

APOGEE ENTERPRISES INC
Form DEF 14A
May 15, 2008
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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

Filed by a Party other than the Registrant

Check the appropriate box:

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| <input type="checkbox"/> Preliminary Proxy Statement | <input type="checkbox"/> Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2)) |
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| <input type="checkbox"/> Definitive Additional Materials | |
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APOGEE ENTERPRISES, INC.

(Name of Registrant as Specified in Its Charter)

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

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May 9, 2008

Dear Shareholder:

You are cordially invited to attend the 2008 Annual Meeting of Shareholders of Apogee Enterprises, Inc. to be held at Apogee's headquarters, 7900 Xerxes Avenue South, 19th Floor, Minneapolis, Minnesota, commencing at 9:00 a.m. Central Daylight Time on Wednesday, June 25, 2008.

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.

As a convenience to shareholders unable to attend the annual meeting in person, we also will be webcasting the meeting. To view the meeting via webcast, go to our web site at www.apog.com and click on Investors, followed by the webcast link at the top of that page. Please plan to be on the web site at least 15 minutes prior to the meeting so that you have sufficient time to register and to download and install any necessary software.

We hope that you will be able to attend the meeting in person, and we look forward to seeing you. Even if you plan to attend the meeting in person, 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 are 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 24, 2008. If you do 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 25, 2008

NOTICE IS HEREBY GIVEN that the 2008 Annual Meeting of Shareholders of Apogee Enterprises, Inc. will be held at Apogee's headquarters, 7900 Xerxes Avenue South, 19th Floor, Minneapolis, Minnesota, commencing at 9:00 a.m. Central Daylight Time on Wednesday, June 25, 2008 for the following purposes:

1. To elect three Class I directors for three-year terms ending in the year 2011;
2. To ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending February 28, 2009; and
3. To transact such other business as may properly be brought before the meeting.

The Board of Directors has fixed May 2, 2008, 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.

As a convenience to shareholders unable to attend the annual meeting in person, we also will be webcasting the meeting. To view the meeting via webcast, go to our web site at www.apog.com and click on Investors, followed by the webcast link at the top of that page. Please plan to be on the web site at least 15 minutes prior to the meeting so that you have sufficient time to register and to download and install any necessary software.

Pursuant to new 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 2008 proxy statement and our fiscal 2008 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 one.

Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to be held on June 25, 2008: Our 2008 Proxy Statement and our Fiscal 2008 Annual Report to Shareholders are available at www.proxyvote.com.

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By Order of the Board of Directors,

Patricia A. Beithon
General Counsel and Corporate Secretary

Minneapolis, Minnesota

May 9, 2008

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PROXY STATEMENT

2008 ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD JUNE 25, 2008

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 June 25, 2008, 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 9, 2008.

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 2008 and the first quarter of fiscal 2009 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 2008 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, 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. Such 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 of Internet Availability of Proxy Materials.

How do I get electronic access to the proxy materials?

The Notice of Internet Availability of Proxy Materials will provide you with instruction 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 2, 2008, as the record date for the annual meeting. If you were a shareholder of record at the close of business on May 2, 2008, you are entitled to notice of and to vote at the annual meeting.

As of the record date, 28,918,499 shares of common stock, par value \$0.33-1/3, were issued and outstanding and, therefore, eligible to vote at the annual meeting.

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What are my voting rights?

Holders of our common stock are entitled to one vote per share. Therefore, 28,918,499 votes are entitled to be cast at the meeting. There is no cumulative voting.

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 cannot 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 of Internet Availability of Proxy Materials 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, to allow you to give voting instructions, and to 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 of Internet Availability of Proxy Materials 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 the proxy statement and 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 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 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 method described above under **How do I vote my shares?**

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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 the proxy statement and annual report to shareholders electronically at your company email address instead of receiving paper copies of these documents or the Notice of Internet Availability of Proxy Materials 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 annual report electronically and you wish to receive a paper copy of these materials you should contact:

Internet:	www.apog.com
E-mail:	IR@apog.com
Telephone:	(877) 752-3432
Fax:	(952) 487-7565
Mail:	Investor Relations Apogee Enterprises, Inc. 7900 Xerxes Avenue South, Suite 1800 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 of Internet Availability of Proxy Materials 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 Internet, vote once for each Notice of Internet Availability of Proxy Materials 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 (phone) or (952) 487-7565 (fax) for information on how to merge accounts.

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 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.

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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 I directors will be elected by a plurality of the votes cast at the annual meeting. This means that since shareholders will be electing three Class I directors, the three nominees for Class I 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 the Nominating and Corporate Governance Committee for consideration. The Nominating and Corporate Governance Committee will evaluate the best interests of Apogee and its shareholders, and recommend to the Board 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 the 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 with respect to 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 the Nominating and Corporate Governance Committee for consideration, as described on page 4 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 to be broker non-votes and will not be voted on any proposal on which your broker does not have discretionary authority to vote. 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. Brokers have discretionary authority to vote for directors in this uncontested election and to ratify the appointment of a company's independent registered accounting firm.

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 the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending February 28, 2009.

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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 the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending February 28, 2009; 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 28, 2008.

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 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 by Internet, 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 brokerage statement or letter from your broker or other nominee are examples of proof of ownership.

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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 the 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

The Corporate Secretary will promptly forward to the Board of Directors or the individually named directors all relevant written communications received at the above address. The 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 the Corporate Secretary in conjunction with the Chair of the Nominating and Corporate Governance Committee for relevance to Board activities, and after such review, the Corporate Secretary will promptly forward all relevant written communications to the Board or the individually named directors.

Table of Contents**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS**

The following table sets forth information concerning beneficial ownership of our common stock outstanding as of May 2, 2008 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⁾ One Franklin Parkway San Mateo, CA 94403	2,365,400	8.2
Barclays Global Investors, NA. and related companies ⁽²⁾ 45 Fremont Street San Francisco, CA 94105	1,633,036	5.6

⁽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, 2007. 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 2,365,400 shares, in the aggregate, held as of December 31, 2007. Of the shares reported, the subsidiaries of Franklin possessed sole voting power over 2,307,300 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., each disclaim beneficial ownership of the shares of our common stock.

⁽²⁾ We have relied upon the information supplied jointly by Barclays Global Investors, NA., Barclays Global Fund Advisors, and Barclays Global Investors, Ltd. in a Schedule 13G furnished to us reporting information as of December 31, 2007. The Schedule 13G indicates that as of December 31, 2007: (a) Barclays Global Investors, NA. was the beneficial owner with sole investment discretion over 762,084 shares and possessed sole voting power over 728,476 shares; (b) Barclays Global Fund Advisors was the beneficial owner with sole investment discretion over 841,256 shares and sole voting power over 599,967 shares; and (c) Barclays Global Investors, Ltd. was the beneficial owner with sole investment discretion over 29,696 shares.

Table of Contents**SECURITY OWNERSHIP OF MANAGEMENT**

The following table sets forth the number of shares of our common stock beneficially owned as of May 2, 2008, the record date for our 2008 Annual Meeting of Shareholders, by each of our directors, each of our executive officers named in the Summary Compensation Table and by all of our directors and executive officers as a group.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership					
	Shares of Common Stock Held (#) ⁽¹⁾⁽²⁾	Shares Underlying Options Exercisable Within 60 Days (#) ⁽³⁾	Total Beneficial Ownership (#)	% of Common Stock Outstanding	Phantom Stock Units (#) ⁽⁴⁾	Total Stock- Based Ownership (#) ⁽⁵⁾
Non-Employee Directors						
Bernard P. Aldrich	1,000	36,867	37,867	*	24,855	62,722
Jerome L. Davis		28,632	28,632	*	10,390	39,022
Sara L. Hays		21,025	21,025	*	7,729	28,754
John T. Manning	1,000 ⁽⁶⁾	25,383	26,383	*	1,973	28,356
James L. Martineau	109,709	57,441	167,150	*		167,150
Robert J. Marzec	880	25,383	26,263	*	5,026	31,289
Stephen C. Mitchell	10,357	6,072	16,429	*		16,429
Richard V. Reynolds		15,383	15,383	*	4,193	19,576
David E. Weiss	5,934	25,383	31,317	*		31,317
Named Executive Officers						
Patricia A. Beithon	136,855	64,928	201,783	*		201,783
Russell Huffer	436,770 ⁽⁷⁾	106,042	542,812	1.9		542,812
Gary R. Johnson	39,160	21,750	60,910	*		60,910
James S. Porter	87,492 ⁽⁸⁾	41,876	129,368	*		129,368
Gregory A. Silvestri	15,685		15,685	*		15,685
All directors and executive officers as a group (14 persons)	844,842	476,165	1,321,007	4.5	54,166	1,375,173

* 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 of shares indicated includes shares issued to the named individual pursuant to our employee stock purchase plan, and 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 employee stock purchase plan, our Amended and Restated 2002 Omnibus Stock Incentive Plan and our 401(k) retirement plan.

(2) Includes the following shares issued pursuant to our Legacy Partnership Plan, over which the holders have no investment power: Ms. Beithon, 27,656 shares; Mr. Huffer, 103,691 shares; Mr. Johnson, 7,397 shares; Mr. Porter, 22,365 shares; Mr. Silvestri, 0 shares; and all directors and executive officers as a group, 161,109 shares. Also includes the following Performance Shares and shares of restricted stock issued pursuant to our Amended and Restated 2002 Omnibus Stock Incentive Plan: Ms. Beithon, 30,325 Performance Shares; Mr. Huffer, 99,862 Performance Shares; Mr. Johnson, 10,644 Performance Shares; Mr. Porter, 35,982 Performance Shares; Mr. Silvestri, 12,165 Performance Shares and 3,520 shares of restricted stock; and all directors and executive officers as a group, 188,978 Performance Shares and 3,520 shares of restricted stock. All shares held pursuant to our Legacy Partnership Plan and Performance Shares and shares of restricted stock held pursuant to our Amended and Restated 2002 Omnibus 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 2, 2008.

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- ⁽⁴⁾ Phantom stock units, each representing the value of one share of our common stock, 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 23. The participants in this plan do not have voting or investment power with respect to these units.

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- (5) The amounts in this column are derived by adding the amounts in the Total Beneficial Ownership (#) and the Phantom Stock Units (#) columns of the table.
- (6) Includes 1,000 shares held by Mr. Manning's wife.
- (7) Includes 32,560 shares held by Mr. Huffer's wife, as to which he disclaims beneficial ownership.
- (8) 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 March 1, 2008, except that Mr. Silvestri's initial report on Form 3 and one report on Form 4 reporting one transaction were filed late.

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. Currently, we have ten directors, with three directors serving in each of Classes I and III and four directors serving in Class II. At this year's annual meeting, the terms of our Class I directors will expire. Robert J. Marzec, Stephen C. Mitchell and David E. Weiss are the current Class I directors who have been nominated for re-election to the Board. The Class I directors elected at the annual meeting will serve until the 2011 Annual Meeting of Shareholders or until their successors are elected and qualified. Each of the nominees has agreed to serve as 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 three Class I 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. Marzec, Mitchell and Weiss as Class I directors for a three-year term expiring at the 2011 Annual Meeting of Shareholders.