APOGEE ENTERPRISES INC
Form DEF 14A
May 10, 2010
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**SCHEDULE 14A**

**(RULE 14a-101)**

**INFORMATION REQUIRED IN PROXY STATEMENT**

**SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a) of the**

**Securities Exchange Act of 1934**

**(Amendment No. __)**

Filed by the Registrant x

Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement

¨ **Confidential, For Use of the Commission Only(as permitted by Rule 14a-6(e)(2))**

x Definitive Proxy Statement
¨ Definitive Additional Materials
¨ Soliciting Material Under Rule 14a-12

# Apogee Enterprises, Inc.

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1. Title of each class of securities to which transaction applies:

2. Aggregate number of securities to which transaction applies:

3. Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

4. Proposed maximum aggregate value of transaction:

5. Total fee paid:

¨ Fee paid previously with preliminary materials:

¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

1. Amount previously paid:

2. Form, Schedule or Registration Statement No.:

3. Filing Party:

4. Date Filed:

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May 10, 2010

Dear Shareholder:

You are cordially invited to attend the 2010 Annual Meeting of Shareholders of Apogee Enterprises, Inc. to be held at Wausau Window and Wall Systems, an Apogee business unit, 7800 International Drive, Wausau, Wisconsin, commencing at 9:00 a.m. Central Daylight Time on Wednesday, June 23, 2010.

The Corporate Secretary s formal notice of the meeting and the proxy statement appear on the following pages and describe the matters to come before the meeting. During the meeting, time will be provided for a review of the activities of the past year and items of general interest about Apogee.

We hope that you will be able to attend the meeting, and we look forward to seeing you. Even if you plan to attend the meeting, we urge you to vote your shares either by Internet or mail as promptly as possible so your shares will be represented at the annual meeting. Instructions on voting your shares are on the Notice of Internet Availability of Proxy Materials you received for the annual meeting. If you received paper copies of our proxy materials, instructions on the two ways to vote your shares can be found on the enclosed proxy form. Internet voting facilities for shareholders of record will be available 24 hours a day and will close at 11:59 p.m. Eastern Daylight Time (10:59 p.m. Central Daylight Time) on June 22, 2010. If you attend the meeting in person, you may at that time revoke any proxy previously given and vote in person, if desired.

Sincerely,

Russell Huffer
Chairman and Chief Executive Officer

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**APOGEE ENTERPRISES, INC.**

7900 Xerxes Avenue South

Suite 1800

Minneapolis, MN 55431-1159

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

**to be held on June 23, 2010**

NOTICE IS HEREBY GIVEN that the 2010 Annual Meeting of Shareholders of Apogee Enterprises, Inc. will be held at Wausau Window and Wall Systems, an Apogee business unit, 7800 International Drive, Wausau, Wisconsin, commencing at 9:00 a.m. Central Daylight Time on Wednesday, June 23, 2010 for the following purposes:

1. To elect two Class III directors for three-year terms ending in the year 2013;

2. To ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending February 26, 2011; and

3. To transact such other business as may properly be brought before the meeting.

The Board of Directors has fixed May 4, 2010 as the record date for the meeting. Only shareholders of record at the close of business on that date are entitled to receive notice of and to vote at the meeting.

Pursuant to rules adopted by the Securities and Exchange Commission, we have elected to provide access to our proxy materials over the Internet. Accordingly, we have sent our shareholders a Notice of Internet Availability of Proxy Materials (the Notice ) containing instructions on how to access our 2010 proxy statement and our fiscal 2010 Annual Report to Shareholders online. Shareholders who have received the Notice will not be sent a printed copy of our proxy materials in the mail unless they request to receive a printed copy.

**Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to be held on June 23, 2010: Our 2010 Proxy Statement and our Fiscal 2010 Annual Report to Shareholders are available at www.proxyvote.com.**

By Order of the Board of Directors,

Patricia A. Beithon

General Counsel and Corporate Secretary

Minneapolis, Minnesota

May 10, 2010

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# PROXY STATEMENT

## 2010 ANNUAL MEETING OF SHAREHOLDERS

## TO BE HELD JUNE 23, 2010

The Board of Directors of Apogee Enterprises, Inc. ( Apogee or the Company ) is soliciting proxies for use at our annual meeting of shareholders to be held on Wednesday, June 23, 2010, and at any adjournment of the meeting. We are first making the proxy statement and form proxy card and voting instructions available to our shareholders on or about May 11, 2010.

## QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING AND VOTING

**What is the purpose of the meeting?**

At our annual meeting, shareholders will act upon the matters outlined in the Notice of Annual Meeting of Shareholders. These include the election of directors and ratification of the appointment of our independent registered public accounting firm. Also, management will report on our performance during fiscal 2010 and the first quarter of fiscal 2011 and respond to questions from shareholders.

**Why did I receive a notice in the mail regarding the Internet availability of proxy materials instead of a full set of proxy materials?**

In accordance with rules adopted by the Securities and Exchange Commission (the SEC ), we may now furnish proxy materials, including this proxy statement and our fiscal 2010 Annual Report to Shareholders, to our shareholders by providing access to such documents on the Internet instead of mailing printed copies. Most shareholders will not receive printed copies of the proxy materials unless they request them. Instead, the Notice of Internet Availability of Proxy Materials (the Notice ), which was mailed to most of our shareholders, will instruct you as to how you may access and review all of the proxy materials on the Internet. The Notice also instructs you as to how you may submit your proxy on the Internet. By accessing and reviewing the proxy materials on the Internet, you will save us the cost of printing and mailing these materials to you and reduce the impact of such printing and mailing on the environment. If you would like to receive a paper copy of our proxy materials, you should follow the instructions for requesting such materials provided in the Notice.

**How do I get electronic access to the proxy materials?**

The Notice will provide you with instructions regarding how to view our proxy materials for the annual meeting on the Internet.

**Who is entitled to vote at the meeting?**

The Board of Directors has set May 4, 2010 as the record date for the annual meeting. If you were a shareholder of record at the close of business on May 4, 2010, you are entitled to notice of and to vote at the annual meeting.

As of the record date, 28,079,306 shares of common stock, par value $0.33-1/3, were issued and outstanding and, therefore, eligible to vote at the annual meeting.

**What are my voting rights?**

Holders of our common stock are entitled to one vote per share. Therefore, 28,079,306 votes are entitled to be cast at the meeting. There is no cumulative voting.

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**How many shares must be present to hold the meeting?**

In accordance with our Amended and Restated Bylaws, shares equal to at least a majority of the voting power of the outstanding shares of our common stock as of the record date must be present at the meeting in order to hold the meeting and conduct business. This is called a quorum. Your shares are counted as present at the meeting if:

- you are present and vote in person at the meeting; or
- you have properly submitted a proxy via the Internet or by mail.

**How do I vote my shares?**

**Your vote is important.** Because many shareholders do not attend the meeting in person, it is necessary that a large number be represented by proxy. If you are a shareholder of record, you can give a proxy to be voted at the meeting in any of the following ways:

- electronically via the Internet by following the Vote by Internet instructions on the Notice or, if you received paper copies of our proxy materials, the enclosed proxy card; or
- by completing, signing and mailing the proxy card (if you received paper copies of our proxy materials).

The Internet voting procedure has been set up for your convenience. The procedure has been designed to authenticate your identity, allow you to give voting instructions, and confirm that those instructions have been recorded properly. If you are a shareholder of record and you would like to submit your proxy via the Internet, please refer to the specific instructions provided on the Notice or, if you received paper copies of our proxy materials, the enclosed proxy card. If you received paper copies of our proxy materials and wish to submit your proxy by mail, please return your signed proxy card in the enclosed postage-paid envelope to us before the annual meeting. If you are an employee and received our proxy statement and 2010 Annual Report to Shareholders electronically via the Internet at your company email address, you will only be able to give a proxy to be voted at the meeting electronically via the Internet as described below under How do I vote if my shares are held in the 401(k) retirement plan, employee stock purchase plan or other plans of Apogee? .

If you hold your shares in street name, you must vote your shares in the manner prescribed by your broker or other nominee. Your broker or other nominee has enclosed or otherwise provided a voting instruction card for you to use in directing the broker or other nominee how to vote your shares.

If you properly submit your proxy via the Internet or return your executed proxy by mail and do not revoke your proxy, it will be voted in the manner you specify.

**What is a proxy?**

A proxy is your designation of another person to vote stock you own. That other person is called a proxy. If you designate someone as your proxy in a written document, that document also is called a proxy or a proxy card. When you designate someone a proxy, you may also direct the proxy how to vote your shares. We refer to this as your proxy vote. Three of our executive officers, Russell Huffer, James S. Porter and Patricia A. Beithon, have been designated as the proxies to cast the votes of our shareholders at our 2010 annual meeting.

**What is a proxy statement?**

A proxy statement is a document we are required to give you, or provide you access to, in accordance with the regulations of the SEC, when we ask you to designate proxies to vote your shares of our common stock at a meeting of our shareholders. The proxy statement includes information regarding the matters to be acted upon at the meeting and certain other information required by regulations of the SEC and rules of the NASDAQ Stock Market LLC ( NASDAQ ).

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**What is the difference between a shareholder of record and a street name holder?**

If your shares are registered directly in your name, you are considered the shareholder of record with respect to those shares.

If your shares are held in a stock brokerage account or by a bank, trust or other nominee, then the broker, bank, trust or other nominee is considered to be the shareholder of record with respect to those shares. However, you still are considered the beneficial owner of those shares, and your shares are said to be held in street name. Street name holders generally cannot vote their shares directly and must instead instruct the broker, bank, trust or other nominee how to vote their shares using the voting instruction form provided by the broker, bank, trust or other nominee. Please refer to How do I vote my shares? on page 2.

**How do I vote if my shares are held in the 401(k) retirement plan, employee stock purchase plan or other plans of Apogee?**

If you hold any shares in our 401(k) retirement plan, employee stock purchase plan or other plans of Apogee, your Internet proxy vote or completed proxy card will serve as voting instructions to the plan trustee. However, your voting instructions must be received at least one day prior to the annual meeting in order to count. In accordance with the terms of our 401(k) retirement plan, the trustee will vote all of the shares held in the plan in the same proportion as the actual proxy votes submitted by plan participants at least one day prior to the annual meeting. If you are a participant in our employee stock purchase plan, the plan custodian **cannot** vote your shares unless it receives timely instructions from you.

If you hold shares in our 401(k) retirement plan, employee stock purchase plan or other plans of Apogee and have a company email address, you will receive our proxy statement and annual report to shareholders electronically at your company email address instead of receiving paper copies of these documents or the Notice in the mail. The email will provide instructions and a control number to use to provide voting instructions to the plan trustee via the Internet. If you receive our proxy statement and annual report electronically, you may only provide voting instructions to the plan trustee via the Internet and you will not receive a proxy card that can be returned by mail. If you are an employee who received our proxy statement and 2010 Annual Report to Shareholders electronically and you wish to receive a paper copy of these materials you should contact:

| | |
|---|---|
| Internet: | www.apog.com |
| Email: | IR@apog.com |
| Telephone: | (877) 752-3432 |
| Facsimile: | (952) 487-7565 |
| Mail: | Investor Relations<br>Apogee Enterprises, Inc.<br>7900 Xerxes Avenue South, Suite 1800<br>Minneapolis, Minnesota 55431-1159 |

**What does it mean if I receive more than one Notice of Internet Availability of Proxy Materials or proxy card?**

If you receive more than one Notice or proxy card, it means that you hold shares registered in more than one account in different names or variations of your name. To ensure that all of your shares are voted, if you submit your proxy vote via the Internet, vote once for each Notice or proxy card you receive, or sign and return each proxy card.

You may prefer to hold your shares in more than one account, and you are welcome to do so. However, some multiple accounts are unintentional and will occur if one stock purchase is made with a middle initial and a subsequent purchase is made without a middle initial. Please contact our Investor Relations Department at IR@apog.com, (877) 752-3432 (telephone) or (952) 487-7565 (facsimile) for information on how to merge your accounts.

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**Can I vote my shares in person at the meeting?**

If you are a shareholder of record, you may vote your shares in person at the meeting by completing a ballot at the meeting. Even if you currently plan to attend the meeting, we recommend that you also submit your proxy as described above so that your vote will be counted if you later decide not to attend the meeting.

If you hold your shares in street name, you may vote your shares in person at the meeting only if you obtain a signed letter or other proxy from your broker, bank, trust or other nominee giving you the right to vote the shares at the meeting.

If you are a participant in our 401(k) retirement plan, employee stock purchase plan or other plans of Apogee, you may submit a proxy vote as described above, but you may not vote your plan shares in person at the meeting.

**What vote is required for the election of directors or for a proposal to be approved?**

In accordance with Minnesota law, the nominees for election as Class III directors will be elected by a plurality of the votes cast at the annual meeting. This means that since shareholders will be electing two Class III directors, the two nominees for Class III director receiving the highest number of votes will be elected. As provided in our Corporate Governance Guidelines, if a majority of our shares that are voted at the meeting are designated to be withheld from a director nominee s election, then such nominee shall offer his or her resignation to our Nominating and Corporate Governance Committee for consideration. Our Nominating and Corporate Governance Committee will evaluate the best interests of Apogee and its shareholders and recommend to our Board of Directors the action to be taken with respect to that director s offered resignation.

The affirmative vote of a majority of the shares of our common stock present in person or by proxy and entitled to vote at the annual meeting is required for the approval of the other proposal (provided that the total number of shares voted in favor of the proposal constitutes more than 25% of our outstanding shares).

**How are votes counted?**

You may either vote FOR or WITHHOLD authority to vote for each nominee for our Board of Directors. You may vote FOR, AGAINST or ABSTAIN on the other proposal.

If you submit your proxy but abstain from voting or withhold authority to vote on one or more matters, your shares will be counted as present at the meeting for the purpose of determining a quorum. Your shares also will be counted as present at the meeting for the purpose of calculating the vote on the particular matter from which you abstained from voting or withheld authority to vote.

If you abstain from voting on a proposal, your abstention has the same effect as a vote against that proposal. We will not count abstentions as either for or against a director nominee, so abstentions have no effect on the election of a director; however, if a majority of our shares that are voted at the meeting are designated to be withheld from a director nominee s election, then such director nominee shall offer his or her resignation to our Nominating and Corporate Governance Committee for consideration, as described above under What vote is required for the election of directors or for a proposal to be approved? .

If you hold your shares in street name and do not provide voting instructions to your broker, your shares will be considered broker non-votes and will not be voted on any proposal on which your broker does not have discretionary authority to vote under the rules of the New York Stock Exchange. Shares that constitute broker non-votes will be counted as present at the meeting for the purpose of determining a quorum but will not be represented at the meeting for purposes of calculating the vote with respect to such matter or matters. This effectively reduces the number of shares needed to approve such matter or matters. Your broker or other nominee has discretionary authority to vote your shares on the ratification of Deloitte & Touche LLP as our independent registered public accounting firm, even if your broker or other nominee does not receive voting instructions from you. Your broker or other nominee does not have discretionary authority to vote your shares on the election of directors if your broker or other nominee does not receive voting instructions from you.

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**Who will count the vote?**

Representatives of Broadridge Financial Solutions, Inc., our tabulating agent, will tabulate the votes and act as independent inspector of election.

**How does the Board of Directors recommend that I vote?**

The Board of Directors recommends a vote:

- **FOR** all of the director nominees; and
- **FOR** ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending February 26, 2011.

**What if I do not specify how I want my shares voted?**

If you submit your proxy via the Internet or a signed proxy card and do not specify how you want to vote your shares, we will vote your shares:

- **FOR** all of the director nominees;
- **FOR** ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending February 26, 2011; and
- in the discretion of the persons named in the proxy on any other matters that properly come before the meeting and as to which we did not have knowledge prior to February 24, 2010.

**Can I change my vote after submitting my proxy or voting instructions?**

Yes. If you are a shareholder of record, you may revoke your proxy and change your vote at any time before your proxy is voted at the annual meeting, in any of the following ways:

- by sending a written notice of revocation to our Corporate Secretary;
- by submitting a later-dated proxy to our Corporate Secretary;
- by submitting a later-dated proxy via the Internet; or
- by voting in person at the meeting.

If you hold your shares in street name, you should contact your broker, bank, trust or other nominee for information on how to revoke your voting instructions and provide new voting instructions.

If you hold shares in our 401(k) retirement plan, employee stock purchase plan or other plans of Apogee, you may revoke your proxy and change your voting instructions at any time, but not less than one day before the annual meeting, in any of the following ways:

by sending a written notice of revocation to the plan trustee or plan custodian;

by submitting a later-dated voting instruction or proxy to the plan trustee or plan custodian; or

by submitting a later-dated voting instruction or proxy via the Internet.

**Will my vote be kept confidential?**

Yes. We have procedures to ensure that, regardless of whether shareholders vote via the Internet, by mail or in person, (1) all proxies, ballots and voting tabulations that identify shareholders are kept permanently confidential, except as disclosure may be required by federal or state law or expressly permitted by a shareholder; and (2) voting tabulations are performed by an independent third party.

**How can I attend the meeting?**

You may be asked to present valid picture identification, such as a driver s license or passport, before being admitted to the meeting. If you hold your shares in street name, you may also be asked to present proof of ownership to be admitted to the meeting. A recent statement from your broker, or letter from your bank, trust or other nominee are examples of proof of ownership.

**Who pays for the cost of proxy preparation and solicitation?**

We pay for the cost of proxy preparation and solicitation, including the reasonable charges and expenses of brokers and other nominees for forwarding proxy materials to the beneficial owners of our shares.

We are soliciting proxies primarily by mail and email. In addition, some of our officers and regular employees may solicit the return of proxies by telephone, facsimile, personal interview, email or telegram. These individuals will receive no additional compensation for these services.

**How can I communicate with the Board of Directors?**

Subject to reasonable constraints of time, topics and rules of order, you may direct comments to or ask questions of our Chairman and Chief Executive Officer during our Annual Meeting of Shareholders. In addition, you may communicate directly with any director by writing to:

Apogee Directors

Apogee Enterprises, Inc.

7900 Xerxes Avenue South, Suite 1800

Minneapolis, Minnesota 55431-1159

Attention: Corporate Secretary

Directors@apog.com

Our Corporate Secretary will promptly forward to the Board of Directors or the individually named directors all relevant written communications received at the above addresses. Our Board has requested certain communications that are unrelated to the duties and responsibilities of the Board be excluded, such as spam, junk mail, mass mailings, product inquiries, new product suggestions, resumes and other forms of employment inquiries, surveys and business solicitations or advertisements. All other written communications will be reviewed by our Corporate Secretary in conjunction with the Chair of our Nominating and Corporate Governance Committee for relevance to Board activities, and after such review, our Corporate Secretary will promptly forward all relevant written communications to the Board or the individually named directors.

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## SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

The following table sets forth information concerning beneficial ownership of our common stock outstanding as of May 4, 2010, the record date for our 2010 Annual Meeting of Shareholders, by persons known to us to own more than 5% of our common stock. Unless otherwise indicated, the named holders have sole voting and investment power with respect to the shares beneficially owned by them.

| Name and Address of Beneficial Owner | Amount and Nature of Beneficial Ownership (#) | % of Common Stock Outstanding |
|---|---|---|
| Franklin Resources, Inc.[1]<br>One Franklin Parkway<br>San Mateo, CA 94403 | 2,469,250 | 8.8% |
| BlackRock, Inc.[2]<br>40 East 52nd Street<br>New York, NY 10022 | 2,239,235 | 8.0% |
| The Vanguard Group, Inc.[3]<br>100 Vanguard Boulevard<br>Malvern, PA 19355 | 2,163,529 | 7.7% |
| State Street Corporation [4]<br>State Street Financial Center<br>One Lincoln Street<br>Boston, MA 02111 | 1,510,405 | 5.4% |

(1) We have relied upon the information supplied by Franklin Resources, Inc. ( Franklin ) in a Schedule 13G furnished to us reporting information as of December 31, 2009. Direct or indirect subsidiaries of Franklin serve as investment managers of one or more open-end or closed-end investment companies or other managed accounts that hold the shares of our common stock in the ordinary course of business. In their capacity as investment managers, the subsidiaries of Franklin exercise sole investment discretion over 2,469,250 shares, in the aggregate, held as of December 31, 2009. Of the shares reported, the subsidiaries of Franklin possessed sole voting power over 2,369,350 shares. Charles B. Johnson and Rupert H. Johnson, Jr., each of whom owns in excess of 10% of the outstanding common stock of Franklin, may be deemed to be the beneficial owners of securities held by entities advised by Franklin subsidiaries. Franklin, Franklin subsidiaries, Charles B. Johnson and Rupert H. Johnson, Jr. disclaim beneficial ownership of the shares of our common stock.

(2) We have relied upon the information supplied by BlackRock, Inc. ( BlackRock ) in a Schedule 13G furnished to us reporting information as of December 31, 2009. Effective December 1, 2009, BlackRock completed its acquisition of Barclays Global Investors, NA and certain of its affiliates (the BGI Entities ). As a result, BlackRock filed an amendment to the Schedule 13G previously filed by the BGI Entities informing us that BlackRock is a parent holding company or control person and has sole investment discretion and voting power over the shares reported.

(3) We have relied upon information supplied by The Vanguard Group, Inc. ( Vanguard ) in a Schedule 13G furnished to us reporting information as of December 31, 2009. Of the shares reported, Vanguard had sole investment discretion with respect to 2,119,019 shares and shared investment discretion and sole voting power with respect to 44,510 shares, and Vanguard Fiduciary Trust Company, a wholly owned subsidiary of Vanguard, serving as an investment manager of collective trust accounts, was the beneficial owner and directed the votes of 44,510 shares.

(4) We have relied upon information supplied by State Street Corporation ( State Street ) in a Schedule 13G furnished to us reporting information as of December 31, 2009. Of the shares reported, State Street and certain of its wholly owned subsidiaries had shared investment discretion and voting power over all such shares. State Street disclaims beneficial ownership of the shares of our common

stock.

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## SECURITY OWNERSHIP OF MANAGEMENT

The following table sets forth the number of shares of our common stock beneficially owned as of May 4, 2010, the record date for our 2010 Annual Meeting of Shareholders, by each of our directors, each of our executive officers named in the Summary Compensation Table (our Named Executive Officers ) and by all of our directors and executive officers as a group.

**Amount and Nature of Beneficial Ownership**

| Name of Beneficial Owner | Shares of Common Stock Held (#)[1][2] | Shares Underlying Options Exercisable Within 60 Days (#)[3] | Total Beneficial Ownership (#) | % of Common Stock Outstanding | Phantom Stock/ Performance Share Units (#) | Total Stock-Based Ownership (#)[4] |
|---|---|---|---|---|---|---|
| **Non-Employee Directors** | | | | | | |
| Bernard P. Aldrich | 5,870 | 46,867 | 52,737 | * | 38,181[5] | 90,918 |
| Jerome L. Davis | 4,870 | 38,632 | 43,502 | * | 16,688[5] | 60,190 |
| Sara L. Hays | 4,870 | 31,025 | 35,895 | * | 19,150[5] | 55,045 |
| John T. Manning | 5,870[6] | 35,383 | 41,253 | * | 4,869[5] | 46,122 |
| James L. Martineau [7] | 115,908 | 59,441 | 175,349 | * | | 175,349 |
| Robert J. Marzec | 6,203 | 35,383 | 41,586 | * | 9,857[5] | 51,443 |
| Stephen C. Mitchell | 15,719 | 16,072 | 31,791 | * | | 31,791 |
| Richard V. Reynolds | 4,870 | 25,383 | 30,253 | * | 13,567[5] | 43,820 |
| David E. Weiss | 12,741 | 35,383 | 48,124 | * | | 48,124 |
| **Named Executive Officers** | | | | | | |
| Patricia A. Beithon | 145,913 | 54,928 | 200,841 | * | 30,008[8] | 230,849 |
| Russell Huffer | 408,865[9] | 150,133 | 558,998 | 2.0 | 105,819[8] | 664,817 |
| Gary R. Johnson | 41,629 | 11,000 | 52,629 | * | 9,564[8] | 62,193 |
| James S. Porter | 103,502[10] | 23,100 | 126,602 | * | 37,099[8] | 163,701 |
| Gregory A. Silvestri | 39,590 | | 39,590 | * | 37,927[8] | 77,517 |
| All directors and executive officers as a group (14 persons) | 916,420 | 562,730 | 1,479,150 | 5.2 | 322,729 | 1,801,879 |

* Indicates less than 1%.

(1) Unless otherwise indicated, the individuals listed in the table have sole voting and investment power with respect to the shares owned by them, and such shares are not subject to any pledge. For our non-employee directors, the number indicated includes shares of restricted stock issued to the named individual pursuant to our 2009 Non-Employee Director Stock Incentive Plan. For our executive officers, the number of shares indicated includes shares issued to the named individual pursuant to our Amended and Restated 1987 Partnership Plan (the Legacy Partnership Plan ), our Amended and Restated 2002 Omnibus Stock Incentive Plan, our 2009 Stock Incentive Plan, our employee stock purchase plan and our 401(k) retirement plan.

(2) Includes the following shares of restricted stock issued pursuant to our 2009 Non-Employee Director Stock Incentive Plan: 4,870 for each of Messrs. Aldrich, Davis, Manning, Martineau, Marzec, Mitchell, Reynolds and Weiss, and Ms. Hays; and 43,830 shares for all executive officers and directors as a group. Includes the following shares issued to our Named Executive Officers:

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| Named Executive Officers | Shares Issued Pursuant to Legacy Partnership Plan | Shares Issued Pursuant to Amended and Restated 2002 Omnibus Stock Incentive Plan | | Shares of Restricted Stock Issued Pursuant to 2009 Stock Incentive Plan |
|---|---|---|---|---|
| | | Performance Shares | Shares of Restricted Stock | |
| Patricia A. Beithon | 10,383 | 9,625 | 6,860 | 11,020 |
| Russell Huffer | 23,286 | 32,422 | 33,079 | 43,504 |
| Gary R. Johnson | 2,887 | 3,389 | 2,102 | 3,383 |
| James S. Porter | 5,574 | 11,629 | 8,289 | 13,800 |
| Gregory A. Silvestri | | 12,165 | 8,421 | 13,800 |
| All directors and executive officers as a group (14 persons) | 42,130 | 69,230 | 58,751 | 85,507 |

All shares of restricted stock held pursuant to our 2009 Non-Employee Director Stock Incentive Plan, all shares held pursuant to our Legacy Partnership Plan, all Performance Shares and shares of restricted stock held pursuant to our Amended and Restated 2002 Omnibus Stock Incentive Plan, and all shares of restricted stock held pursuant to our 2009 Stock Incentive Plan are subject to future vesting conditions and the holders of such shares have no investment power over such shares.

(3) Includes shares underlying stock options exercisable currently or within 60 days of May 4, 2010.

(4) The amounts in this column are derived by adding the amounts in the Total Beneficial Ownership (#) and the Phantom Stock/Performance Share Units (#) columns of the table.

(5) Includes phantom stock units, each representing the value of one share of our common stock, that are attributable to accounts in our Deferred Compensation Plan for Non-Employee Directors, which is described under the heading Deferred Compensation Plan for Non-Employee Directors on page 26.

(6) Includes 1,000 shares held by Mr. Manning s wife.

(7) Mr. Martineau will retire from our Board effective as of our 2010 Annual Meeting of Shareholders.

(8) Includes performance share units awarded pursuant to our Amended and Restated 2002 Omnibus Stock Incentive Plan and 2009 Stock Incentive Plan which will only be earned if predetermined goals for a three-year performance period are met. Each performance share unit represents one share of our common stock.

(9) Includes 32,560 shares held by Mr. Huffer s wife, as to which he disclaims beneficial ownership.

(10) Includes 350 shares held by Mr. Porter s children.

## SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 (the Exchange Act ) requires our directors and executive officers and persons who own more than 10% of our securities to file initial reports of ownership of those securities on Form 3 and reports of changes in ownership on Form 4 or Form 5 with the SEC. Specific due dates for these reports have been established by the SEC, and we are required to disclose in this proxy statement any failure to timely file the required reports by these dates. Based solely on our review of the copies of these reports received by us and written representations from our directors and executive officers, we believe that our directors and executive officers complied with all Section 16(a) filing requirements for the fiscal year ended February 27, 2010, except that Mr. Huffer filed one late Form 4 with respect to a sale of shares held by him in our 401(k) retirement plan.

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## PROPOSAL 1: ELECTION OF DIRECTORS

Our Restated Articles of Incorporation provide that the Board of Directors will be divided into three classes of directors of as nearly equal size as possible. Our articles further provide that the total number of directors will be determined exclusively by our Board of Directors. The term of each class of director is three years, and the term of one class expires each year in rotation. At this year s annual meeting, the terms of our Class III directors will expire. Currently, we have ten directors and three Class III directors; however, Mr. Martineau, who currently serves as a Class III director with a term expiring at our 2010 Annual Meeting of Shareholders, will retire after 37 years of service on our Board. Our Board of Directors has determined to decrease the size of the Board to nine directors, with three directors serving in Class I, four directors serving in Class II and two directors serving in Class III. Jerome L. Davis and Richard V. Reynolds are the current Class III directors who have been nominated for re-election to the Board. The Class III directors elected at the annual meeting will serve until the 2013 Annual Meeting of Shareholders or until their successors are elected and qualified. Each of the nominees has agreed to serve as a director if elected.

We have no reason to expect that any of the nominees will fail to be a candidate at the annual meeting and, therefore, do not have in mind any substitute or substitutes for any of the nominees. If any of the nominees should be unable to serve as a director, proxies will be voted for a substitute nominee or nominees in accordance with the best judgment of the person or persons acting under the proxies.

**The Board of Directors recommends that you vote FOR the two Class III nominees for director. Unless authority for one or more of the nominees is withheld, proxies will be voted FOR the election of each of Messrs. Davis and Reynolds as Class III directors for a three-year term expiring at the 2013 Annual Meeting of Shareholders.**

The nominees for election as directors and the directors whose terms of office will continue after the annual meeting have provided information about themselves in the following section. New SEC rules require us to discuss briefly the specific experience, qualifications, attributes or skills that led the Board to conclude that each director or nominee for director should serve on our Board of Directors. This discussion is provided in a separate paragraph titled Key Attributes, Experience and Skills below the Biography paragraph in the following section. All of our directors possess the minimum qualities and skills described under Criteria for Board Membership on page 19.

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**Class III Directors Nominees for Terms Expiring in 2013**

**JEROME L. DAVIS,** age 55

**Biography** Vice President of Food & Retail for Waste Management, Inc., a provider of comprehensive waste management services in North America. Our director since 2004. Chair of our Finance and Enterprise Risk Committee and member of our Nominating and Corporate Governance Committee.

Prior to joining Waste Management, Inc. in 2010, Mr. Davis was President of Jerome L. Davis & Associates, LLC, an executive coaching and leadership development firm, from 2006 through 2009. He served as Executive Vice President and Managing Director of the Executive Leadership and High Performance Practice of TBM Consulting Group, a Lean and Six Sigma consulting firm, from 2007 to 2008. He worked for Electronic Data Systems, a business technology services company, as Global Vice President, Service Excellence from 2003 to 2005 and in various other capacities from 2001 to 2003, including Chief Client Executive Officer and President, Americas for Business Process Management. Prior to joining Electronic Data Systems, Mr. Davis worked for Maytag Corporation, a home and commercial appliance company, as President and Executive Officer of Maytag s Commercial Solutions Division from 1999 to 2001 and as Senior Vice President of Sales and Corporate Officer of Maytag s Appliances Division from 1998 to 1999. Mr. Davis also worked for Frito Lay, a global food company, from 1992 to 1998, serving as Vice President of National Accounts and Area Vice President. Prior to joining Frito Lay, Mr. Davis held various sales and marketing positions with Proctor & Gamble, a global consumer products company.

**Key Attributes, Experience and Skills** Mr. Davis brings extensive expertise and insight to our Board in the areas of marketing and sales, strategy development, international business, leadership development, succession planning, executive compensation and information technology. His role on the board of GameStop Corp. has provided him with public company board and corporate governance experience.

**Other Directorships Since 2005** Director of GameStop Corp.

**RICHARD V. REYNOLDS**, age 61

**Biography** Lieutenant General, U.S. Air Force, retired. Principal of Van Fleet Group, LLC, a privately held aeronautical consulting firm. Our director since 2006. Member of our Audit Committee and Finance and Enterprise Risk Committee.

Mr. Reynolds retired from the U.S. Air Force in 2005 after 34 years of service, having served as Vice Commander, Air Force Material Command from 2003 to 2005; Commander, Aeronautical Systems Center of U.S. Air Force Material Command from 2001 to 2003; Commander, Air Force Flight Test Center of U.S. Air Force Material Command from 1998 to 2001; Program Executive Officer, Airlift and Training of the U.S. Air Force Program Executive Office from 1996 to 1998 and various other leadership positions from 1971 to 1996. Mr. Reynolds formed Van Fleet Group, LLC in 2006. He also served as Senior Manager/Senior Business Advisor of Bearing Point, Inc., an international management and technology consulting firm, from 2006 to 2009.

**Key Attributes, Experience and Skills** Mr. Reynolds service in senior leadership positions in the U.S. Air Force provides valuable business, leadership and management experience, including expertise in government contracting and procurement, risk assessment and mitigation, supply chain and logistics management, information technology and leadership development. Mr. Reynolds also has private company and non-profit board experience.

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**Class I Directors Terms Expiring in 2011**

**ROBERT J. MARZEC**, age 65

**Biography** Retired Audit Partner of PricewaterhouseCoopers LLP, an international public accounting firm. Our director since 2005. Chair of our Audit Committee and member of our Nominating and Corporate Governance Committee.

Mr. Marzec retired from PricewaterhouseCoopers LLP in 2002 after spending 36 years in its Assurance and Business Advisory Services (financial and regulatory reporting division). He held various leadership and audit positions, including Managing Partner of the Minneapolis office of PricewaterhouseCoopers LLP from 1991 to 1998.

**Key Attributes, Experience and Skills** Mr. Marzec has extensive public accounting and auditing experience at public, private and non-profit organizations and has a strong background in financial controls and reporting, financial management, financial analysis, SEC reporting requirements, mergers and acquisitions, and international business. During his service at PricewaterhouseCoopers LLP and on boards at other public and mutual companies, Mr. Marzec gained broad knowledge of many different companies and industries, and public company board and corporate governance practices.

**Other Directorships Since 2005** Director of Medtox Scientific, Inc. Formerly a director of Health Fitness Corporation.

**STEPHEN C. MITCHELL**, age 66

**Biography** President and Chief Operating Officer of The Knight Group LLC, a firm providing services for the start-up and management of new ventures, and Vice Chairman of Knight Facilities Management, Inc., a company providing facilities management services for industrial and commercial buildings worldwide. Our director since 1996. Our Lead Director, Chair of our Nominating and Corporate Governance Committee and member of our Compensation Committee.

Mr. Mitchell has more than 35 years of leadership experience in the facilities management and commercial construction industries, serving as Vice Chair of Knight Facilities Management, Inc. since 1995 and as President and Chief Operating Officer of Lester B. Knight & Associates, a company that provided engineering, architectural and management consulting services in connection with the planning, design and construction of advanced technology research and development and manufacturing facilities and other commercial buildings, from 1975 to

2001. Mr. Mitchell has provided consulting services to new business ventures as President and Chief Operating Officer of Knight Group LLC since 2001.

**Key Attributes, Experience and Skills** Mr. Mitchell s 35 years of service in senior leadership positions at privately held companies in the facilities management and commercial construction industries provides valuable business, management and leadership experience, including expertise in strategy development, construction project management, building technology, international business, leadership development and succession planning. His role on another public company board provides him with public board and corporate governance experience.

**Other Directorships Since 2005** Director of Landauer, Inc.

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**Class I Directors    Terms Expiring in 2011**

**DAVID E. WEISS**, age 66

**Biography**    Retired Chairman, President and Chief Executive Officer of Storage Technology Corporation, a publicly-held developer, manufacturer and distributor of data storage solutions for the management, retrieval and protection of business information. Our director since 2005. Member of our Audit Committee and Compensation Committee.

Mr. Weiss has 33 years of leadership experience in the computer and information technology industry, serving as Chairman, President and Chief Executive Officer of Storage Technology Corporation from 1996 to 2000 and in other executive positions with Storage Technology Corporation from 1991 to 1996, including Chief Operating Officer, Executive Vice President, Senior Vice President for Marketing and Vice President    Global Marketing. Prior to joining Storage Technology Corporation, Mr. Weiss worked in various engineering management positions with IBM Corporation, a global computer and information technology company, from 1967 to 1991.

**Key Attributes, Experience and Skills**    As Chairman, President and Chief Executive Officer of Storage Technology Corporation, Mr. Weiss led a global public company and public company board. Through his service at Storage Technology Corporation and IBM Corporation, he gained expertise in the areas of business operations, strategy development, information technology, mergers and acquisitions, financial management, leadership development and succession planning, executive compensation, marketing, investor relations and corporate governance.

**Other Directorships Since 2005**    Formerly a director of Incentra Solutions, Inc.

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**Class II Directors Terms Expiring in 2012**

**BERNARD P. ALDRICH**, age 60

**Biography** Retired Chief Executive Officer and President of Rimage Corporation, a publicly-held designer and manufacturer of on-demand publishing and duplicating systems for CD and DVD recordable media. Our director since 1999. Chair of our Compensation Committee and member of our Nominating and Corporate Governance Committee.

Mr. Aldrich retired as President, Chief Executive Officer and a director of Rimage Corporation in 2009 after 12 years of service in those capacities. Prior to joining Rimage Corporation in 1997, he served as President of several manufacturing companies controlled by Activar, Inc., an industrial plastics and construction supply company, from 1995 to 1996. Mr. Aldrich served as President of Colwell Industries, a company that designs, manufactures and distributes color merchandising tools, from 1992 to 1994 and as Chief Financial Officer of Advance Machine Co., a manufacturer and supplier of equipment for the commercial floor care industry, from 1973 to 1991.

**Key Attributes, Experience and Skills** Mr. Aldrich has 13 years of public company operational experience, eight years of private company operational experience and 18 years of private company financial management experience. In addition to leading companies, he has a background and expertise in manufacturing operations, financial management, global markets, executive compensation, leadership development and corporate governance. Mr. Aldrich also has recent experience leading a public company board.

**Other Directorships Since 2005** Formerly a director of Rimage Corporation.

**SARA L. HAYS**, age 45

**Biography** Managing Director, Operations and General Counsel and member of the Executive Committee of Wrightwood Capital LLC, a real estate finance and investment company. Our director since 2005. Member of our Audit Committee and Finance and Enterprise Risk Committee.

Prior to joining Wrightwood Capital LLC in 2005, Ms. Hays served as Senior Vice President and General Counsel from 2001 to 2005 and as Vice President and General Counsel from 2000 to 2001 of Hyatt Hotels Corporation, a worldwide hotel and timeshare company. She served as General Counsel from 1997 to 2000 and as Development Counsel from 1994 to 1997 for Hyatt Development Corporation, a worldwide hotel and timeshare property development company. Ms. Hays was in private practice with the law firm of Coffield Ungaretti & Harris from 1989 to 1994.

**Key Attributes, Experience and Skills** Ms. Hays is an attorney and has served as general counsel to corporations for 13 years managing legal, regulatory and other business risks. She is very familiar with a broad range of legal, regulatory, compliance and other corporate governance issues. Ms. Hays has 16 years of experience in the commercial building development and financing industry and commercial construction industry. In addition, she has significant mergers and acquisitions experience. Ms. Hays also has private company and non-profit board experience.

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**Class II Directors Terms Expiring in 2012**

**RUSSELL HUFFER**, age 60

**Biography** Chairman and Chief Executive Officer of Apogee. Our director since 1998.

Since joining Apogee in 1986, Mr. Huffer has held various leadership positions. He became our Chief Executive Officer and President in 1998 and our Chairman in 1999. He served as President of our Glass Technologies segment from 1996 to 1998 and as Vice President and General Manager of Viracon, Inc., our largest subsidiary, from 1986 to 1996. Prior to joining Apogee, he held various management and operational positions at Guardian Industries Corp., a global manufacturer of float glass, fabricated glass, fiberglass insulation and other building materials, from 1980 to 1986 and Ford Motor Company, a global manufacturer of automotive vehicles, from 1978 to 1980.

**Key Attributes, Experience and Skills** As our Chairman and Chief Executive Officer for more than 10 years and with 30 years experience in the glass industry, Mr. Huffer brings a deep knowledge of Apogee, our business units and operations, and the glass industry to our Board. He also presents management s views and perspectives. In addition, his role on the board of Hutchinson Technology Incorporated has provided him with other public company board experience.

**Other Directorships Since 2005** Director of Hutchinson Technology Incorporated.

**JOHN T. MANNING**, age 61

**Biography** Retired Vice Chairman and Audit Partner of BDO Seidman LLP, the U.S. member firm of the BDO International network, an international public accounting firm. Our director since 2005. Member of our Audit Committee and Compensation Committee.

Mr. Manning retired from BDO Seidman LLP in 2000 after 27 years of service. During his tenure with BDO Seidman LLP (and its affiliate, BDO International), he worked in various management positions for 12 years, including Vice Chairman from 1995 to 1999, Managing Partner of the Richmond, Virginia office from 1990 to 1991, and various management positions in the international headquarters in Brussels, Belgium from 1992 to 1995. Prior to moving into management with BDO Seidman LLP, Mr. Manning spent 15 years providing auditing services to BDO Seidman s clients.

**Key Attributes, Experience and Skills** Mr. Manning has extensive public accounting, auditing and management experience. During his tenure at BDO Seidman LLP, he gained broad knowledge of many different industries, including a specialty in the commercial construction industry, and experience working with public, private and not-for-profit boards. Mr. Manning has a background and expertise in financial management, strategic planning, information technology, leadership development, risk assessment and mitigation, human resources, and international operations. Mr. Manning also has experience serving on public and private company boards.

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## CORPORATE GOVERNANCE

Our Board of Directors and management are dedicated to maintaining exemplary corporate governance, the highest standard of ethical conduct, and full compliance with the laws, rules and regulations that govern our businesses.

### Corporate Governance Web Site

Information relative to our corporate governance is available on our web site at www.apog.com by clicking on Governance. This information includes:

- Board of Directors Background, Experience and Independence
- Board Committees Current Members and Committee Charters
- How to Communicate with Directors
- Management Background and Experience
- Our Code of Business Ethics and Conduct
- Our Corporate Governance Guidelines
- Our Amended and Restated Bylaws
- Our Restated Articles of Incorporation

We will provide copies of any of the foregoing information without charge upon written request to Corporate Secretary, Apogee Enterprises, Inc., 7900 Xerxes Avenue South, Suite 1800, Minneapolis, Minnesota 55431-1159.

### Code of Business Ethics and Conduct and Hotline

Our Board has adopted our Code of Business Ethics and Conduct, which is a statement of our high standards for ethical behavior and legal compliance. The Code governs the manner in which we conduct business. All of our employees, including our executive officers, and all members of our Board of Directors are required to comply with the Code. A copy of our Code of Business Ethics and Conduct is available on our web site at www.apog.com by clicking on Governance, then Code of Conduct, then Code of Conduct English.

All employees are required to promptly report all known or suspected violations of our Code of Business Ethics and Conduct and applicable laws, including, without limitation, concerns about accounting, internal controls or auditing matters. We provide a Code of Business Ethics and Conduct Hotline that is available 24 hours a day, seven days a week by web link and telephone with live operators who can connect to translators in multiple languages. Individuals can make reports anonymously. The Hotline is managed by an outside vendor who is not affiliated with us. We prohibit retaliation action against any employee who in good faith reports a known or suspected violation of our Code of Business Ethics and Conduct or applicable laws and regulations, including concerns about accounting, internal controls or auditing matters.

### Corporate Governance Guidelines

Our Corporate Governance Guidelines embody many of our long-standing practices, policies and procedures, which are the foundation of our commitment to best practices in corporate governance. Our Corporate Governance Guidelines outline the role, composition, qualifications, operation and other policies applicable to our Board. Our Corporate Governance Guidelines provide the framework within which directors and management can effectively pursue our objectives for the benefit of our shareholders. Our Guidelines are reviewed at least annually and revised as necessary to continue to reflect best corporate governance practices. The full text of our Guidelines, as last amended by our Board in April 2010, may be found on our web site at www.apog.com by clicking on Governance, then Corporate Governance Guidelines.

**Board Independence**

Under our Corporate Governance Guidelines, a substantial majority of the directors on our Board, and all members of our Audit Committee, Compensation Committee, and Nominating and Corporate Governance Committee must be independent. Each year, in accordance with NASDAQ rules, our Board affirmatively determines the independence of each director and nominee for election as a director in accordance with guidelines it has adopted, which include all elements of independence set forth in the NASDAQ listing standards.

With the assistance of legal counsel to the Company, our Nominating and Corporate Governance Committee reviewed the applicable legal standards for Board member and Board committee member independence. In making its independence recommendation, our Nominating and Corporate Governance Committee reviewed a summary of the answers to annual questionnaires completed by each Board member regarding employment, business, familial, compensation and other relationships with Apogee and our management. On the basis of this review, our Nominating and Corporate Governance Committee reported on its review to our Board of Directors. After reviewing the information presented to it, the Board made its independence determination based upon our Nominating and Corporate Governance Committee s review and recommendation and the related supporting information.

Based on this review, our Board of Directors has determined that the following non-employee directors are independent and have no material relationship with us except serving as a director or shareholder: Bernard P. Aldrich, Jerome L. Davis, Sara L. Hays, John T. Manning, Robert J. Marzec, Stephen C. Mitchell, Richard V. Reynolds and David E. Weiss. Our Board of Directors has determined that Russell Huffer and James L. Martineau are not independent because Mr. Huffer serves as our Chairman, President and Chief Executive Officer and Mr. Martineau, who will retire from our Board effective as of our 2010 Annual Meeting of Shareholders, served as our Executive Vice President until 1998 and as a consultant to us until fiscal 2002, and his daughter-in-law is employed by one of our subsidiaries in a sales capacity as described under the heading Certain Relationship and Transaction with Director on page 58.

**Board Leadership Structure**

Our Corporate Governance Guidelines provide that our Board has discretion to combine or separate the offices of Chairman of the Board and Chief Executive Officer. Our Board makes this determination considering what it believes is in the best interests of the Company and its shareholders in light of the circumstances existing at that time, recognizing that circumstances can change. Currently, Mr. Huffer serves as both Chairman of the Board and Chief Executive Officer. Since the position of Chairman of the Board is not held by an independent director, our Company has appointed a Lead Director since 2006. Currently, Mr. Mitchell, Chair of our Nominating and Corporate Governance Committee, serves as our Lead Director.

At this time, the Board believes there are a number of important advantages to Mr. Huffer s service as both Chairman of the Board and Chief Executive Officer. Mr. Huffer is the director most familiar with our business and industry and best suited to lead discussions on our strategy, day-to-day operations and other matters affecting our business. Combining the positions of Chairman of the Board and Chief Executive Officer establishes a single point of leadership and authority for our Board and management, creates a firm link between management and our Board, and facilitates efficient preparation for Board meetings.

The role of Lead Director is an important part of the leadership structure of our Board and Company. The duties of Lead Director include presiding at all meetings of our Board at which our Chairman is not present, including executive sessions of our non-employee directors and independent directors; serving as a liaison between our Chairman and our non-employee directors; working with management to develop and approve agendas for meetings of our Board; approving meeting schedules to assure that there is sufficient time for discussion of all agenda items; establishing guidelines for management on the quality, quantity and timeliness of information sent to our Board; calling meetings of our non-employee directors; recommending to our Chairman the retention of outside advisors and consultants who report directly to our Board on board-wide issues; and, if requested by shareholders, ensuring that he or she is available for consultation and direct communication. Since our Lead Director may call for an executive session of our non-employee directors at any time and has joint control over the Board agendas, our Board believes having a non-independent chairperson does not limit its ability to have open exchanges of views and to address any issues the Board chooses, independently of our Chairman. In addition, much of the work of our Board is conducted through its Committees, all of which are chaired by independent directors.

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**Executive Sessions of the Board**

During each regular Board meeting, our non-employee directors meet in executive session without our Chairman and Chief Executive Officer or any other member of management being present. Our Lead Director presides at such sessions. Our Lead Director may call for an executive session of non-employee directors or independent directors at any time. In addition, at least twice annually, our non-employee directors who meet the independence requirements of the NASDAQ listing standards meet in executive session without any director who does not meet such independence requirements or any member of management being present. During fiscal 2010, our non-employee directors met in executive session five times, and our non-employee directors who meet the independence requirements of the NASDAQ listing standards met in executive session four times.

**Outside Advisors**

Our Board of Directors and each of its committees may retain outside advisors and consultants of their choosing at our expense. Our Board does not need to obtain management s consent to retain outside advisors.

**Board Effectiveness**

Our Board of Directors performs an annual self-assessment, led by the Chair of our Nominating and Corporate Governance Committee, to evaluate its effectiveness in fulfilling its obligations. Our Nominating and Corporate Governance Committee annually conducts individual performance reviews of our directors whose terms are expiring at that year s annual meeting of shareholders.

**Stock Ownership Guidelines for Non-Employee Directors**

Our Board of Directors believes that non-employee directors should have a significant equity interest in Apogee and established voluntary stock ownership guidelines for directors in 2002. The guidelines encourage share ownership by our directors in an amount having a market value of three times the annual Board retainer (currently $120,000) to be achieved within five years of first being elected as a director. In calculating share ownership of our non-employee directors, we include shares of restricted stock issued pursuant to our 2009 Non-Employee Director Stock Incentive Plan and phantom stock units under our Deferred Compensation Plan for Non-Employee Directors, but do not include unexercised stock options. As of February 26, 2010, the last trading day of fiscal 2010, all our directors met our stock ownership guidelines.

**Policy Regarding Service on Other Boards**

Our Board of Directors has established a policy that restricts our directors from serving on the boards of directors of more than four other publicly-held corporations unless approved by a majority of the directors of our Board.

**Policy Regarding Attendance at Annual Meetings**

Our Board of Directors does not have a formal policy regarding attendance at annual meetings of shareholders; however, our Board members are expected, but not required, to attend such meetings. Last year all of our directors attended our annual meeting of shareholders.

**Retirement Policy**

Our Board of Directors has established a policy that, unless otherwise approved by a majority of our directors, no individual may be nominated to serve as a director if the term of service would expire more than one year after such individual s 70th birthday.

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**Procedures for Shareholder Recommendations or Nominations of Director Candidates**

A shareholder who wishes to recommend a director candidate to our Board for nomination by our Board at our annual meeting or for vacancies of our Board that arise between meetings must provide the Nominating and Corporate Governance Committee with sufficient written documentation to permit a determination by our Board as to whether such candidate meets the required and desired director selection criteria set forth in our Corporate Governance Guidelines and the factors discussed below under the heading Criteria for Board Membership . Such documentation and the name of the director candidate must be sent by U.S. mail to our Corporate Secretary at the address indicated on the Notice of Annual Meeting of Shareholders. Our Corporate Secretary will send properly submitted shareholder recommendations to the Chair of our Nominating and Corporate Governance Committee for consideration at a future committee meeting.

Alternatively, shareholders may directly nominate a person for election to our Board of Directors by complying with the procedures set forth in our Amended and Restated Bylaws and the rules and regulations of the SEC. Shareholders may request a copy of our Amended and Restated Bylaws by contacting our Corporate Secretary at the address indicated on the Notice of Annual Meeting of Shareholders. Any shareholder nominations of director candidates for the 2011 election of directors should be submitted to our Corporate Secretary at the address indicated on the Notice of Annual Meeting of Shareholders no later than February 23, 2011.

**Criteria for Board Membership**

It is the responsibility of our Nominating and Corporate Governance Committee to develop qualification criteria for Board members, evaluate potential candidates and to recommend to the full Board nominees for election as directors. Our Nominating and Corporate Governance Committee determines the required selection criteria and qualifications of director nominees based upon our needs at the time nominees are considered. Our Corporate Governance Guidelines outline our director qualification standards. Director candidates should possess the highest personal and professional ethics, integrity and values, and be committed to representing the long-term interests of our stakeholders. Candidates must also have an inquisitive and objective perspective, practical wisdom and mature judgment, and be willing and able to challenge management in a constructive manner. We endeavor to have our Board represent diverse skills and experience at policy-making levels in aspects of business relevant to our activities. Our Board strives for Board membership that is diverse in gender, ethnicity, age and geographic location. In addition, director candidates must be willing to devote sufficient time to carrying out their duties and responsibilities effectively, and should be committed to serving on our Board for an extended period of time.

Our Nominating and Corporate Governance Committee considers recommendations of director candidates made by current directors, an independent search firm, if one is engaged, senior management and our shareholders. Director candidates recommended by shareholders in compliance with the procedures described above under the heading Procedures for Shareholder Recommendations or Nominations of Director Candidates and who meet the criteria outlined above will be evaluated by our Nominating and Corporate Governance Committee in the same manner as nominees proposed by other sources. We did not receive any recommendations from shareholders of director candidates for election at our 2010 Annual Meeting of Shareholders.

Our Nominating and Corporate Governance Committee s procedure for reviewing the qualifications of all nominees for Board membership include making a preliminary assessment of each proposed nominee, based upon his or her resume and biographical information, his or her willingness to serve, and other background information, business experience and leadership skills, all to the extent available and deemed relevant by our Nominating and Corporate Governance Committee. All director candidates who continue in the process are then interviewed by members of our Nominating and Corporate Governance Committee and a majority of our other current directors. Our Nominating and Corporate Governance Committee makes recommendations to our Board for inclusion in the slate of director nominees at an annual or special meeting of shareholders, or for appointment by our Board to fill a vacancy. Prior to recommending a director to stand for re-election for another term, our Nominating and Corporate Governance Committee applies its director candidate selection criteria, including a director s past contributions to our Board, effectiveness as a director and desire to continue to serve as a director. In addition, our Nominating and Corporate Governance Committee conducts an individual director performance evaluation of each director whose term is expiring at that year s annual meeting of shareholders and who has expressed an interest in standing for re-election. Our Board, Board committee and individual director evaluation processes established by our Nominating and Corporate Governance Committee are an important determinant for Board tenure.

**Board Meetings**

Our business, property and affairs are managed under the direction of our Board of Directors. Members of our Board are kept informed of our business through discussions with our Chairman and Chief Executive Officer, Chief Financial Officer and other executive officers, by reviewing materials provided to them by management, by visiting our offices, manufacturing facilities and project job sites, and by participating in meetings of our Board and Board committees.

During fiscal 2010, our Board of Directors met eight times. Each director attended more than 75% of the regularly scheduled and special meetings of our Board and Board committees on which he or she served during fiscal 2010.

**Board Committees**

We have four standing Board committees: Audit, Compensation, Finance and Enterprise Risk, and Nominating and Corporate Governance.

The table below identifies the members of each Board committee and the number of meetings and executive sessions held during fiscal 2010. Except as noted, each committee member has served on the indicated committee throughout fiscal 2010 and will continue to serve on the indicated committee through the 2010 Annual Meeting of Shareholders.

| Name | Audit Committee | Compensation Committee | Finance and Enterprise Risk Committee | Nominating and Corporate Governance Committee |
|---|---|---|---|---|
| Bernard P. Aldrich | | C | | M |
| Jerome L. Davis | | | C | M |
| Sara L. Hays | M | | M | |
| Russell Huffer | | | | |
| John T. Manning | M | M[1] | [2] | |
| James L. Martineau[3] | | | M | |
| Robert J. Marzec | C | | | M |
| Stephen C. Mitchell | | M | | C |
| Richard V. Reynolds | M | | M | |
| David E. Weiss | M[4] | M | | [5] |
| **Fiscal 2010 Meetings** | 9 | 6 | 4 | 4 |
| **Fiscal 2010 Executive Sessions** | 4 | 5 | 4 | 3 |

C = Committee Chair M = Committee Member

(1) Mr. Manning has served as a member of our Compensation Committee since our 2009 Annual Meeting of Shareholders.
(2) Mr. Manning served as a member of our Finance and Enterprise Risk Committee until our 2009 Annual Meeting of Shareholders.
(3) Mr. Martineau will retire from our Board effective as of our 2010 Annual Meeting of Shareholders.
(4) Mr. Weiss has served as a member of our Audit Committee since our 2009 Annual Meeting of Shareholders.
(5) Mr. Weiss served as a member of our Nominating and Corporate Governance Committee until our 2009 Annual Meeting of Shareholders.

***Audit Committee***

Our Audit Committee oversees our financial reporting process (including our system of financial controls, internal audit procedures and independent registered public accounting firm); oversees our program to ensure compliance with legal and regulatory requirements and ethical business practices; and assesses and establishes policies and procedures to manage our financial reporting and internal control risk. It is directly responsible for the appointment, compensation, retention and oversight of the work of our independent registered public accounting firm and evaluates the firm s qualifications, performance and independence. Our Audit Committee has established policies and procedures for the pre-approval of all services provided by our independent registered public accounting firm. It also oversees our internal audit function and has established procedures for the receipt, retention and treatment of complaints regarding accounting, internal controls and auditing matters.

Our Audit Committee is governed by a Board-approved charter, which was last amended in April 2010. A copy of the Audit Committee charter, as amended, may be found on our web site at www.apog.com by clicking on Governance, then Committee Composition/Charters and then Audit Committee.

Our Board of Directors has determined that each member of our Audit Committee meets the independence and experience requirements of the NASDAQ listing standards and the SEC. Our Board of Directors has identified John T. Manning and Robert J. Marzec to be audit committee financial experts under the rules of the SEC.

***Compensation Committee***

Our Compensation Committee is responsible for establishing our executive compensation philosophy and compensation programs that comply with this philosophy; determining the compensation of our executive officers and other members of senior management; administering our stock incentive plans in which our employees participate; administering our annual cash incentive plans for executive officers and other members of senior management; and administering our deferred compensation plans for our executive officers and other members of senior management. It administers our 2009 Stock Incentive Plan, Amended and Restated 2002 Omnibus Stock Incentive Plan, Amended and Restated 1997 Omnibus Stock Incentive Plan, Legacy Partnership Plan, Executive Management Incentive Plan, Officers Supplemental Executive Retirement Plan ( Legacy SERP ) and Deferred Incentive Compensation Plan. Our Compensation Committee regularly reviews its decisions on compensation for our Chief Executive Officer with the full Board prior to communicating those decisions to our Chief Executive Officer.

Our Compensation Committee is governed by a Board-approved charter, which was last amended in April 2010. A copy of the Compensation Committee charter may be found on our web site at www.apog.com by clicking on Governance, then Committee Composition/Charters and then Compensation Committee.

Our Board of Directors has determined that each member of our Compensation Committee is independent, as defined by the NASDAQ rules. In addition, each Compensation Committee member is a non-employee director, as defined in the Exchange Act, and is an outside director as defined in Section 162(m) of the Internal Revenue Code.

***Finance and Enterprise Risk Committee***

Our Finance and Enterprise Risk Committee is responsible for overseeing our financial strategy, long-range financial objectives, financial condition, company-wide information technology strategy and enterprise risk management processes. It makes recommendations to our Board of Directors with respect to our financial policies and standards, new or amended credit facilities and other forms of indebtedness for borrowed money, appropriate debt limits, financing arrangements, share repurchase programs, stock splits, quarterly dividend declarations and issuances of equity and debt securities for the purpose of raising capital. It also oversees our compliance with financial covenants contained in our credit facility and other long-term debt, reviews our annual capital budget, and oversees our process for evaluating and approving capital expenditure projects. Our Finance and Enterprise Risk Committee provides oversight for our overall enterprise risk management function, including our operational, financial, business, information technology, overall enterprise risk and risk related insurance programs. In addition, our Finance and Enterprise Risk Committee oversees the selection, implementation and financing of material company-wide information technology systems.

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Our Finance and Enterprise Risk Committee is governed by a Board-approved charter, which was last amended in April 2010. A copy of the Finance and Enterprise Risk Committee charter may be found on our web site at www.apog.com by clicking on Governance, then Committee Composition/Charters and then Finance and Enterprise Risk Committee.

***Nominating and Corporate Governance Committee***

Our Nominating and Corporate Governance Committee periodically assesses our compliance with our Corporate Governance Guidelines; reviews our organizational structure and succession plans; makes recommendations to our Board regarding the composition and responsibilities of our Board committees; determines the compensation for directors; administers our 2009 Non-Employee Director Stock Incentive Plan and Deferred Compensation Plan for Non-Employee Directors; annually conducts a review of the performance of our Board committees and Board as a whole; and annually conducts a performance review of our directors whose terms are expiring at that year s annual meeting of shareholders and who have expressed an interest in standing for re-election. It also annually conducts a review of the performance of our Chief Executive Officer, which includes soliciting assessments from all non-employee directors, and reviews the results of such performance review with members of our Compensation Committee and our entire Board. In addition, our Nominating and Corporate Governance Committee recommends new director nominees to our Board and considers qualified nominees recommended by shareholders. It determines the required selection criteria and qualifications of director nominees based upon our needs at the time nominees are considered. Our Nominating and Corporate Governance Committee is also responsible for establishing and implementing procedures to identify and review the qualifications of all nominees for Board membership, including nominees recommended by our shareholders.

Our Nominating and Corporate Governance Committee is governed by a Board-approved charter, which was last amended in April 2010. A copy of the Nominating and Corporate Governance Committee charter may be found on our web site at www.apog.com by clicking on Governance, then Committee Composition/Charters and then Nominating and Corporate Governance Committee.

Our Board of Directors has determined that each member of our Nominating and Corporate Governance Committee is independent, as defined by the NASDAQ rules.

**Risk Oversight by the Board of Directors**

Our Board executes its overall responsibility for risk management directly and through its Committees, as follows:

Our Audit Committee has primary responsibility for risks relating to the reliability of our financial reporting processes, system of internal controls and compliance program. Our Audit Committee receives quarterly reports from management, our independent registered public accounting firm and internal audit partner regarding our financial reporting processes, internal controls and public filings. Our Audit Committee also receives quarterly updates from our General Counsel regarding Code of Business Ethics and Conduct issues and reports on litigation, legal claims and other legal compliance concerns.

Our Compensation Committee, with assistance from its independent compensation consultant, oversees risks associated with its areas of responsibility, including the risks associated with our compensation programs, policies and practices with respect to both executive compensation and compensation generally.

Our Finance and Enterprise Risk Committee has primary responsibility for overseeing our enterprise risk management processes, focusing on our operational, financial, business, information technology and overall enterprise risk and risk-related insurance programs. Our Finance and Enterprise Risk Committee s meeting agendas include discussions of risk areas and our risk mitigation and control practices throughout the year.

Our Nominating and Corporate Governance Committee oversees risks associated with its areas of responsibility, including the risks associated with succession planning, non-employee director compensation and corporate governance practices.

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Our Board is kept abreast of the risk oversight efforts by our Committees through reports to our full Board by our Committee Chairs presented at each quarterly meeting of our Board. Our Board considers specific risk topics, including risks associated with our strategic plan, mergers and acquisitions, and market risks. In addition, as part of our annual strategic review of each of our business units, our Board discusses the risks and exposures of each business unit.

We believe that our Board leadership structure, as described under the heading Board Leadership Structure on page 17, supports the risk oversight function of our Board. While the offices of Chairman of the Board and Chief Executive Officer are currently combined, strong independent directors chair our Committees involved with risk oversight, there is open communication between management and our directors, and all of our directors are actively involved in the risk oversight function.

**Compensation Risk Analysis**

In February 2010, our Compensation Committee, with the assistance of its independent compensation consultant, established processes for assessing risk in our compensation plans, practices and policies and applied these processes to all fiscal 2010 and proposed fiscal 2011 material incentive compensation plans. In performing this risk assessment, our Compensation Committee considered the mix of fixed and variable compensation, the mix of short-term and long-term incentive compensation, the extent to which performance metrics are directly reflected in our audited financial statements or other objective reports, the relative weighting of the performance metrics, and the likelihood that achievement of performance metrics could have a material impact on our financial performance in succeeding fiscal periods. In addition, our Compensation Committee considered various compensation risk control mitigation features in our compensation plans, including balanced financial performance metrics, multiple financial performance metrics for our annual cash incentive and long-term equity incentive plans, different financial performance metrics for our annual cash incentive and long-term equity incentive plans, appropriate maximum caps on our annual cash incentive and long-term incentive plans, and management stock ownership guidelines. Our Compensation Committee will annually assess the risk of our compensation programs, policies and practices.

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## NON-EMPLOYEE DIRECTOR COMPENSATION

**Non-Employee Director Compensation Arrangements During Fiscal 2010 and 2011**

Our Nominating and Corporate Governance Committee is responsible for establishing compensation for our Board members. We target compensation for service on our Board and Board committees generally at the median for board services at companies in our peer group of companies, using the same peer group used for executive compensation purposes and described under the heading Competitive Market Defined on page 30. Generally, our Nominating and Corporate Governance Committee reviews and discusses the compensation data and analysis provided by the independent compensation consultant retained to advise it on matters related to compensation for our Board members. Our Chairman and Chief Executive Officer participates in the discussions on compensation for our Board members and makes recommendations. Our Nominating and Corporate Governance Committee generally makes its own recommendations to our Board regarding Board and Board committee compensation, and our Board approves Board and Board committee compensation, based on the recommendations of our Nominating and Corporate Governance Committee. Directors who are our employees receive no additional compensation for serving on our Board.

The following table describes the compensation arrangements with our non-employee directors for fiscal 2010 and 2011.

| Compensation | Fiscal 2010 | Fiscal 2011 |
|---|---|---|
| Annual Cash Retainers(1) | | |
| Board Member | $40,000 | 40,000 |
| Lead Director | 12,000 | 12,000 |
| Audit Committee Chair | 30,000 | 30,000 |
| Audit Committee Member | 15,000 | 15,000 |
| Compensation Committee Chair | 20,000 | 20,000 |
| Compensation Committee Member | 10,000 | 10,000 |
| Nominating and Corporate Governance Committee Chair | 10,000 | 10,000 |
| Nominating and Corporate Governance Committee Member | 5,000 | 5,000 |
| Finance and Enterprise Risk Committee Chair | 20,000 | 20,000 |
| Finance and Enterprise Risk Committee Member | 10,000 | 10,000 |
| Deferred Compensation Plan for Non-Employee Directors | 10% match until December 31, 2009; 0% thereafter. | No match. |
| Charitable Matching Grant Program for Non- Employee Directors | $2,000 maximum aggregate annual match. | $2,000 maximum aggregate annual match. |
| Group Medical and Dental Insurance Plan | Participation on the same terms as employees through December 31, 2009; no participation thereafter. | No participation. |
| Equity Grant | An annual three-year time-based restricted stock award. | An annual three-year time-based restricted stock award. |

(1) We reimburse directors for travel and lodging expenses incurred in connection with our Board and Board committee meetings, meetings of our shareholders and traveling to visit our operations.

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**Fiscal 2010 Non-Employee Director Compensation Table**

The following table shows the compensation paid to our non-employee directors for fiscal 2010.

| Name | Fees Earned or Paid in Cash ($)[(1)] | Stock Awards ($)[(2)] | All Other Compensation ($)[(3)] | Total ($) |
|---|---|---|---|---|
| Bernard P. Aldrich | 65,000 | 63,505 | 20,377 | 148,882 |
| Jerome L. Davis | 65,000 | 63,505 | 9,529 | 138,034 |
| Sara L. Hays | 65,000 | 63,505 | 14,659 | 143,164 |
| John T. Manning | 65,000 | 63,505 | 5,581 | 134,086 |
| James L. Martineau | 50,000 | 63,505 | 3,191 | 116,696 |
| Robert J. Marzec | 75,000 | 63,505 | 8,413 | 146,918 |
| Stephen C. Mitchell | 72,000 | 63,505 | 3,191 | 138,696 |
| Richard V. Reynolds | 65,000 | 63,505 | 11,819 | 140,324 |
| David E. Weiss | 61,667 | 63,505 | 3,191 | 128,363 |

(1) Includes cash retainers deferred by non-employee directors under our Deferred Compensation Plan for Non-Employee Directors, as further described under the heading Deferred Compensation Plan for Non-Employee Directors on page 26. The table below sets forth the amount of cash retainers deferred by our non-employee directors under our Deferred Compensation Plan for Non-Employee Directors with respect to fiscal 2010.

| Name | Deferred Compensation Plan for Non-Employee Directors ($) |
|---|---|
| Bernard P. Aldrich | 65,000 |
| Jerome L. Davis | 16,250 |
| Sara L. Hays | 65,000 |
| John T. Manning | 16,250 |
| James L. Martineau | |
| Robert J. Marzec | 18,750 |
| Stephen C. Mitchell | |
| Richard V. Reynolds | 48,750 |
| David E. Weiss | |

(2) The amounts in this column are calculated based on the fair market value of our common stock on the date the award was made in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718 ( FASB ASC Topic 718 ). Each non-employee director received a time-based restricted stock award of 4,870 shares on June 24, 2009. The table below sets forth, as of February 27, 2010, the end of fiscal 2010, certain information with respect to shares of restricted stock and options to purchase shares of our common stock held by our non-employee directors. All such stock options were fully exercisable as of such date.

| | Shares of Restricted Stock | | Stock Options | |
|---|---|---|---|---|
| Name | Aggregate Number of Shares of Restricted Stock (#) | Total Number of Restricted Stock Awards (#) | Aggregate Number of Stock Options (#) | Total Number of Stock Option Awards (#) |
| Bernard P. Aldrich | 4,870 | 1 | 46,867 | 6 |
| Jerome L. Davis | 4,870 | 1 | 38,632 | 5 |
| Sara L. Hays | 4,870 | 1 | 31,025 | 4 |

| | | | | |
|---|---|---|---|---|
| John T. Manning | 4,870 | 1 | 35,383 | 5 |
| James L. Martineau | 4,870 | 1 | 59,441 | 8 |
| Robert J. Marzec | 4,870 | 1 | 35,383 | 5 |
| Stephen C. Mitchell | 4,870 | 1 | 16,072 | 2 |
| Richard V. Reynolds | 4,870 | 1 | 25,383 | 3 |
| David E. Weiss | 4,870 | 1 | 35,383 | 5 |

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(3) This column includes the 10% matching contributions and dividend equivalents paid on phantom stock units pursuant to our Deferred Compensation Plan for Non-Employee Directors, dividends paid on shares of restricted stock issued pursuant to our 2009 Non-Employee Director Stock Incentive Plan, matching contributions pursuant to our Charitable Matching Contributions Program for Non-Employee Directors, and the Company s portion of premiums under our group medical and dental insurance plans. The table below sets forth the amounts contributed or paid by the Company for our non-employee directors pursuant to such plans with respect to fiscal 2010.

| Name | 10% Matching Contribution under our Deferred Compensation Plan for Non-Employee Directors ($) | Dividend Equivalents Paid on Phantom Stock Units Held in our Deferred Compensation Plan for Non-Employee Directors ($) | Dividends Paid on Shares of Restricted Stock Issued Pursuant to our 2009 Non-Employee Director Stock Incentive Plan ($) | Matching Contribution under our Charitable Matching Contribution Program for Non-Employee Directors ($) | Company Portion of Group Medical and Dental Premiums ($) | Total All Other Compensation ($) |
|---|---|---|---|---|---|---|
| Bernard P. Aldrich | 6,500 | 10,686 | 1,191 | 2,000 | | 20,377 |
| Jerome L. Davis | 1,625 | 4,713 | 1,191 | 2,000 | | 9,529 |
| Sara L. Hays | 6,500 | 4,968 | 1,191 | 2,000 | | 14,659 |
| John T. Manning | 1,625 | 1,265 | 1,191 | 1,500 | | 5,581 |
| James L. Martineau | | | 1,191 | 2,000 | | 3,191 |
| Robert J. Marzec | 1,875 | 2,811 | 1,191 | 2,000 | 536 | 8,413 |
| Stephen C. Mitchell | | | 1,191 | 2,000 | | 3,191 |
| Richard V. Reynolds | 4,875 | 3,217 | 1,191 | 2,000 | 536 | 11,819 |
| David E. Weiss | | | 1,191 | 2,000 | | 3,191 |

***Restricted Stock Awards***

Restricted stock awards to non-employee directors are issued pursuant to our shareholder-approved 2009 Non-Employee Director Stock Incentive Plan. Each non-employee director receives a time-based restricted stock award on the date he or she is first elected to our Board and annually on the date of our annual meeting of shareholders if his or her term continues after such meeting. The number of shares of restricted stock subject to the award is determined by our Board of Directors, after recommendation by our Nominating and Corporate Governance Committee and consideration of various factors, including our performance, market data and trends, performance by our Board as a whole and the equity-based compensation received by non-employee directors approximating the 50th percentile of our peer group of companies. Each restricted stock award vests on the third anniversary of the date of the award.

***Deferred Compensation Plan for Non-Employee Directors***

Our non-employee directors may elect to participate in our Deferred Compensation Plan for Non-Employee Directors. This plan was adopted by our Board of Directors in October 1998 and approved at our 1999 Annual Meeting of Shareholders to encourage our non-employee directors to continue to make contributions to the growth and profits of Apogee and to increase their ownership of shares of our common stock, thereby aligning their interests in the long-term success of Apogee with that of our other shareholders. Under the plan, participants may defer a portion of their annual retainer and meeting fees into deferred stock accounts. We matched 10% of amounts deferred on or before December 31, 2009. The plan was amended to eliminate the 10% Company match on amounts deferred by our non-employee directors under such plan after December 31, 2009. Each participating director receives a credit of shares of our common stock in an amount equal to the amount deferred divided by the fair market value of one share as of the crediting date. These accounts also are credited, as of the crediting date, with an amount equal to the dividend paid on one share of our common stock multiplied by the number of shares credited to each account. Participating directors may elect to receive the amounts credited to their accounts at a fixed date, at age 70 or following death or retirement from our Board of Directors. The amounts will be paid out in the form of shares of our common stock (plus cash in lieu of fractional shares) either in a lump sum or in installments, at the participating director s election. This plan is an unfunded, book-entry, phantom stock unit plan, as no trust or other vehicle has been established to hold any shares of our common stock. During fiscal 2010, Messrs. Aldrich, Davis, Manning, Marzec and Reynolds and Ms. Hays participated in this plan.

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***Charitable Matching Contributions Program for Non-Employee Directors***

Under our Charitable Matching Contribution Program for Non-Employee Directors, we match cash or publicly-traded stock contributions made by our non-employee directors to cultural, educational, social, medical or health-related charitable organizations that are exempt from federal income tax and qualify as a charity to which individuals can make a tax-deductible contribution. The maximum aggregate amount that we will match under the program is $2,000 per eligible non-employee director per calendar year.

***Group Medical and Dental Insurance Plan***

From October 2004 through December 2009, our non-employee directors could elect to participate in our group welfare plan, which provides medical and dental insurance coverage to our employees. Non-employee directors could obtain single or family medical and dental insurance coverage on the same terms as our employees. Our non-employee directors paid the employee s portion of the insurance premium, and we paid the employer portion of the insurance premium. Our Board discontinued the participation of our non-employee directors in our group medical and dental insurance plans, effective as of January 1, 2010. During fiscal 2010, none of our non-employee directors participated in our group medical insurance plan; and only Messrs. Marzec and Reynolds participated in our group dental insurance plan.

## EXECUTIVE COMPENSATION

**Compensation Committee Report**

Our Compensation Committee has reviewed and discussed the following Compensation Discussion and Analysis section with management. Based on its review and discussions with management, our Compensation Committee recommended to our Board of Directors that the Compensation Discussion and Analysis be included in the Company s 2010 proxy statement and in the Company s Annual Report on Form 10-K for the fiscal year ended February 27, 2010.

**Compensation Committee of the Board of Directors of Apogee**

| | |
|---|---|
| Bernard P. Aldrich, *Chair* | Stephen C. Mitchell |
| John T. Manning | David E. Weiss |

**Compensation Discussion and Analysis**

***Introduction***

Our compensation Committee (the Committee ) establishes our overall executive compensation philosophy and oversees the design and administration of our executive compensation plans, programs and practices. The Committee establishes the compensation for our Chief Executive Officer and reviews and approves the compensation for our other Named Executive Officers, other executive officers and senior management.

The primary elements of our executive compensation program are:

- Base salary,
- Annual cash incentive compensation, and
- Long-term equity incentive compensation, which we currently deliver using time-based restricted stock and performance share units awards.

Our executive compensation program also includes customary employee benefits, such as health and welfare benefits, retirement programs, a deferred compensation program and limited perquisites. All the elements of our executive compensation program are described under the heading Principal Compensation Program on pages 32 through 35.

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The Committee uses the guidelines outlined below in establishing and administering our executive compensation program.

- Base salaries are targeted to be competitive and at the 50th percentile, in general, relative to competitive market practices.
- Total compensation is designed to include a mix of both fixed and variable compensation elements, with an emphasis on variable compensation to motivate executives to achieve both short- and long-term business and financial goals and provide alignment with our shareholders.
- Total compensation is designed to include a mix of short- and long-term incentives, with a heavier weighting on long-term incentives to motivate executives to achieve short-term annual results in a way that will build and sustain our long-term viability and success.
- Our annual cash incentive and long-term equity incentive programs generally are designed to utilize multiple and different financial and business performance metrics and have appropriate maximum caps and other compensation risk mitigation features.
- A significant portion of our executive compensation is designed to be long-term equity compensation to provide alignment with our shareholders.
- Advice from an independent compensation consultant retained by the Committee is an important consideration in establishing and administering our executive compensation program.
- Compensation data from our peer group of companies and executive compensation surveys is utilized by the Committee to identify competitive compensation practices and competitive positioning for our executives.
- A risk assessment of our compensation programs, practices and policies conducted by the Committee with the assistance of the Committee s independent compensation consultant, is an important consideration in designing our compensation programs and the risk mitigation factors included in our programs.

***General Compensation Objectives***

*Compensation Philosophy and Program Objectives*

The Committee has established the following objectives for our executive compensation program:

- Attract, motivate and retain executive talent.
- Reward outstanding performance and offer total direct compensation that is competitive with the market.
- Pay for sustainable performance in a changing environment.

Promote the achievement of long-term sustained performance and strategic objectives that our Board and management believe will lead to long-term growth in shareholder value.

Provide total direct compensation at the prevailing market median when Apogee s performance is at target level, below the median if Apogee s performance is below target level and above the median when Apogee s performance is above target level.

Provide a flexible compensation package that maintains a strong link between executive pay and performance, recognizes entrepreneurial style and achievement, reinforces the importance of high-quality products and custom services, and reflects the cyclical nature of our business and the industries in which Apogee competes.

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Provide shareholder alignment.

Align the interests of executive officers and shareholders by making annual cash incentive and long-term equity incentive compensation largely dependent upon the achievement of specified financial performance goals by Apogee as a whole or our business units.

Align the interests of executive officers and shareholders by having long-term incentive compensation that provides an opportunity for a meaningful equity position in Apogee and wealth creation opportunities.

Our executive compensation philosophy is intended to provide flexible, yet consistent guidance to the Committee to assist in making decisions annually.

***Compensation Elements and Determination Factors***

The table below provides an overview of the elements, purpose and determination factors of the three primary compensation elements used in our current compensation program.

| Compensation Element | Purpose | Determinations and Adjustments | Deliverable |
|---|---|---|---|
| Base Salary | Attract and retain executive officers through competitive pay and benefit programs | Annual subjective performance evaluation of executive s leadership and achievement of individual business objectives, experience, tenure, competitive market data and trends, internal equity among positions within the Company with similar responsibilities, executive potential and the Company s business outlook | Base salary fixed bi-weekly cash payments |
| Annual Cash Incentive Compensation | Create an incentive for the achievement of pre-defined annual business objectives | For target bonus award opportunities percentages competitive market data and trends and internal equity among positions within the Company with similar responsibilities | Annual variable cash bonus |
| | | For actual bonus payouts performance against pre-established criteria in the annual cash incentive plan and annual subjective performance evaluation of executive s leadership and achievement of individual business objectives | |
| Long-Term Equity Incentive Compensation | Align the interests of executive officers with shareholders and to focus on sustained performance, entrepreneurial style and high-quality products and services while creating appropriate retention incentives through the use of multi-year vesting schedules | Annual award annual subjective performance evaluation of executive s leadership and achievement of individual business objectives, company performance, market data and trends, internal equity among positions within the Company with similar responsibilities and executive potential | Annual award delivered using approximately 60% performance share unit awards and approximately 40% time-based restricted stock awards |

New hire, promotion and special awards time-based restricted stock awards

New hire, promotion and special awards internal equity among positions within the Company with similar responsibilities and market data and trends

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***Compensation Process***

The Committee considers each element of compensation outlined above, both individually and collectively, when evaluating compensation adjustments and the interrelation between each compensation element to ensure that the entire program is appropriately aligned. In addition, the Committee may also apply discretion in determining specific compensation levels of individual executives. The compensation program is evaluated annually taking into consideration changes to our business strategy and plans.

The Committee sets the elements of compensation for our Chief Executive Officer, taking into consideration our Board of Directors review and assessment of our Chief Executive Officer s performance, and competitive market data from the Committee s independent compensation consultant. Our Chief Executive Officer does not participate in the determination of his own compensation. The Committee reviews our Chief Executive Officer s compensation with our full Board prior to communicating compensation decisions to our Chief Executive Officer.

The Committee also considers recommendations regarding the level of compensation paid to our other Named Executive Officers, other executive officers and senior management when compared to competitive market data, and seeks input from our Chief Executive Officer and the Committee s independent compensation consultant. In addition, our Chief Executive Officer assesses each of our other Named Executive Officer s contributions to our business and his or her ability to execute on our long-term strategy when making recommendations to the Committee regarding compensation, but he cannot unilaterally implement compensation changes for any of our Named Executive Officers or other executives reporting directly to him.

*Compensation Review*

The Committee uses a compensation tally sheet to review total direct compensation (base salary, annual cash incentive compensation and long-term equity incentive awards), perquisites, other elements of executive compensation, broad-based employee benefits and wealth accumulation through Company equity and retirement plans for our Named Executive Officers. However, the Committee does not use tally sheets to make individual compensation decisions for the Named Executive Officers and does not generally consider compensation earned in prior years in establishing the elements of compensation for the current fiscal year. The Committee also reviews its compensation consultant s independent analyses of compensation for our Named Executive Officers and other executive officers and senior management based on the Committee s independent compensation consultant s information on comparable positions relying on both published survey sources and company proxy statement data to determine our competitive positioning relative to the competitive market.

***Competitive Market and Compensation Positioning***

*Use of Independent Compensation Consultant*

The Committee retained Pearl Meyer & Partners to provide advice regarding compensation program design, competitive practices, market trends, peer group composition and compensation for our Chief Executive Officer, other executive officers and other members of senior management. Pearl Meyer & Partners is independent of our Company and does not provide any other services to our Company beyond those requested by the Committee. As requested from time to time, Pearl Meyer & Partners may also provide advice to our Nominating and Corporate Governance Committee with respect to reviewing and structuring the compensation program for our Board of Directors. Pearl Meyer & Partners reports directly to the Committee. Pearl Meyer & Partners does not establish compensation levels for our executives. Pearl Meyer & Partners regularly attends the meetings of the Committee.

*Competitive Market Defined*

The Committee uses a combination of peer group companies and manufacturing and general industry executive compensation surveys to identify competitive market compensation practices and our overall competitive position for our executives. The Committee relies on its independent compensation consultant to review and develop a set of appropriate peer group companies and to identify and use appropriate executive compensation survey sources.

The selection criteria identified for determining and/or reviewing the Company s peer group generally include:

- Companies with revenue within a range similar to that of Apogee.
- Companies in the same or similar GICS code as Apogee or its business units.
- Companies with business model similarity, which may include the following:
  - Provides coatings for special purposes (i.e., protective, UV, etc.),
  - Construction materials, primarily for commercial or industrial application,
  - Specialized/customized product lines,
  - Heavy-duty manufacturing operations and project-directed manufacturing,
  - Project-based businesses,
  - Revenues generated primarily in the United States (U.S. sales greater than 60%),
  - Inclusion in the prior-year peer group, to help ensure year-over-year consistency (where appropriate),
  - Market capitalization to revenue ratio (greater than 0.4), and
  - Geographic location (to a lesser degree).

During fiscal 2009, using the selection criteria outlined above, the Committee identified a peer group consisting of 22 companies (the Peer Group ). All of the companies in the Peer Group meet four or more of the selection criteria outlined above. The Committee re-evaluated the Peer Group during fiscal 2010 and decided not to make any changes to the Peer Group. The 22 companies in our Peer Group include:

| | |
|---|---|
| Actuant Corporation | Insituform Technologies, Inc. |
| Azz incorporated | Lydall, Inc. |
| CLACOR, Inc. | Mueller Water Products, Inc. |
| Columbus McKinnon Corporation | NCI Building Systems, Inc. |
| Daktronics, Inc. | Polaris Industries Inc. |
| Donaldson Company, Inc. | Quaker Chemical Corporation |
| Eagle Materials Inc. | Quanex Building Products Corporation |
| EnPro Industries, Inc. | Tennant Company |

| | |
|---|---|
| Graco Inc. | Thomas & Betts Corporation |
| Griffon Corporation | The Toro Company |
| H.B. Fuller Company | Valmont Industries, Inc. |

The Committee, with the assistance of its independent compensation consultant, will periodically review the Peer Group in order to maintain its appropriateness for future compensation comparison purposes, and will review and validate the selection criteria to ensure it is in line with our business strategies.

The Committee also reviews the survey source(s) used for corporate and business unit positions annually to ensure they appropriately represent size-specific manufacturing organizations and provide reasonable and reliable compensation data.

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*Positioning of Compensation*

Our executive compensation competitive targeting strategy is as follows:

| Compensation Element | Positioning |
|---|---|
| Base Salary | Target at the 50th percentile, in general, relative to competitive market practices; above median base salary for unique qualifications, substantial contributions and/or internal value to the Company |
| Annual Cash Incentive Compensation | Target generally slightly below the 50th percentile for target total cash compensation (base salary plus annual incentive at the target payout level). Above target performance results in maximum actual total cash compensation that is slightly above the 50th percentile and below target performance results in threshold actual total cash compensation that is generally at or below the 25$^{th}$ percentile |
| Long-Term Equity Incentive Compensation | Target generally at or slightly above the 50th percentile for target performance and up to the 75$^{th}$ percentile for maximum performance |

Actual pay levels can be above or below the targeted level depending on factors such as individual performance, experience, tenure, internal equity, executive potential and other factors. In general, the Committee desires to balance general internal and external equity but reserves the right to use its discretion, when necessary, to recruit executive officers and/or retain executive officer talent.

***Principal Compensation Program***

*Base Salary*

Base salary reflects the fixed portion of the overall compensation package and is the base amount from which other compensation elements are determined, such as target annual cash and long-term equity incentive compensation award opportunities, benefits and retirement savings opportunities. Annual base salary increases generally are effective in May of each year. In determining whether to award base salary increases, the Committee considers individual performance, experience, tenure, competitive market data and trends, internal equity, executive potential and the Company s business outlook.

*Annual Cash Incentive Compensation*

Our annual cash incentive compensation program is designed to reward short-term performance results and generally is based on achievement of objective corporate and business unit financial goals. Our annual cash incentive awards to all our Named Executive Officers are generally made pursuant to our Amended and Restated Executive Management Incentive Plan (the Executive MIP ), a shareholder-approved plan under which executive officers designated by the Committee may receive annual cash incentive compensation. The Executive MIP was adopted to ensure the tax deductibility of the annual cash incentive compensation that may be earned by our Named Executive Officers. The terms of our Executive MIP are discussed under the heading Executive MIP below.

Executive MIP. Our Executive MIP is an incentive compensation program in which our executive officers may participate at the discretion of the Committee that provides participating executive officers with annual incentive awards based on the attainment of one or more predetermined, objective performance goals related to Apogee as a whole, a specific business unit, or any combination thereof, during a particular fiscal year. The goals for officers participating in our Executive MIP must be based on one or more specific sets of business criteria set forth in our Executive MIP, and the goals may differ for individual participants.

Our Executive MIP is designed to be an annual bonus pool plan. Within 90 days after the commencement of each fiscal year, the Committee establishes a bonus pool equal to a percentage of one or more performance factors from a list of approved factors set forth in our Executive MIP. The Committee selects participants from an eligible group of senior executives of the Company to participate in a fiscal year s plan. The Committee then assigns a percentage of the bonus pool to each participating executive, with the total percentage not to exceed 100% for any given year. This establishes the maximum award payout for any individual participant in our Executive MIP for the current fiscal year; however, no one individual payout can exceed $1,500,000 in any given fiscal year. After the annual bonus pool has been established, the percentage of the bonus pool assigned to participants and performance goals have been determined, the annual cash incentive awards can only be adjusted downward based on actual performance achievement relative to one or more additional predetermined, objective performance goals.

After the annual maximum pool has been set, the Committee establishes the threshold, target and maximum annual cash incentive award metrics based on the annual operating plan approved by our Board. The annual cash incentive for each of our Named Executive Officers is determined as a percentage of base salary and as a percentage of the annual bonus pool established under our Executive MIP. Once the Executive MIP award metrics and compensation levels have been set for a fiscal year, performance of Apogee as a whole, a specific business unit, or of a combination thereof determines the amount payable as an annual cash incentive. An annual cash incentive is paid only when at least one of the annual financial performance thresholds has been met. Generally, if threshold performance level for all financial goals is achieved, 50% or less of the target award will be paid, if target performance level for all financial goals is achieved, 100% of the target award will be paid, and if maximum performance level for all financial goals is achieved, 200% of the target award will be paid. If threshold performance level for only one financial goal is achieved and threshold performance is not achieved for any of the other financial goals, less than 50% of the target award will be paid based on the weighting allocated to the financial performance goal achieved. For any performance between these levels, awards will be interpolated.

The entire annual cash incentive amount is based on the achievement of selected objective financial goals. This cash incentive program provides a direct link between the executive s compensation and our annual performance and is designed to provide a competitive payout for appropriate levels of performance achievement, which is in line with our compensation philosophy and positioning. The Committee has the discretion to reduce payouts as appropriate. Annual cash incentive awards may be deferred in total or in part under our Deferred Incentive Compensation Plan described under the heading Deferred Incentive Compensation Plan on page 53.

*Long-Term Equity Incentive Plan*

Generally, we utilize two forms of equity instruments to deliver long-term equity incentive compensation each year. Beginning with fiscal 2010, we began utilizing time-based restricted stock and performance share unit awards as our long-term equity incentive compensation instruments. The Committee believes these two instruments will align the interests of our executive officers and shareholders. We believe time-based restricted stock and performance share unit awards encourage executive officers to focus on our financial performance, share price appreciation and the future of our Company in the long-term. In addition, we also believe they provide a stronger link to performance than stock options, promote long-term stock ownership and encourage retention. The mix of long-term incentive instruments is determined annually by the Committee based on the needs of our business (i.e., business strategy/objectives, corporate governance, retention, dilution requirements and other considerations) and the desire to align the interests of our executive officers and shareholders. The mix of long-term incentive compensation for our executive officers for fiscal 2010 was approximately 40% time-based restricted stock awards and 60% performance share units.

Restricted Stock. Generally at its meeting in April of each year, the Committee determines a fixed dollar value of the time-based restricted stock award for each executive as a percentage of base salary and based on achievement by the individual of his or her business objectives for the preceding fiscal year. Such restricted stock awards will generally vest in three equal annual installments commencing on the first anniversary date of the award. In the event of total disability or death prior to the end of the vesting period, the shares of time-based restricted stock will be distributed at the end of the vesting period to the participant, or in the event of death, to his or her estate. In addition, awards of time-based restricted stock may be made to executive officers upon initial hire or promotion and such restricted stock awards generally cliff vest over two or three years.

Performance Share Units. At the beginning of each fiscal year, a new, three-year performance period begins and the corporate financial performance goals for that period are determined by the Committee. Generally, at its meeting in April of each year, the Committee determines the fixed dollar value of performance share units that will be granted to each participating executive officer at the threshold, target and maximum performance award levels based on input from our Chief Executive Officer and consideration of individual performance, our performance, market data and trends, internal equity and executive potential. The fixed dollar value is determined as a percentage of base salary.

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The performance share units represent the right to receive shares of our common stock at the end of the three-year performance period. Until issuance of the shares at the end of the three-year performance period, the participant has no voting rights but dividends or other distributions (whether cash, stock or otherwise) accrue during the three-year performance period and will be paid only on the shares earned at the end of the performance period when such shares are issued.

Because the performance period for the performance share unit awards is three years, the Committee believes that the awards will have a strong retention value and allow for the cyclicality of our businesses, particularly those businesses within our Architectural segment. If we perform better than the target level, more performance share units will vest. Likewise, if we perform below the target level, fewer or no performance share units will vest. Also, our performance share units will become more valuable if our stock price increases. In the event of retirement, early retirement, total disability or death prior to the end of the performance period, the performance share units earned based on the financial performance goals will be distributed at the end of the performance period to the participant, or in the event of death, to his or her estate.

Timing of Long-Term Equity Incentive Awards. The Committee makes the annual grant of long-term equity awards to the executives primarily at its regularly scheduled meeting held during the Company s first quarter of each fiscal year, generally in mid to late April. This has been our practice for several years and the exact date of such meeting is generally established by the Committee more than a year in advance of the meeting. All such awards are based on the closing price of our common stock on the NASDAQ Global Select Market on the date of such Committee meeting. Awards of time-based restricted stock may be made to newly hired or promoted executive officers and other members of senior management at other Committee meetings held throughout the year.

*Change-in-Control Coverage*

We have entered into change-in-control severance agreements with our Named Executive Officers. The Committee believes that offering a change-in-control program provides executive officers a degree of security in the event of a corporate transaction and allows for better alignment of executive officer and shareholder interests. All of the severance agreements contain a double trigger for change-in-control benefits, which means that there must be both a change-in-control and a termination of employment for the provisions to apply. The Committee believes a double trigger is more equitable than a single trigger because it prevents unnecessary payments to Named Executive Officers in the event of a friendly (non-hostile) change-in-control in which the Named Executive Officer s employment is not terminated and the Named Executive Officer continues to be employed without an adverse effect on his or her compensation, role, responsibilities or job location. The Committee does not consider specific amounts payable under these arrangements when establishing annual compensation. See Change-in-Control Severance Agreements on page 55 and Estimated Benefits Upon Disability, Death or Following a Change-in-Control on page 56 for more information on these arrangements.

*Other Benefit Programs*

Executive officers are eligible to participate in our current benefit plans listed below.

Health and Welfare Benefits Executive officers receive the same health and welfare benefits as offered to all other full-time employees, with the exception that we offer enhanced long-term disability benefits to our executive officers.

401(k) Retirement Plan Our 401(k) tax-qualified plan allows us to make annual discretionary contributions based on a percentage of an employee s base earnings and years of service with our Company and to make matching contributions based on employee contributions to the plan. This plan is described under the heading 401(k) Retirement Plan on page 52.

Employee Stock Purchase Plan This plan allows participants to purchase shares of the Company s common stock by contributing up to $500 per week, with the Company contributing an amount equal to 15% of each participant s weekly contributions.

Deferred Incentive Compensation Plan Our executive officers may also participate in a voluntary non-qualified deferred incentive compensation plan that allows participants to defer up to 100% of the amount that may be earned under the annual cash incentive plan to assist in saving for the future and retirement. This plan is described under the heading Deferred Incentive Compensation Plan on page 53.

Perquisites The only perquisites we make available to our Named Executive Officers are reimbursement of financial and estate planning fees, payment of relocation expenses and enhanced long-term disability benefits.

Officers Supplemental Executive Retirement Plan ( SERP ) We also provided a non-qualified defined benefit retirement compensation plan to certain executive officers. Our SERP was frozen in October 2008 and at that time only three current employees were participants. This plan is described under the heading Officers Supplemental Executive Retirement Plan ( SERP ) on page 51.

***Section 162(m) Policy***

Under Section 162(m) of the U.S. Internal Revenue Code, we must meet specified requirements related to our performance and must obtain shareholder approval of certain compensation arrangements in order for us to fully deduct compensation in excess of $1,000,000 paid to any of our Named Executive Officers, excluding our Chief Financial Officer. Our Executive MIP was approved by shareholders in 2007 and includes specific performance criteria; therefore, annual incentive awards granted under our Executive MIP are deemed to meet the requirements of Section 162(m) and are not included in the $1,000,000 cap.

Our 1997 Omnibus Stock Incentive Plan, our Amended and Restated 2002 Omnibus Stock Incentive Plan, and our 2009 Stock Incentive Plan have been approved by our shareholders. Therefore, compensation attributable to awards of stock options, stock appreciation rights, performance shares and performance share unit awards and certain other awards granted under those plans may be excluded from the $1,000,000 cap under Section 162(m) as well. Additionally, cash compensation voluntarily deferred by our executive officers under our Deferred Incentive Compensation Plan and Legacy Partnership Plan is not subject to the Section 162(m) cap until the year paid. Compensation paid in fiscal 2010 subject to the Section 162(m) cap is not expected to exceed $1,000,000 for any of our Named Executive Officers. Therefore, the Committee believes that Apogee will not be subject to any Section 162(m) limitations on the deductibility of compensation paid to its Named Executive Officers. However, the 2008 2010 Performance Shares, which vested on April 27, 2010, did not comply with Section 162(m) and compensation paid to our Named Executive Officers in fiscal 2011 may exceed the $1,000,000 cap under Section 162(m).

The Committee intends to continue its practice of paying competitive compensation consistent with our philosophy to attract, retain and motivate executive officers to manage our business in the best interests of Apogee and our shareholders. The Committee, therefore, may choose to provide non-deductible compensation to our executive officers if it deems such compensation to be in the best interests of Apogee and our shareholders.

***Stock Ownership Guidelines for Executive Officers***

Our Board of Directors believes that our executive officers should have a significant equity interest in Apogee and established voluntary stock ownership guidelines for our executive officers in 2001. The guidelines encourage share ownership in an amount having a market value of a multiple of an executive officer s annual base salary, to be achieved within five years of becoming an executive officer. For purposes of calculating stock ownership of our executive officers, we include issued but unearned Performance Shares, performance share units at target level, shares held pursuant to our Legacy Partnership Plan and shares of restricted stock and restricted stock units. We do not include unexercised stock options or SARs. The guideline is five times annual base salary for our Chief Executive Officer and President; three times annual base salary for our Executive Vice President, Chief Financial Officer and General Counsel; and two times annual base salary for our other executive officers. As of February 26, 2010, the last trading day of fiscal 2010, Messrs. Huffer, Porter and Johnson and Ms. Beithon had achieved their stock ownership guidelines, and Mr. Silvestri, who joined the Company in August 2007, was making progress to meet his stock ownership guidelines within five years of becoming an executive officer. The Committee reviews share ownership levels of our executive officers annually.

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***Fiscal 2010 Executive Compensation Decisions***

*Overview*

The Committee anticipated fiscal 2010 would be a very challenging year for the Company due to the economic recession, high U.S. unemployment rate, and uncertainty in U.S. and foreign financial markets. The uncertainly in financial markets was negatively impacting the availability of financing for commercial construction projects, a key market for our Architectural segment. In addition, low U.S. consumer confidence was negatively impacting our Large Scale Optical segment markets. In establishing fiscal 2010 compensation, the Committee also considered the U.S. stimulus funding which was anticipated to result in growth in U.S. institutional construction projects. The Committee designed the fiscal 2010 executive compensation program to motivate and reward profitable operations, responsible cost control, maintenance or growth of market share during the economic downturn and strategies to position us for growth and profitability when our markets recover. As a result, the Committee took the compensation actions outlined below with respect to fiscal 2010 compensation.

Base Salary

Because of the challenging economic conditions and need to control costs, the Committee decided to freeze fiscal 2010 base salaries for our Named Executive Officers at fiscal 2009 levels.

Annual Cash Incentive Compensation

For our fiscal 2010 annual cash incentive compensation established pursuant to our Executive MIP, the Committee selected Apogee net sales and earnings per share from continuing operations as financial metrics for our Named Executive Officers at corporate and a combination of Apogee net sales and earnings per share from continuing operations and business unit net sales and earnings before taxes as financial metrics for our Named Executive Officer with business unit responsibility. The Committee believes these metrics measure successful execution and operational performance during the economic downturn.

The Committee selected Apogee and business unit net sales as financial performance metrics to motivate management to maintain or grow market share and increase sales from institutional projects to offset declines in other sectors of the U.S. commercial construction industry.