition, the Company will have no liability to holders of Rights or of the Common Shares for any failure to comply with the Rights Agreement during any period the Continuing Directors are unaware of the existence of the Acquiring Person.

A copy of the Rights Agreement has been filed with the Securities and Exchange Commission ("SEC") as an Exhibit to a Registration Statement on Form 8-A dated October 26, 1990 (the "1990 Form 8-A"). A copy of each of Amendment No. 1 and Amendment No. 2 to the Rights Agreement has been filed with the SEC as an Exhibit to two Forms 8-A/A amending the 1990 Form 8-A, one of which is dated July 25, 1995, and the other of which is dated February 22, 1999. A copy of the Rights Agreement and each of Amendment No. 1 and No. 2 thereto is available free of charge from the Company by contacting the Secretary of Apogee Enterprises, Inc., 7900 Xerxes Avenue South, Minneapolis, Minnesota 55431. This summary description of the Rights does not purport to be complete and is qualified in its entirety by reference to the Rights Agreement, which is hereby incorporated herein by reference.

SEVERANCE AGREEMENT

THIS SEVERANCE AGREEMENT is made as of the _____ day of _____, 1999, between Apogee Enterprises, Inc., a Minnesota corporation, with its principal offices at Northwest Financial Center, 7900 Xerxes Avenue South, Suite 1800, Minneapolis, Minnesota 55431 (the "Company") and _____ ("Executive"), residing at _____.

W I T N E S S E T H T H A T:

WHEREAS, this Agreement is intended to specify the financial arrangements that the Company will provide to Executive upon Executive's separation from employment with the Company and all subsidiaries of the Company (collectively, the "Apogee Entities") under any of the circumstances described herein; and

WHEREAS, this Agreement is entered into by the Company in the belief that it is in the best interests of the Company and its shareholders to provide stable conditions of employment for Executive notwithstanding the possibility, threat or occurrence of certain types of change in control, thereby enhancing the Company's ability to attract and retain highly qualified people.

NOW, THEREFORE, to assure the Company that it will have the continued dedication of Executive notwithstanding the possibility, threat or occurrence of a bid to take over control of the Company, and to induce Executive to remain in the employ of the Apogee Entities, and for other good and valuable consideration, the Company and Executive agree as follows:

1. Term of Agreement. The term of this Agreement shall commence on the date hereof as first written above and shall continue through December 31, 1999; provided that commencing on January 1, 2000 and each January 1 thereafter, the term of this Agreement shall automatically be extended for one additional year unless, not later than September 30 of the preceding year, the Board of Directors of the Company (a majority of which, at such time, shall be composed of Continuing Directors) shall have authorized, by majority vote, management of the Company to give notice to Executive, and the Company shall have given such notice, that the Company does not wish to extend this Agreement; and provided, further, that, notwithstanding any such notice by the Company not to extend, this Agreement shall continue in effect for a period of 24 months beyond the term provided herein if a Change in Control (as defined in Section 3(i) hereof) shall have occurred during such term.

2. Termination of Employment

(i) Prior to a Change in Control. Prior to a Change in Control, any Apogee Entity may terminate Executive from employment with such Apogee Entity at will, with or without Cause (as defined in Section 3(iii) hereof), at any time. Executive's rights upon termination of employment from all Apogee Entities prior to a Change in Control shall be governed by the employing Apogee Entity's standard employment termination policy applicable to Executive in effect at the time of termination.

(ii) After a Change in Control

(a) From and after the date of a Change in Control during the term of this Agreement, neither the Company nor the Apogee Entity then employing Executive shall terminate Executive from employment with the Company or any Apogee Entity except as provided in this Section 2(ii) or as a result of Executive's Disability (as defined in Section 3(iv) hereof) or his death.

(b) From and after the date of a Change in Control during the term of this Agreement, the Company (or the other Apogee Entity then employing Executive) shall have the right to terminate Executive from employment with the Apogee Entities at any time during the term of this Agreement for Cause, by written notice to Executive, specifying the particulars of the conduct of Executive forming the basis for such termination, such notice to be effective on the 30th day following delivery thereof to Executive if Executive has not substantially cured the conduct identified in such notice.

(c) From and after the date of a Change in Control during the term of this Agreement: (I) the Company (or the other Apogee Entity then employing Executive) shall have the right to terminate Executive's employment without Cause, at any time; and (II) Executive shall, upon the occurrence of such a termination by the Company or such other Apogee Entity without Cause, or upon the voluntary termination of Executive's employment by Executive for Good Reason (as defined in Section 3(ii) hereof), or upon Executive's voluntary termination of his employment with the Company or such other Apogee Entity for any reason during the 30-consecutive-day period commencing on the first anniversary of the date on which the Change in Control shall have occurred and ending on the 30th day immediately following the first anniversary on which the Change in Control occurs, be entitled to receive the benefits provided in Section 4 hereof. Executive shall evidence a voluntary termination for Good Reason by written notice to the Company given within 60 days after the date of the occurrence of any event that Executive knows or should reasonably have known constitutes Good Reason for voluntary termination. Such notice need only identify Executive and set forth in reasonable detail the facts and circumstances claimed by Executive to constitute Good Reason.

3. Definitions

(i) A "Change in Control" shall mean:

(a) a change in control of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or successor provision thereto, whether or not the Company is then subject to such reporting requirement including, without limitation, any of the following events:

(I) the consummation of any consolidation or merger of the Company in which the Company is not the continuing or surviving corporation or pursuant to which shares of the Company's common stock would be converted into cash,

securities, or other property, other than a merger of the Company in which the holders of the Company's common stock immediately prior to the consolidation or merger have the same proportionate ownership of common stock of the surviving corporation immediately after the merger; or

(II) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all, or substantially all, of the assets of the Company;

(b) any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) is or becomes the "Beneficial Owner" (as defined in Rule 13d-3 promulgated under the Exchange Act), directly or indirectly, of securities of the Company representing 35% or more of the combined voting power of the Company's then outstanding securities;

(c) the Continuing Directors (as defined in Section 3(v) hereof) cease to constitute a majority of the Company's Board of Directors; or

(d) the majority of the Continuing Directors determine in their sole and absolute discretion that there has been a change in control of the Company.

(ii) "Good Reason" shall mean the occurrence of any of the following events, except for the occurrence of such an event in connection with the termination or reassignment of Executive's employment by the Company (or any other Apogee Entity then employing Executive) for Cause, for Disability or for death:

(a) the assignment to Executive of employment duties or responsibilities which are not of comparable responsibility and status as the employment duties and responsibilities held by Executive immediately prior to a Change in Control, or a change in Executive's titles or offices as in effect immediately prior to a Change in Control of the Company, or any removal of Executive from or any failure to reelect or reappoint Executive to any of such positions, except in connection with the termination of his employment for Disability, retirement or Cause, or as a result of Executive's death, or by Executive other than for Good Reason;

(b) a reduction by the Company (or any other Apogee Entity then employing Executive) in Executive's base salary as in effect immediately prior to a Change in Control or as the same may be increased from time to time during the term of this Agreement or the Company's (or any other Apogee Entity then employing Executive) failure to increase Executive's base salary (within 12 months of Executive's last increase in base salary) after a Change in Control of the Company in an amount which at least equals, on a percentage basis, the average percentage increase in base salary for all executive officers of the Company effected during the preceding 12 months;

(c) any failure by the Company (or any other Apogee Entity then employing Executive) to continue in effect any incentive plan or arrangement (including, without limitation, any incentive compensation plan, long-term incentive plan, bonus or contingent bonus arrangements or credits, the right to receive performance awards, or similar incentive

compensation benefits) in which Executive is participating, or is eligible to participate, at the time of a Change in Control of the Company (or any other plans or arrangements providing Executive with substantially similar benefits) or the taking of any action by the Company (or such other Apogee Entity), including an amendment or modification to any such plan or arrangement (except as may be required by applicable law), which would adversely affect Executive's participation in any such plan or arrangement;

(d) the Company's (or any other Apogee Entity then employing Executive) requiring Executive to be based anywhere other than within 50 miles of Executive's office location immediately prior to a Change in Control, except for requirements of temporary travel on the Company's business to an extent substantially consistent with Executive's business travel obligations immediately prior to a Change in Control;

(e) except to the extent otherwise required by applicable law, the failure by the Company (or any other Apogee Entity then employing Executive) to continue in effect any benefit or compensation plan, stock ownership plan, stock purchase plan, bonus plan, life insurance plan, health-and-accident plan or disability plan in which Executive is participating or is eligible to participate immediately prior to a Change in Control (or plans providing Executive with substantially similar benefits), the taking of any action by the Company (or such other Apogee Entity) which would adversely affect Executive's participation in, or materially reduce Executive's benefits under, any of such plans or deprive Executive of any material fringe benefit enjoyed by Executive immediately prior to such Change in Control;

(f) the failure by the Company (or any other Apogee Entity then employing Executive) to provide Executive with the number of paid vacation days to which Executive is entitled immediately prior to such Change in Control in accordance with the Company's (or any other Apogee Entity's) vacation policy as then in effect;

(g) the failure by the Company to obtain, as specified in Section 5(i) hereof, an assumption of the obligations of the Company to perform this Agreement by any successor to the Company; or

(h) any material breach by the Company of this Agreement.

(iii) "Cause" shall mean termination by the Company (or any other Apogee Entity then employing Executive) of Executive's employment based upon (a) the willful and continued failure by Executive substantially to perform his duties and obligations (other than any such failure resulting from his incapacity due to physical or mental illness or any such actual or anticipated failure resulting from Executive's termination for Good Reason) or (b) the willful engaging by Executive in misconduct which is materially injurious to the Company, monetarily or otherwise. For purposes of this Section 3(iii), no action or failure to act on Executive's part shall be considered "willful" unless done, or omitted to be done, by Executive in bad faith and without reasonable belief that his action or omission was in the best interests of the Company.

(iv) "Disability" shall mean any physical or mental condition which would qualify Executive for a disability benefit under any long-term disability plan maintained by the Company

(or any other Apogee Entity then employing Executive) either before or after a Change in Control.

(v) "Continuing Director" shall mean any person who is a member of the Board of Directors of the Company, who is not an Acquiring Person (as hereinafter defined) or an Affiliate or Associate (as hereinafter defined) of an Acquiring Person, or a representative of an Acquiring Person or of any such Affiliate or Associate, and who (a) was a member of the Board of Directors on the date of this Agreement as first written above or (b) subsequently becomes a member of the Board of Directors, if such person's initial nomination for election or initial election to the Board of Directors is recommended or approved by a majority of the Continuing Directors. For purposes of this Section 3(v): "Acquiring Person" shall mean any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) who or which, together with all Affiliates and Associates of such person, is the Beneficial Owner of 10% or more of the shares of Common Stock of the Company then outstanding, but shall not include the Company, any subsidiary of the Company or any Executive benefit plan of the Company or of any subsidiary of the Company or any entity holding shares of Common Stock organized, appointed or established for, or pursuant to the terms of, any such plan; and "Affiliate" and "Associate" shall have the respective meanings ascribed to such terms in Rule 12b-2 promulgated under the Exchange Act.

4. Benefits upon Termination under Section 2(ii)(c) After a Change in Control

(i) Upon the termination (voluntary or involuntary) of the employment of Executive pursuant to Section 2(ii)(c) hereof, Executive shall be entitled to receive the benefits specified in this Section 4. The amounts due to Executive under subparagraphs (a), (b), (c) or (d) of this Section 4(i) shall be paid to Executive not later than one business day prior to the date that the termination of Executive's employment becomes effective (the "Employment Termination Date"). All benefits to Executive pursuant to this Section 4(i) shall be subject to any applicable income, payroll or other taxes required by law to be withheld.

(a) The Company shall pay to Executive (x) the full base salary earned by him and unpaid through the date that the termination of Executive's employment becomes effective, at the rate in effect at the time written notice of termination (voluntary or involuntary) was given, (y) any amount earned by Executive as a bonus with respect to the fiscal year of the Company preceding the termination of his employment if such bonus has not theretofore been paid to Executive, and (z) an amount representing credit for any vacation earned or accrued by him but not taken;

(b) In lieu of any further base salary payments to Executive for periods subsequent to the date that the termination of Executive's employment becomes effective, the Company shall pay as severance pay to Executive (a "Severance Payment") a lump-sum cash amount equal to the sum of:

(I) an amount equal to the bonus Executive earned with respect to the fiscal year of the Company preceding the termination of his employment, or Executive's maximum target bonus for the fiscal year in which the Employment Termination Date occurs, whichever is greater (the "Target Bonus"), multiplied by a fraction, the numerator of which is equal to the number of full months in the year

Executive terminates employment that have elapsed at the Employment Termination Date, and the denominator of which is twelve (12), plus

(II) eighteen (18) times the sum of (A) Executive's monthly base salary (as in effect in the month preceding the month in which the termination becomes effective or as in effect in the month preceding the Change in Control, whichever is higher) and (B) one-twelfth (1/12) of the Target Bonus;

(c) Notwithstanding any provision to the contrary in the Amended and Restated 1987 Apogee Enterprises, Inc. Partnership Plan (the "Partnership Plan") (or in any other agreement or plan in existence between the Company and Executive at the Employment Termination Date), any rights Executive may have at any time under the Partnership Plan and which are deferred at the time of the Employment Termination Date shall immediately become vested and the Company shall pay to Executive any amounts due or which have been promised under the Partnership Plan to Executive;

(d) The Company shall also pay to Executive all legal fees and expenses incurred by Executive as a result of such termination of employment (including all fees and expenses, if any, incurred by Executive in seeking to obtain or enforce any right or benefit provided to Executive by this Agreement whether by arbitration or otherwise);

(e) Notwithstanding any other agreement in existence between the Company and Executive at the Employment Termination Date, all stock options or shares of restricted stock owned or held by Executive or promised to be payable to Executive by the Company shall be immediately vested in Executive without further restriction and Executive shall be treated at that time as the unrestricted owner of such Company stock options and stock, subject to applicable constraints under federal and state securities laws; and

(f) Any and all contracts, agreements or arrangements between the Company and/or any other Apogee Entity and Executive prohibiting or restricting Executive from owning, operating, participating in, or providing employment or consulting services to, any business or company competitive with the Company or such other Apogee Entity at any time or during any period after the Employment Termination Date, shall be deemed terminated and of no further force or effect as of the Employment Termination Date, to the extent, but only to the extent, such contracts, agreements or arrangements so prohibit or restrict Executive; provided that, the foregoing provision shall not constitute a license or right to use any proprietary information of the Company or such other Apogee Entity and shall in no way affect any such contracts, agreements or arrangements insofar as they relate to nondisclosure and nonuse of proprietary information of the Company or such other Apogee Entity notwithstanding the fact that such nondisclosure and nonuse may prohibit or restrict Executive in certain competitive activities.

(ii) Executive shall not be required to mitigate the amount of any payment provided for in this Section 4 by seeking other employment or otherwise. The amount of any payment or benefit provided in this Section 4 shall not be reduced by any compensation earned by Executive as a result of any employment by another employer.

(iii) In the event that any payment or benefit received or to be received by Executive in connection with a Change in Control of the Company or termination of Executive's employment (whether payable pursuant to the terms of this Agreement or any other plan, contract, agreement or arrangement with the Company, with any person whose actions result in a Change in Control of the Company or with any person constituting a member of an "affiliated group" as defined in Section 280G(d)(5) of the Internal Revenue Code of 1986, as amended (the "Code"), with the Company or with any person whose actions result in a Change in Control of the Company (collectively, the "Total Payments")) would not be deductible (in whole or in part) by the Company or such other person making such payment or providing such benefit solely as a result of Section 280G of the Code, the Severance Payment payable to Executive pursuant to Section 4(i)(b) hereof shall be reduced until no portion of the Total Payments is not deductible solely as a result of Section 280G of the Code or the Severance Payment is reduced to zero; provided, however, that the Severance Payment shall not be reduced hereunder if an amount equal to the Severance Payment (without reduction under this Section 4(iii)) less applicable excise taxes under Section 4999 of the Code exceeds the amount of the Severance Payment after reduction in accordance with the preceding provisions of this Section 4(iii). For purposes of this limitation, (a) no portion of the Total Payments the receipt or enjoyment of which Executive shall have effectively waived in writing prior to the date of payment of the Severance Payment shall be taken into account; (b) no portion of the Total Payments shall be taken into account which in the opinion of tax counsel selected by the Company and acceptable to Executive does not constitute a "parachute payment" within the meaning of Section 280G(b)(2) of the Code; (c) the Severance Payment shall be reduced only to the extent necessary so that the Total Payments (other than those referred to in the immediately preceding clause (b)) in their entirety constitute reasonable compensation within the meaning of Section 280G(b)(4)(B) of the Code, in the opinion of the tax counsel referred to in the immediately preceding clause (b); (d) the value of any benefit provided by Section 4(i)(f) of this Agreement shall not be taken into account in computing Total Payments; and (e) the value of any other non-cash benefit or of any deferred cash payment included in the Total Payments shall be determined by the Company's independent auditors in accordance with the principles of Sections 280G(d)(3) and (4) of the Code. In case of uncertainty as to whether all or some portion of a payment is or is not payable to Executive under this Agreement, the Company shall initially make the payment to Executive, and Executive agrees to refund to the Company any amounts ultimately determined not to have been payable under the terms hereof.

(iv) Upon the occurrence of a Change in Control, the Company shall cause its independent auditors promptly to review, at the Company's sole expense, the applicability of Section 4999 of the Code to the Total Payments to be received by Executive. If such auditors determine that, after taking into account the provisions of Section 4(iii) hereof, any of the Total Payments would be subject to the excise tax imposed by Section 4999 of the Code, or any interest or penalties with respect to such tax (such excise tax, together with interest and penalties, are collectively referred to as the "Excise Tax"), then, in addition to any amounts payable under foregoing provisions of this Section 4, the Company shall pay an additional cash payment (a "Gross-Up Payment") within 30 days of such determination equal to the Excise Tax imposed on the Total Payments, without regard to any Excise Tax or any other income taxes that may be imposed on such Gross-Up Payment. If no determination by the Company's auditors is made prior to the time a tax return reflecting the Total Payments is required to be filed by Executive, Executive will be entitled to receive a Gross-Up Payment calculated on the basis of the Total Payments reported by him in such tax return, within 30

days of the filing of such tax return. In all events, if any tax authority determines that a greater Excise Tax should be imposed on the Total Payments than is determined by the Company's independent auditors or reflected in Executive's tax return pursuant to this subparagraph (iv), Executive shall be entitled to receive the full Gross-Up Payment calculated on the basis of the amount of Excise Tax determined to be payable by such tax authority from the Company within 30 days of such determination.

5. Successors and Binding Agreement

(i) 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 Executive, 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. Failure of the Company to obtain such agreement prior to the effectiveness of any such succession shall be a breach of this Agreement and shall entitle Executive to compensation from the Company in the same amount and on the same terms as Executive would be entitled hereunder if Executive terminated his employment after a Change in Control for Good Reason, except that for purposes of implementing the foregoing, the date on which any such succession becomes effective shall be deemed the Employment Termination Date. As used in this Agreement, "Company" shall mean the Company and any successor to its business and/or assets which executes and delivers the agreement provided for in this Section 5(i) or which otherwise becomes bound by all the terms and provisions of this Agreement by operation of law.

(ii) This Agreement is personal to Executive, and Executive may not assign or transfer any part of his rights or duties hereunder, or any compensation due to him hereunder, to any other person. Notwithstanding the foregoing, this Agreement shall inure to the benefit of and be enforceable by Executive's personal or legal representatives, executors, administrators, heirs, distributees, devisees and legatees.

6. Arbitration. Any dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration in the Minneapolis-St. Paul metropolitan area, in accordance with the applicable rules of the American Arbitration Association then in effect. Judgment may be entered on the arbitrator's award in any court having jurisdiction. In the event that Executive engages counsel to arbitrate any dispute hereunder (which arbitration results in an award to Executive of any kind) or to enforce such an award, all costs and expenses incurred by Executive, including reasonable attorney's fees and expenses, with respect to such arbitration or enforcement thereof shall be reimbursed to Executive by the Company promptly upon Executive's submission of a request therefor.

7. Modification; Waiver. No provisions of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in a writing signed by Executive and such officer as may be specifically designated by the Board of Directors of 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.

8. Notice. All notices, requests, demands and all other communications required or permitted by either party to the other party by this Agreement (including, without limitation, any notice of termination of employment and any notice of an intention to arbitrate) 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 first written above (directed to the attention of the Board of Directors and Corporate Secretary in the case of the Company). Either party hereto may change its address for purposes of this Section 8 by giving 15 days' prior notice to the other party hereto.

9. Severability. If any term or provision of this Agreement or the application hereof to any person or circumstances shall to any extent 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.

10. 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.

11. 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.

12. Effect of Agreement; Entire Agreement. The Company and Executive understand and agree that this Agreement is intended to reflect their agreement only with respect to payments and benefits upon termination in certain cases and is not intended to create any obligation on the part of either party to continue employment. This Agreement supersedes any and all other oral or written agreements or policies made relating to the subject matter hereof and constitutes the entire agreement of the parties relating to the subject matter hereof; provided that this Agreement shall not supersede or limit in any way Executive's rights under any benefit plan, program or arrangements in accordance with their terms.

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

APOGEE ENTERPRISES, INC.

By
Its

EXECUTIVE