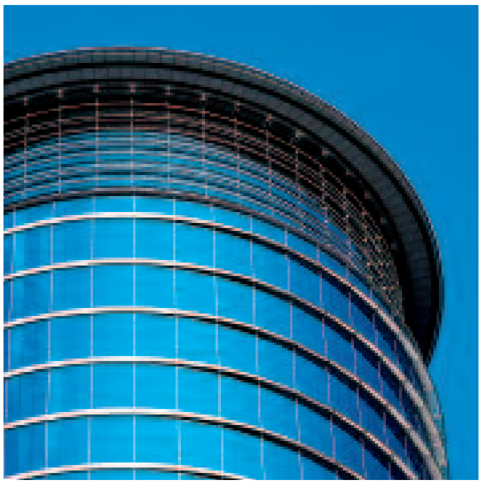

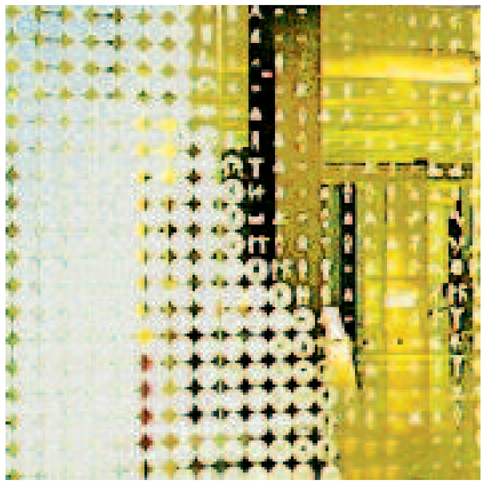

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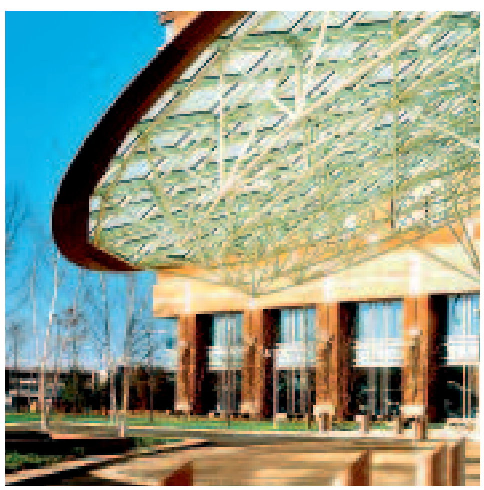
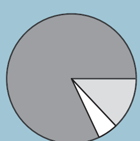


APOGEE ANNUAL REPORT FISCAL 2005 **REFLECTING A BRIGHT FUTURE**

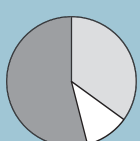
## APOGEE ENTERPRISES

*Apogee excels at adding value to glass, that transparent material people generally look through. But a closer look at glass reveals Apogee's strengths. Through complex processes, we add ultra thin coatings to plain architectural glass to create colors and energy efficiency. We also laminate layers to create windows that help protect against hurricanes and bomb blasts. Our product choices allow architects to create distinctive looks for office towers, government buildings, schools, hospitals, airports and sports arenas. Our craftsmen then design, build and install curtainwall and windows using our coated glass and metal. Other technical coatings reduce the reflectivity of picture framing glass and protect family photos against the sun's damaging rays.*



**CONSOLIDATED NET SALES (CONTINUING OPERATIONS)**

| | |
|---|---|
| Architectural Products and Services | 82% |
| Large-Scale Optical Technologies | 13% |
| Automotive Replacement Glass and Services | 5% |



**CONSOLIDATED OPERATING INCOME (CONTINUING OPERATIONS)**

| | |
|---|---|
| Architectural Products and Services | 54% |
| Large-Scale Optical Technologies | 35% |
| Automotive Replacement Glass and Services | 11% |

## CONTENTS



## FINANCIAL HIGHLIGHTS

| (Amounts in thousands, except per share data and percentages) | Year Ended February 26, 2005 | Year Ended February 28, 2004 | Percent Change |
|---|---|---|---|
| **OPERATING RESULTS** | | | |
| Net sales | $628,813 | $535,329 | 17% |
| Operating income | 26,278 | 7,747 | 239% |
| Earnings from continuing operations | 16,578 | 4,632 | 258% |
| Earnings (loss) from discontinued operations | 67 | (10,225) | NM |
| Net earnings (loss) | 16,645 | (5,593) | NM |
| Earnings (loss) per share—diluted | | | |
| From continuing operations | 0.60 | 0.17 | 253% |
| From discontinued operations | – | (0.37) | NM |
| Net earnings (loss) | 0.60 | (0.20) | NM |
| **BALANCE SHEET DATA** | | | |
| Working capital | 67,614 | 67,216 | 1% |
| Total assets | 368,465 | 336,517 | 9% |
| Total long-term debt | 35,150 | 39,650 | -11% |
| Shareholders' equity | 178,080 | 167,456 | 6% |
| Invested capital* | 239,973 | 236,589 | 1% |
| **CASH FLOW DATA** | | | |
| Depreciation and amortization | 17,960 | 19,748 | -9% |
| EBITDA** | 44,238 | 27,495 | 61% |
| Net cash flow provided by operating activities | 33,450 | 18,590 | 80% |
| Capital expenditures | 19,618 | 11,459 | 71% |
| Free cash flow*** | 13,832 | 7,131 | 94% |
| **FINANCIAL RATIOS** | | | |
| Gross margin | 18.4% | 17.6% | – |
| Operating margin | 4.2% | 1.4% | – |
| Return on average shareholders' equity | 9.6% | -3.2% | – |
| Return on average invested capital | 7.0% | -2.3% | – |
| Long-term debt to total capital | 16.5% | 19.1% | – |
| **OTHER DATA** | | | |
| Dividends paid per share | 0.245 | 0.235 | 4% |
| Book value per share | 6.52 | 6.12 | 7% |
| Average shares outstanding—diluted | 27,716 | 27,819 | 0% |
| Number of shareholders | 6.5 | 7.1 | -8% |
| Number of employees | 4.4 | 4.1 | 7% |

* *Long-term debt + long-term self-insurance reserves + other long-term liabilities + shareholders' equity*
** *Operating income + depreciation and amortization*
*** *Net cash flow provided by operating activities – capital expenditures*
*NM = Not meaningful*
*For complete financials, see separate Form 10-K.*

**On the Cover:** ***Top row (l to r)*** *Avanté, Center for Science, Health Careers and Emerging Technologies, Harper College, Palatine, IL—Harmon, Inc., Viracon, energy efficient, silk-screened ©Paúl Rivera, Archphoto Inc.; Phelps Dodge Tower, Phoenix, AZ—Viracon, energy efficient*;* ***Middle row (l to r)*** *1500 Louisiana Street, Houston, TX—Viracon, energy efficient, silk-screened*; McCormick Tribune Campus Center, Illinois Institute of Technology, Chicago, IL—Wausau, energy efficient, sound control, silk-screened;* ***Bottom row (l to r)*** *Hilton Boston Logan Airport, Boston, MA—Viracon, energy efficient, sound control, silk-screened ©Steve Rosenthal; Pier 1 Place, Fort Worth, TX—Viracon, energy efficient**

**On the Back Cover:** ***Top row (l to r)*** *Best Buy Co., Inc., Corporate Headquarters, Minneapolis, MN—Viracon, energy efficient*; Waterway Plaza, Houston, TX—Viracon, energy efficient ©Aker/Zvonkovic Photography, Gensler Architects;* ***Middle row (l to r)*** *Reebok Corporate Headquarters, Canton, MA—Viracon, energy efficient*; Calpine Center, Houston, TX—Viracon, energy efficient*;* ***Bottom row (l to r)*** *Howard Beach AirTrain station, JFK International Airport, New York, NY—Wausau ©Port Authority of New York and New Jersey; Oklahoma Federal Building, Oklahoma City, OK—Viracon, energy efficient, protective glazing ©Steve Hall, Hedrich Blessing*

**©Wes Thompson*


*McCormick Tribune Campus Center, Illinois Institute of Technology, Chicago, IL—
Wausau, energy efficient, sound control, silk-screened*

## ADDING VALUE.

**Apogee is creating shareholder value as we successfully execute our strategic priorities focused on our value-added architectural and picture framing products and services. We are offering more and more value to customers, through new architectural glass coatings and hurricane or blast window and curtainwall systems, or through a variety of framing glass and acrylic products that reduce fading and reflectivity. Our strategic initiatives are delivering improving revenues and profits.**

CHAIRMAN AND CEO, RUSSELL HUFFER

Dear Shareholders,

# REFLECTING.

**Apogee is a very different company than it was a year ago. Today, we are solidly focused on serving our key architectural and picture framing markets with value-added glass products and services. Our improving performance is evidence that our strategic initiatives are delivering results. At the same time, we are also benefiting from some growth in our key commercial construction markets.**

I am proud of our team which has worked so hard to improve our performance. We all appreciate the patience of our shareholders as we have started to rebuild our earnings after dealing with a dramatic downturn in our architectural markets and exiting the retail auto replacement glass business.

Our results for fiscal 2005 underscore the progress we've made:

- Revenues grew 17 percent.
- Earnings from continuing operations more than tripled to $0.60 per share.
- Architectural segment revenues increased 26 percent, while operating income grew to $15.6 million after a slight loss the prior year.
- Operating earnings in our large-scale optical segment more than tripled to $9.9 million on flat revenues.
- Debt was reduced further while we invested in growing two architectural segment businesses.

**CAPITALIZING ON ARCHITECTURAL GLASS OPPORTUNITIES.** We are successfully implementing an important strategic initiative to grow architectural glass market share with energy-efficient, hurricane and blast products for the office/high-rise condominium, health care, education and institutional markets. We had strong growth overall in our architectural glass business during fiscal 2005, with the fastest growth rate coming from a newer focus on the broader market for smaller projects.

As a result of progress on our initiatives and the strengthening marketplace, we need more architectural glass capacity. At mid-year, we committed to a key growth strategy—we are investing approximately $12 million to expand our architectural glass fabrication capacity by approximately $20 million annually. We will be better positioned to grow our share and service both our core, higher-end markets and a portion of the broader market for smaller, less complex projects within 500 miles of our two facilities. Our new capacity is expected to begin production during the second quarter of fiscal 2006.

As our share in the core and broader markets continues to grow, we will consider further geographic expansion to fuel additional growth.

**STRENGTHENING ARCHITECTURAL PRODUCTS, SERVICES.** Our second architectural strategy is to continue to strengthen our businesses that manufacture windows and curtainwall, install glass on new buildings, and renovate and service window and curtainwall systems on older buildings. Much of the focus during fiscal 2005 was on our glass installation business which began streamlining part of its operations through centralized manufacturing centers. We also acquired a competitor to strengthen this organization and increase market penetration in the Midwest and Northwest. The acquisition, completed in the fourth quarter of fiscal 2005, is expected to add about $25 million in annual revenues in the architectural segment. During fiscal 2006, growing the smaller but more profitable renovation and service sectors of the glass installation business will be a priority.

The Six Sigma/Lean business improvement process was instrumental to improvements made in the glass installation business this past year and is key to efforts now underway to make our window and curtainwall business more cost competitive and better able to compete in its fragmented commercial marketplace.

Companywide, our businesses used Six Sigma/Lean, one of our strategies to reduce overhead, to save more than $6 million to help offset cost increases. Other elements of the strategy to achieve significant cost savings moving forward include purchasing and information technology initiatives.

Gannett/USA Today Headquarters, McLean, VA—Viracon, energy efficient, silk-screened ©Wes Thompson

**PICTURE FRAMING CONTRIBUTION GROWING.** Our picture framing strategy of converting the custom framing market to our value-added products continues to thrive. During fiscal 2005, sales of products that protect pictures from fading and/or reduce the reflection of artwork again grew by more than 20 percent. The consolidation of our two large-scale optical businesses to focus on the more profitable picture framing business a year ago reduced our costs. In addition, as the majority of our revenues from consumer electronics were replaced this year with value-added picture framing glass sales, our operating earnings increased significantly.

We are focused on developing partnership relationships with leading retailers and distributors in the custom framing industry. We work closely with these industry leaders to promote the benefits of value-added framing products to their customers. At the same time, we continue to identify partners to help us grow our international framing business.

Although our remaining auto glass manufacturing business and our distribution joint venture with PPG Industries face difficult market conditions that have lowered volume and pricing, we expect they will generate cash for Apogee. During fiscal 2006, our manufacturing business will be transitioning back to the independent distributor marketplace, which values our short-lead times for aftermarket auto windshields, since we won't be entering into a new long-term supply agreement with PPG when the current contract expires in the second quarter.

**ANOTHER YEAR OF GROWTH.** Building on our strong performance in fiscal 2005, we are again expecting to deliver solid revenue growth, with stronger earnings growth. We anticipate that our architectural segment will continue to outperform its industry, which will grow this year after several down years. F.W. Dodge projected overall non-residential construction market growth of 5 percent for our fiscal 2006, which correlates to calendar 2004 due to the average nine-month lag between project starts and the installation of glass on buildings. We expect that our architectural profitability will continue to improve with our operational improvements and increased capacity utilization, even though the work in our backlog continues to carry lower margins than we've seen historically. Our picture framing business has strategies in place to continue its strong pace of converting framers to our products, and should again deliver solid profitability in fiscal 2006.

**COMPLIANCE WITH SARBANES-OXLEY.** We're pleased to report that testing of our financial reporting controls for Section 404 of The Sarbanes-Oxley Act of 2002 resulted in no material weaknesses. We have a culture of operating with the utmost integrity, and these new regulations help us ensure we have good financial controls throughout Apogee.

We are creating shareholder value at Apogee as we successfully execute our strategic priorities and improve our revenues and earnings. We also increased our dividend 4 percent this year and repurchased about $1.9 million of stock early in fiscal 2005 before we began investing in growing our architectural business. We feel our outlook for fiscal 2006 will continue to deliver value to our shareholders. Thank you for your ongoing support.

Russell Huffer
Chairman and CEO

# STRATEGIES FOR GROWTH.

***Top row (l to r)** Seurat, "A Sunday on La Grande Jatte-1884," Art Institute of Chicago, Chicago, IL—Tru Vue donated museum security glass (laminated, anti-reflective) to re-glaze painting; Taipei Financial Center, Taipei, Taiwan—Viracon, energy efficient ©J.J. Han; Avanté, Center for Science, Health Careers and Emerging Technologies, Harper College, Palatine, IL—Harmon, Inc., Viracon, energy efficient, silk-screened ©Paúl Rivera, Archphoto Inc.; **Bottom row (r)** Aurora Place, Sydney, Australia—Viracon, energy efficient, silk-screened ©John Gollings / RPBW*

## STRATEGY: Grow architectural glass leadership share in high-end core market, while capturing share in broader market for value-added products.

Our architectural glass fabricator, Viracon, achieved significant growth in fiscal 2005, leading us to increase capacity. Commercial construction markets have started to improve, and Viracon also grew share in the office/high-rise condominium market, in part due to the departure of a smaller competitor. The business also successfully implemented initiatives to increase its sales of energy-efficient, hurricane and blast products. At the same time, Viracon has been winning business in the market for shorter-lead time fabricated products within 500 miles, or a day's drive, of its two factories.

The expansion of the Statesboro, Georgia, Viracon plant, announced mid-year, is on schedule for a fiscal 2006 second quarter startup. The $12 million investment, which will expand annual capacity by approximately $20 million, will serve growth in both our core, higher-end markets as well as in a portion of the broader market, where sales increased significantly in fiscal 2005. Viracon will also gain capacity and improve quality, productivity, and energy-efficiency by upgrading some manufacturing equipment in its Owatonna, Minnesota, facility.

Viracon's markets continue to benefit from governmental regulations requiring energy-efficient, hurricane and blast products. For example, more than 80 percent of the states in America have commercial building codes that generally require use of energy-efficient glass. Viracon offers a broad range of innovative solutions combining coatings, silk-screen and spandrel to help a building comply with codes while satisfying the design goals of architects.

In fiscal 2006, Viracon will continue to focus on initiatives to further grow sales for protective glazing, window, skylight and other small accounts. Window accounts serve high-rise condominiums, the second largest category of activity today for Viracon. Last year, these initiatives produced about half of Viracon's growth, and though more competitive, these sectors tend to be more stable than the office market, which is still below peak levels. Operational improvements continue to focus on reducing delivery times to customers, a competitive requirement in the smaller building project market. We continue to evaluate market opportunities for Viracon and see potential for further growth through geographic expansion in the United States.

## STRATEGY: Improve performance in architectural products and services.

Leveraging synergies between our industry-leading glass installation company and our high-end window manufacturing business is helping us improve performance in these businesses. Within our Harmon, Inc. glass installation business, last year we established two manufacturing centers for key products, such as hurricane systems for Florida. The centers are reducing costs and improving quality at Harmon, while also serving as a manufacturing resource for Wausau Window and Wall Systems, which currently is operating at capacity. Harmon also brought further discipline to its project management process during fiscal 2005 with the addition of a major projects planning team to provide added capacity, as well as improve profitability and quality on all large new construction and renovation projects.

During the year, Harmon combined some office locations to further reduce costs while standardizing operating procedures. The Six Sigma/Lean business improvement process tools have been key to the success of these Harmon initiatives and also are being used this year to streamline the manufacturing process and increase the competitiveness of our Wausau business, known for its high-performance commercial, educational and institutional windows.

To further improve Harmon operations and provide geographic growth, a U.S. glass installation company was acquired in the fourth quarter. Harmon gained management depth for its new construction business and entered the Northwest region through the acquisition of Architectural Wall Solutions, Inc. Integration of the business, which added about $30 million to the segment backlog and is expected to contribute about $25 million in annual revenues in fiscal 2006, was completed by year-end.

In fiscal 2006, Harmon will focus on accelerating growth in its renovation and service businesses, which generally have more consistent revenues and higher margins than new construction. In the past three years, renovation revenues have grown significantly, and as both renovation and service are incorporated in all 13 Harmon metropolitan areas served in the next two years, strong growth in these sectors is expected to continue. Harmon renovation uses a systematic, four-step approach that generates professional solutions to building exterior problems for the building owner and property manager. Service, which won considerable 24-hour emergency business in the aftermath of the Florida hurricanes this past year, also has the opportunity to grow its national business for glass replacement, repairs to doors and entrances, and interior glass installation. With the power of its multiple locations across the country, Harmon is positioned to serve such new customers as Walgreens and Midas nationally.

An alliance formed with an aluminum extruder this past year leverages available anodizing and painting capacity at our finisher, Linetec, and also expanded its product line. The extruder now relies on Linetec for its finishing services, while Linetec offers customers, including Harmon and Wausau, a full array of extrusion and fabrication options. As a result of the alliance, Linetec also added powder paint capabilities, in addition to its existing liquid paint finishing.

Collectively, these initiatives are also generating increased intercompany business, which benefits all of our architectural companies.

## STRATEGY: Grow value-added picture framing glass and acrylic, while transitioning from non-strategic consumer electronics.

Tru Vue, Apogee's picture framing glass and acrylic business, delivered significant earnings improvement in fiscal 2005. Conversion of the custom framing market to glass and acrylic that protect pictures from fading and/or reduce reflection continued at a strong pace. In addition, integration of the two businesses in the large-scale optical segment completed early in the year generated annual savings of $4 million, while unprofitable consumer electronics business is being replaced with higher-margin picture framing sales. The non-strategic framing matboard line also was sold early in the year.

As the custom framing value-added product leader, Tru Vue partners with key customers to help them sell products that offer greater picture framing benefits to consumers. This improving product mix adds to the bottom line of our customers and to that of Apogee. Tru Vue provides these "partners" with marketing ideas, support and sales tools as well as training. This profitable focus on key distributors and direct relationships with retailers and mass merchandisers will continue in fiscal 2006.

Framing markets that offer growth opportunities include international markets. Tru Vue increased European sales in fiscal 2005, and will be working to strengthen distributor partnerships to further grow sales outside the United States. At the same time, it continues to evaluate other market opportunities, such as museums and galleries. Tru Vue has introduced a line of acrylic framing products that matches the properties of its existing framing glass line and expects to increase penetration of this product line in the custom framing market.

One of Tru Vue's ongoing strategies to increase sales of value-added framing glass and acrylic is to make products more affordable to consumers through operational improvements, improved raw material sourcing, Six Sigma/Lean process improvement projects, and research and development initiatives.

## KEY PRODUCTS AT-A-GLANCE

| PRODUCTS/SERVICES | CUSTOMERS/MARKETS | MARKET SIZE/OUTLOOK | POSITION/SHARE |
|---|---|---|---|
| **ARCHITECTURAL PRODUCTS AND SERVICES SEGMENT** | Architects specify all products; primarily serve U.S. commercial construction markets | Latest F.W. Dodge industry estimate for Apogee's fiscal 2006 called for total non-residential market to grow 5%. (Dodge's estimate for calendar 2004 correlates to Apogee's fiscal 2006 due to average nine-month lag between project starts and installation of glass on buildings.) The calendar 2005 forecast, which impacts Apogee's fiscal 2007, is for an increase of 8% for total non-residential. | |
| **Architectural Glass**<br>Viracon, coated high-performance architectural glass, featuring wide color choices, silk-screening and energy efficiency; fabricated into insulating units and/or laminated products for hurricane and security protection, and sound control | Glazing contractors, skylight manufacturers, window manufacturers in the U.S., as well as in the Pacific Rim, Central and South America, and Africa | Calendar 2004 U.S. non-residential glass market was approximately $1.1 billion and is expected to grow 8% through calendar 2006. About 33% of this market is coated glass. Apogee focuses on two largest sectors of non-residential glass market: $357 million core market, which requires custom coated, fabricated products for large, complex projects with lead times of four weeks or longer, and $672 million broader market, which demands both coated and uncoated glass that could be installed in basic insulating units or laminated and is delivered in four weeks or less. | Viracon is leading fabricator of complex, value-added products for large U.S. buildings, winning approximately 70% of targeted high-profile projects. Viracon's share is approximately 20% of overall non-residential glass market, while core market share is approximately 39% and broader market, approximately 6%. |
| **Aluminum Window and Curtainwall Systems**<br>Wausau, custom engineer-to-order and configure-to-order; Harmon, standard and modified-standard systems | General contractors, glazing contractors, erectors, installers involved in small to mid-size building projects for education, health care, government, corporate office, high-rise and condominium sectors | Calendar 2004 U.S. architectural window, curtainwall and storefront product and installation market totaled approximately $10.7 billion, with architectural windows, $5.8 billion; curtainwall, $2.9 billion; and storefront, $2.0 billion. Within these larger markets, Wausau considers its market served $1.1 billion, while Harmon, Inc. serves the $1.2 billion market for commercial projects. Renovation market is expected to have continued strong growth through 2006. | Wausau's share is approximately 1.5% of architectural windows and curtainwall, but in target sectors share is approximately 3%. |
| **Building Glass Installation**<br>Harmon, Inc.:<br>– New Construction | | | Harmon, Inc. is leading U.S. full-service glazing company, serving approximately 15% of geographic markets in U.S. Harmon, Inc.'s share in markets served ranges from approximately 10 to 15%. |
| – Renovation (window and curtainwall replacement) | Building owners and property managers in education, health care, government, corporate office, high-rise and condominium sectors | | |
| – Service (repair and replacement) | | | |
| **Painted and Anodized Aluminum Window Frames and Other Building Materials**<br>Linetec | Architectural aluminum toll-coating finishing for window companies, extruders and glazing contractors | Calendar 2004 total U.S. architectural finishing market is approximately $600 million, with toll coating sector $125 million. | Linetec has approximately 5% share of architectural finishing market and 23% share of toll finishing sector. |
| **LARGE-SCALE OPTICAL TECHNOLOGIES SEGMENT** | | | |
| **Picture Framing Glass and Acrylic**<br>Tru Vue, manufactures proprietary value-added picture framing glass and acrylic with UV, anti-reflective and/or security properties; distributes value-added acrylic and plain glass | Mass merchandisers, distributors, independent framers and chains, museums and galleries in North America, Europe and Australia/New Zealand | Custom framing glass market in U.S. totals approximately 200 million square feet, with value-added portion about 45 million square feet. Although custom framing market slowed with the economy, according to industry leaders and trade associations, Tru Vue continues to grow its value-added glass more than 20% annually by converting plain glass to value-added, a trend expected to continue. | Tru Vue has approximately 27% share of the custom framing glass market and approximately 60% share of niche converted to value-added glass. |

## SIX YEARS OF 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 of Form 10-K for Fiscal 2005.

| (In thousands, except per share data and percentages) | **2005** | 2004 | 2003 | 2002 | 2001 | 2000 |
|---|---|---|---|---|---|---|
| **RESULTS FROM OPERATIONS DATA** | | | | | | |
| Net sales | **$ 628,813** | $ 535,329 | $ 584,882 | $ 597,792 | $ 655,963 | $ 665,071 |
| Gross profit | **115,718** | 94,467 | 145,224 | 142,333 | 129,501 | 121,846 |
| Operating income | **26,278** | 7,747 | 45,568 | 42,114 | 32,986 | 29,366 |
| Earnings from continuing operations | **16,578** | 4,632 | 28,882 | 25,242 | 14,745 | 8,518 |
| Net earnings (loss) | **16,645** | (5,593) | 29,915 | 26,142 | 15,002 | 12,175 |
| Earnings (loss) per share—basic | | | | | | |
| Continuing operations | **0.61** | 0.17 | 1.05 | 0.90 | 0.53 | 0.31 |
| Net earnings (loss) | **0.61** | (0.21) | 1.09 | 0.94 | 0.54 | 0.44 |
| Earnings (loss) per share—diluted | | | | | | |
| Continuing operations | **0.60** | 0.17 | 1.02 | 0.88 | 0.53 | 0.31 |
| Net earnings (loss) | **0.60** | (0.20) | 1.06 | 0.91 | 0.54 | 0.44 |
| **BALANCE SHEET DATA** | | | | | | |
| Current assets | **$ 187,106** | $ 157,854 | $ 171,463 | $ 175,084 | $ 175,191 | $ 214,442 |
| Total assets | **368,465** | 336,517 | 382,841 | 409,116 | 432,679 | 481,173 |
| Current liabilities | **119,492** | 90,638 | 120,428 | 127,239 | 137,437 | 135,416 |
| Long-term debt | **35,150** | 39,650 | 47,258 | 69,098 | 104,206 | 164,371 |
| Shareholders' equity | **178,080** | 167,456 | 178,210 | 170,934 | 148,292 | 137,772 |
| **CASH FLOW DATA** | | | | | | |
| Depreciation and amortization | **$ 17,960** | $ 19,748 | $ 20,798 | $ 23,102 | $ 25,822 | $ 25,721 |
| Capital expenditures | **19,618** | 11,459 | 11,208 | 7,703 | 9,714 | 41,403 |
| Dividends | **6,695** | 6,450 | 6,246 | 6,078 | 5,834 | 5,833 |
| **OTHER DATA** | | | | | | |
| Gross margin—% of sales | **18.4** | 17.6 | 24.8 | 23.8 | 19.7 | 18.3 |
| Operating margin—% of sales | **4.2** | 1.4 | 7.8 | 7.0 | 5.0 | 4.4 |
| Effective tax rate | **30.9** | NM | 28.9 | 30.4 | 38.8 | 50.8 |
| Working capital | **$ 67,614** | $ 67,216 | $ 51,035 | $ 47,845 | $ 37,754 | $ 79,025 |
| Long-term debt as a % of total capital | **16.5** | 19.1 | 21.0 | 28.8 | 41.3 | 54.4 |
| Return on: | | | | | | |
| Average shareholders' equity—% | **9.6** | (3.2) | 17.1 | 16.4 | 10.5 | 9.1 |
| Average invested capital*—% | **7.0** | (2.3) | 11.5 | 9.6 | 5.0 | 3.7 |
| Dividend yield at year-end—% | **1.7** | 1.9 | 2.8 | 1.9 | 2.3 | 4.2 |
| Book value per share | **6.52** | 6.12 | 6.55 | 6.03 | 5.33 | 4.97 |
| Price/earnings ratio at year-end | **24:1** | NM | 8:1 | 12:1 | 17:1 | 11:1 |
| Average monthly trading volume | **2,230** | 2,405 | 2,669 | 4,043 | 3,545 | 2,666 |

** Long-term debt + long-term self-insurance reserves + other long-term liabilities + shareholders' equity*
*NM = Not meaningful*

## BOARD OF DIRECTORS
*(pictured left to right)*

**J. Patrick Horner,** 55 [3, 4]
*Chairman*
*E5 Systems Corporation*

**Robert J. Marzec,** 60 [1]
*Retired Audit Partner*
*PricewaterhouseCoopers*

**John T. Manning,** 56 [1, 4]
*Retired Vice Chairman and Audit Partner*
*BDO Seidman, LLP*

**David E. Weiss,** 61 [2]
*Retired Chairman, President and Chief Executive Officer*
*Storage Technology Corporation*

**Michael E. Shannon,** 68 [2, 3]
*Retired Chairman*
*Ecolab Inc.*

**Barbara B. Grogan,** 57 [1, 3]
*Founder*
*Western Industrial Contractors, Inc.*

**James L. Martineau,** 64 [4]
*Retired Executive Vice President*

**Russell Huffer,** 55
*Chairman and Chief Executive Officer*

**Jerome L. Davis,** 49 [1, 2, 4]
*Global Vice President, Service Excellence*
*Electronic Data Systems Corporation*

**Mark A. Burke,** 56 [4]
*Former President and Chief Executive Officer*
*Vitro America, Inc.*

**Bernard P. Aldrich,** 55 [1,2]
*President, Chief Executive Officer and Director*
*Rimage Corporation*

**Stephen C. Mitchell,** 61 [2, 3]
*President and Chief Operating Officer*
*The Knight Group, LLC*

[1] *Audit Committee*
[2] *Compensation Committee*
[3] *Nominating and Corporate Governance Committee*
[4] *Finance Committee*

## CORPORATE OFFICERS
*(pictured left to right)*

**James S. Porter,** 44
*Vice President of Strategy and Planning*

**Gary R. Johnson,** 43
*Vice President and Treasurer*

**Patricia A. Beithon,** 51
*General Counsel and Secretary*

**Russell Huffer,** 55
*Chairman and Chief Executive Officer*

**William F. Marchido,** 54
*Chief Financial Officer*

**Michael B. Clauer,** 48
*Executive Vice President*

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## APOGEE BUSINESSES

### Architectural Products and Services

**HARMON, INC.**
Minneapolis, MN
Charles R. Mowrey
President

*Additional Locations:*
*Atlanta, GA*
*Baltimore, MD*
*Chicago, IL*
*Cincinnati, OH*
*Cleveland, OH*
*Denver, CO*
*Detroit, MI*
*Fort Lauderdale/West Palm Beach, FL*
*Orlando, FL*
*Seattle, WA*
*South Bend, IN*
*Tampa, FL*

**LINETEC**
Wausau, WI
Rick A. Marshall
President

**VIRACON**
Owatonna, MN
Donald C. Pyatt
President

*Additional Location:*
*Statesboro, GA*

**WAUSAU WINDOW AND WALL SYSTEMS**
Wausau, WI
Michael B. Clauer
Apogee Executive Vice President

### Large-Scale Optical Technologies

**TRU VUE**
McCook, IL
James R. Thornton
President

*Additional Locations:*
*Faribault, MN*
*Orlando, FL*

### Automotive Replacement Glass and Services

**VIRACON/CURVLITE**
Owatonna, MN
Monte L. Mitchell
Senior Vice President

**Stock Market**
Apogee Enterprises, Inc. common stock is traded on the Nasdaq Stock Market under the symbol APOG.

**Corporate Headquarters**
7900 Xerxes Avenue South, Suite 1800
Minneapolis, MN 55431-1159
Telephone: (952) 835-1874
Toll Free: (877) 752-3432
Fax: (952) 835-3196

**Corporate Web Site**
www.apog.com

**Independent Auditors**
Deloitte & Touche, LLC
Minneapolis, MN

**Quarterly Calendar**
The company's fiscal year ends the Saturday nearest the last day of February. Fiscal 2006 quarter-end dates are May 28, 2005, August 27, 2005, November 26, 2005 and February 25, 2006. Quarterly results are usually announced approximately three weeks after the end of each quarter, with the exception of the fourth quarter results which are announced approximately six weeks after the year-end.

**Cash Dividends**
Apogee has paid quarterly cash dividends in May, August, November and February since 1974.

**Transfer Agent and Registrar**
For inquiries regarding stock certificates, such as lost certificates, name changes and ownership transfers, contact:

The Bank of New York
Shareholder Relations
P.O. Box 11258, Church Street Station
New York, NY 10286
Telephone: (800) 524-4458
E-mail: shareowners@bankofny.com
Internet: www.stockbny.com

**Annual Shareholders' Meeting**
The meeting will be held at 9 a.m. CDT on Tuesday, June 21, 2005, at the Apogee Enterprises, Inc. corporate office, 7900 Xerxes Avenue South, 19th Floor, Minneapolis, MN. Apogee will also be webcasting the annual meeting for shareholders: Go to the Apogee Web site at www.apog.com, click on "investor relations" and then click on the webcast link at the top of that page at least 15 minutes prior to the 9 a.m. CDT meeting to register, download and install any necessary software.

**Investor Relations Contact**
Mary Ann Jackson, Director of Investor Relations
Telephone: (952) 830-0674

**Investor Information**
Additional information, such as Forms 10-K, 10-Q and proxy statements as filed with the Securities & Exchange Commission, and results and news releases may be obtained at no charge through one of the following:

Internet: www.apog.com
E-mail: IR@apog.com
Toll Free: (877) 752-3432
Fax: (952) 896-2400
Mail: Attn: Investor Relations, Corporate Headquarters address

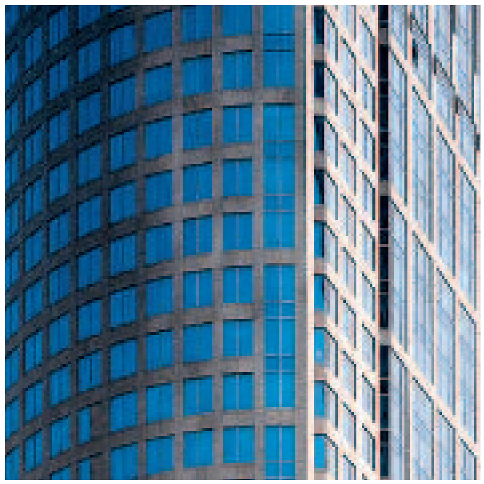
**Multiple Accounts**
When shares owned by one shareholder are held in different forms of the same name (i.e., John Doe, J. Doe) or when new accounts are established for shares purchased at different times, duplicate mailings of shareholder information result. The company, by law, is required to mail to each name on the shareholder list unless the shareholder requests that duplicate mailings be eliminated or consolidates all accounts into one. Please contact us for information on how to merge accounts.

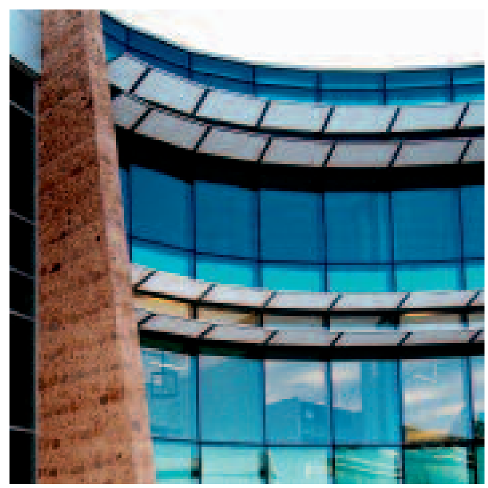
**Quarterly Stock Prices and Dividend Rates**

| Fiscal 2005 | High | Low | Dividend |
|---|---|---|---|
| First Quarter | $ 13.35 | $ 9.52 | $ 0.060 |
| Second Quarter | 11.86 | 9.63 | 0.060 |
| Third Quarter | 15.69 | 11.02 | 0.063 |
| Fourth Quarter | 14.92 | 12.28 | 0.063 |

| Fiscal 2004 | High | Low | Dividend |
|---|---|---|---|
| First Quarter | $ 11.19 | $ 7.90 | $ 0.058 |
| Second Quarter | 11.53 | 8.38 | 0.058 |
| Third Quarter | 13.07 | 9.97 | 0.060 |
| Fourth Quarter | 12.81 | 10.50 | 0.060 |

**FORWARD-LOOKING STATEMENTS** This annual report contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements reflect Apogee management's expectations or beliefs as of the date of this release. The company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. All forward-looking statements are qualified by factors that may affect the operating results of the company, including the following: Operational risks within (A) the Architectural segment: i) competitive, price-sensitive and changing market conditions, including unforeseen delays in project timing and work flow; ii) economic conditions and the cyclical nature of the North American commercial construction industry; iii) product performance, reliability or quality problems that could delay payments, increase costs, impact orders or lead to litigation; iv) the segment's ability to fully utilize production capacity; v) integration of the Architectural Wall Solutions, Inc. acquisition in a timely and cost-efficient manner; and vi) completion and production ramp-up of the Viracon capacity expansion in a timely and cost-efficient manner; (B) the Large-Scale Optical segment: i) markets that are impacted by consumer confidence; ii) dependence on a relatively small number of customers; and iii) ability to utilize manufacturing facilities; and (C) the Auto Glass segment: i) transition of markets served, as the long-term supply agreement with PPG Industries for auto replacement windshields expires in the second quarter of fiscal 2006 and product is then marketed to independent distributors; ii) changes in market dynamics; iii) market seasonality; iv) highly competitive, fairly mature industry; and v) performance of the PPG Auto Glass, LLC joint venture. Additional factors include: i) revenue and operating results that are volatile; ii) the possibility of a material product liability event; iii) the costs of compliance with governmental regulations relating to hazardous substances; iv) management of discontinued operations exiting activities; and v) foreign currency risk related to discontinued operations. The company cautions readers that actual future results could differ materially from those described in the forward-looking statements. The company wishes to caution investors that other factors may in the future prove to be important in affecting the company's results of operations. New factors emerge from time to time and it is not possible for management to predict all such factors, nor can it assess the impact of each such factor on the business or the extent to which any factor, or a combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. For a more detailed explanation of the forgoing and other risks and uncertainties, see Exhibit 99.1 to the company's Report on Form 10-K for the fiscal year ended February 26, 2005.



APOGEE ENTERPRISES, INC. 7900 XERXES AVENUE SOUTH, SUITE 1800 MINNEAPOLIS, MN 55431-1159 (952) 835-1874 WWW.APOG.COM