

AMERICAN WOODMARK CORP  
Form DEF 14A  
July 14, 2004

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**SCHEDULE 14A**

**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:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

**AMERICAN WOODMARK**

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(Name of Registrant as Specified In Its Charter)

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No fee required.

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(1) Title of each class of securities to which transaction applies:

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(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):

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(3) Filing Party:

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(4) Date Filed:

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3102 Shawnee Drive

Winchester, Virginia 22601

*Notice of Annual Meeting of Shareholders*

TO THE SHAREHOLDERS OF

AMERICAN WOODMARK CORPORATION:

The Annual Meeting of Shareholders ( Annual Meeting ) of American Woodmark Corporation (the Company ) will be held at the Hampton Inn Conference Center at 1204 Berryville Avenue, Winchester, Virginia, on Thursday, August 26, 2004, at 9:00 a.m., Eastern Daylight Time, for the following purposes:

1. To elect nine directors to serve a one-year term on the Company s Board of Directors;
2. To ratify the selection by the Board of Directors of KPMG LLP as independent registered public accounting firm of the Company for the fiscal year ending April 30, 2005;
3. To consider and vote upon the Company s 2004 Stock Incentive Plan for Employees; and
4. To transact such other business as may properly come before the Annual Meeting or any adjournments thereof.

Only shareholders of record of shares of the Company s common stock at the close of business on June 28, 2004 will be entitled to vote at the Annual Meeting or any adjournments thereof.

Regardless of whether or not you plan to attend the Annual Meeting, please complete the enclosed proxy, including signature and date, and promptly return it in the enclosed envelope. If for any reason you desire to revoke your proxy, you may do so at anytime before it is voted.

All shareholders are cordially invited to attend the Annual Meeting.

By Order of the Board of Directors

KENT B. GUICHARD

*Secretary*

July 14, 2004

**AMERICAN WOODMARK CORPORATION**

3102 Shawnee Drive

Winchester, Virginia 22601

*Proxy Statement*

**Voting Rights, Procedures and Solicitation**

**Proxy Solicitation**

This Proxy Statement, mailed to shareholders on or about July 16, 2004, is furnished in connection with the solicitation by American Woodmark Corporation (the Company) of proxies in the accompanying form for use at the Annual Meeting of Shareholders to be held on August 26, 2004, at 9:00 a.m., Eastern Daylight Time, and at any adjournments thereof. A copy of the annual report of the Company for the fiscal year ended April 30, 2004 is being mailed to you with this Proxy Statement.

In addition to the solicitation of proxies by mail, the Company's officers and other employees, without additional compensation, may solicit proxies by telephone, facsimile, and personal interview. The Company will bear the cost of all solicitation. The Company also will request brokerage houses and other custodians, nominees, and fiduciaries to forward soliciting material to the beneficial owners of Common Stock held of record date by those parties and will reimburse those parties for their expenses in forwarding soliciting material.

**Record Date and Voting Rights**

On June 28, 2004, the record date for determining the shareholders entitled to vote at the Annual Meeting, there were 8,228,610 shares of common stock of the Company outstanding and entitled to vote. Each such share of common stock entitles the holder thereof to one vote.

**Revocability and Voting of Proxy**

A form of proxy for use at the Annual Meeting and a return envelope for the proxy are enclosed. Any shareholder who provides a proxy may revoke such proxy at any time before it is voted. Proxies may be revoked by filing with the Secretary of the Company written notice of revocation which bears a later date than the date of the proxy, by duly executing and filing with the Secretary of the Company a later dated proxy relating to the same shares or, by attending the Annual Meeting and voting in person.

Votes will be tabulated by one or more inspectors of election. A proxy, if executed and not revoked, will be voted for the election of the nominees for director named herein; for the ratification of KPMG LLP as independent registered public accounting firm of the Company for fiscal year 2005; and for the adoption of the Company's 2004 Stock Incentive Plan for Employees unless otherwise specified by the shareholder.

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A majority of the total votes entitled to be cast on matters to be considered at the Annual Meeting constitutes a quorum. If a share is represented for any purpose at the Annual Meeting, it is deemed to be present for quorum purposes and for all other matters as well. Abstentions and shares held of record by a broker or its nominee ( Broker Shares ) that are voted on any matter are included in determining the number of votes present or represented at the Annual Meeting. However, Broker Shares that are not voted on any matter at the Annual Meeting will not be included in determining whether a quorum is present at such meeting.

The election of each nominee for director requires the affirmative vote of the holders of shares representing a plurality of the votes cast in the election of directors. Votes that are withheld and Broker Shares that are not voted in the election of directors will not be included in determining the number of votes cast and, therefore, will have no effect on the election of directors. Actions on all other matters to come before the meeting will be approved if the votes cast in favor of the action exceed the votes cast against it. Abstentions and Broker Shares that are not voted are not considered cast either for or against a matter and, therefore, will have no effect on the outcome.

**ITEM 1 - ELECTION OF DIRECTORS**

The Board, currently comprised of nine members, has nominated nine persons for election as directors. Unless otherwise specified, the enclosed proxy will be voted in favor of the persons named below to serve until the next annual meeting and until their successors are elected and qualified. Each of the nominees listed below is presently a director of the Company and was elected by shareholders at the last Annual Meeting for a term expiring at the 2004 Annual Meeting. Mr. C. Anthony Wainwright is not included for reelection due to his death in October 2003.

Although the Company anticipates all of the nominees named below will be able to serve, if at the time of the Annual Meeting any nominees are unable or unwilling to serve, shares represented by properly executed proxies will be voted at the discretion of the persons named therein for such other person or persons as the Board of Directors may designate.

**NOMINEES**

<b>Name</b>	<b>Age</b>	<b>Principal Occupation(s) During the Last Five Years and Directorship(s) in Public Companies</b>	<b>Director of Company Since</b>
William F. Brandt, Jr.	58	Company Chairman and Executive Officer from 1996 to present	1980
Daniel T. Carroll	78	Chairman from 1995 to present of the Carroll Group, Inc. (a management consulting firm); Director, Woodhead Industries, Inc. and Oshkosh Truck Corp.	1986
James J. Gosa	57	Company President and Chief Executive Officer from 1996 to present	1995
Martha M. Dally	53	Chief Customer Officer June 2003 to present; Senior Vice President from May 2002 to June 2003, Business Development, Sara Lee Apparel, Europe; Vice President from August 2001 to May 2002 of Target Customer Business Team; Executive Vice President, Personal Products from 1994 to August 2001 of Sara Lee Corporation (a manufacturer and marketer of consumer products)	1995
Kent B. Guichard	48	Company Executive Vice President from May 2004 to present; Senior Vice President and Chief Financial Officer from 1999 to April 2004; Corporate Secretary from 1997 to present	1997
Kent J. Hussey	58	President and Chief Operating Officer from 1998 to present of Rayovac Corporation (a manufacturing company); Director, Rayovac Corporation	1999
James G. Davis	45	President and Chief Executive Officer from June 1979 to present of James G. Davis Construction Corporation (a commercial general contractor)	2002



Name	Age	Principal Occupation(s) During	Director of Company Since
		the Last Five Years and Directorship(s) in Public Companies	
G. Thomas McKane	60	Chairman and CEO from January 2004 to present; President and Chief Executive Officer from May 2000 to January 2004 of A.M. Castle & Company (specialty metal wholesaler); Senior Vice President Emerson Company October 1998 to May 2000; Director, A.M. Castle & Co. and Woodhead Industries, Inc.	2003
Neil P. DeFeo	58	President and Chief Executive Officer from 1997 to 2003 of Remington Products Company (a manufacturer of small electric appliances); Director, Cluett America (a textile manufacturer) and Rayovac Corporation (a manufacturing company)	2003

### SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information regarding shares of common stock beneficially owned as of June 28, 2004 by (i) each person who is known by the Company to beneficially own more than five percent of the outstanding shares of common stock, (ii) each director and director nominee of the Company, (iii) each named executive officer (as identified in the Compensation of Executive Officers section of this proxy statement under the heading "Summary Compensation Table"), and (iv) the directors and executive officers as a group. Unless otherwise noted, and to the best knowledge of the Company, each of the shareholders listed below has sole voting power and sole investment power with respect to the number of shares set forth opposite the shareholder's name. The addresses of the shareholders listed below who own more than five percent of the outstanding shares of common stock are: Mr. William F. Brandt, Jr., 3102 Shawnee Drive, Winchester, VA 22601; Ms. Mary Jo Stout, PO Box 60, Mayville, MI 48744; Columbia Wanger Asset Management, LP, 227 West Monroe Street Suite 3000, Chicago, IL 60606-5016; and Royce & Associates, LLC, 1414 Avenue of America, New York, NY 10019.

Name	Number of Shares Beneficially Owned	Aggregate
		Percent of Class
William F. Brandt, Jr. <sup>(1)</sup>	1,971,483	24.0%
Mary Jo Stout <sup>(2)</sup>	768,036	9.3%
Columbia Wanger Asset Management, LP <sup>(3)</sup>	609,000	7.4%
Royce & Associates, LLC <sup>(4)</sup>	531,094	6.5%
James J. Gosa <sup>(5)</sup>	315,622	3.8%
David L. Blount <sup>(6)</sup>	154,059	1.9%
Ian J. Sole <sup>(7)</sup>	59,237	*
Kent B. Guichard <sup>(8)</sup>	52,820	*
Daniel T. Carroll <sup>(9)</sup>	13,764	*
Martha M. Dally <sup>(10)</sup>	7,300	*
Neil P. DeFeo	5,000	*
Fred S. Grunewald <sup>(11)</sup>	2,642	*
Kent J. Hussey <sup>(12)</sup>	2,000	*



Name	Number of Shares Beneficially Owned	Aggregate
		Percent of Class
C. Anthony Wainwright <sup>(13)</sup>	666	*
G. Thomas McKane	700	*
James G. Davis <sup>(14)</sup>	673	*
All directors and executive officers as a group (11 persons) <sup>(15)</sup>	2,583,324	31.4%

\* Indicates less than 1%.

- (1) Includes 145,200 shares held by Mr. Brandt as trustee for the benefit of his children, 24,994 shares held by the Brandt Family Foundation to which Mr. Brandt has shared voting power and dispositive power, and stock options exercisable on June 28, 2004 or within 60 days thereafter by Mr. Brandt for 7,000 shares. Excludes 30,976 shares held by Mr. Brandt's spouse as trustee for the benefit of their children, and 20,000 shares owned directly by his spouse. Mr. Brandt disclaims beneficial ownership of such shares.
- (2) Includes 10,000 shares held by Ms. Stout as trustee for the benefit of her children, 120,032 shares held by her brother as trustee for the benefit of Ms. Stout, and 5,500 shares held by the Holcomb Family Foundation.
- (3) The beneficial ownership information for Columbia Wanger Asset Management, LP is based upon the Schedule 13F-HR/A filed with the SEC on June 18, 2004. Columbia Wanger Asset Management, LP has shared voting and dispositive powers with respect to 609,000 shares.
- (4) The beneficial ownership information for Royce & Associates, LLC is based upon the Schedule 13F-HR filed with the SEC on May 12, 2004. Royce & Associates, LLC has shared voting and dispositive powers with respect to 531,094 shares.
- (5) Includes stock options exercisable on June 28, 2004 or within 60 days thereafter by Mr. Gosa for 273,000 shares.
- (6) Includes 4,723 shares held by the Windcrest Foundation, Inc., stock options exercisable on June 28, 2004 or within 60 days thereafter by Mr. Blount for 20,000 shares and 2,100 shares owned by his spouse.
- (7) Includes stock options exercisable on June 28, 2004 or within 60 days thereafter by Mr. Sole for 55,000 shares.
- (8) Includes stock options exercisable on June 28, 2004 or within 60 days thereafter by Mr. Guichard for 45,000 shares.
- (9) Includes stock options exercisable on June 28, 2004 or within 60 days thereafter by Mr. Carroll for 2,000 shares.
- (10) Includes 300 shares held by Ms. Dally as Trustee for the R. Dally Family Trust and stock options exercisable on June 28, 2004 or within 60 days thereafter by Ms. Dally for 1,000 shares.
- (11) Mr. Grunewald retired from the Company's Board of Directors in August 2003.
- (12) Includes stock options exercisable on June 28, 2004 or within 60 days thereafter by Mr. Hussey for 1,000 shares.



- (13) Mr. Wainwright served on the Company's Board of Directors until his death in October 2003.
- (14) Includes stock options exercisable on June 28, 2004 or within 60 days thereafter by Mr. Davis for 333 shares.
- (15) Includes stock options exercisable on June 28, 2004 or within 60 days thereafter for an aggregate of 404,333 shares.

#### **SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's directors and officers, and persons who beneficially own more than ten percent of a registered class of the Company's equity securities (including common stock), to file with the Securities and Exchange Commission (SEC) initial reports of ownership and reports of changes in ownership of common stock and other equity securities of the Company. Officers, directors, and greater than ten percent beneficial owners are required by SEC rules to furnish the Company with copies of all Section 16(a) reports they file with the SEC.

Based solely upon a review of Forms 3, 4, and 5 (and amendments thereto) furnished to us during or in respect of the fiscal year ended April 30, 2004, we are not aware of any director, executive officer or greater than 10% holder who has not timely filed reports required by Section 16(a) of the Exchange Act during or in respect of such fiscal year, except for the inadvertent late Form 4 reporting by Mr. Gosa of 220 shares gifted on 12/30/97, 350 shares gifted on 10/25/00, and 460 shares gifted on 12/21/01. The Form 4 transactions have been reported on Form 5.

#### **CERTAIN INFORMATION CONCERNING THE**

#### **BOARD OF DIRECTORS AND ITS COMMITTEES**

##### **Board Independence**

On an annual basis the Board reviews the independence of all directors and affirmatively makes a determination as to the independence of each director. The Board adopted an independence standard which complies with Rule 4200(a)(15) of the NASDAQ corporate governance listing standards and determined that a majority of its directors are independent within the meaning of independence standards as set forth by Rule 4200(a)(15) of the NASDAQ Corporate Governance Listing Standards and with all subsequent requirements as amended. The independent directors are: Mr. Carroll, Mr. Hussey, Ms. Dally, Mr. Davis, Mr. DeFeo, and Mr. McKane.

##### **Communication with the Board of Directors**

Any shareholder wishing to contact the Board of Directors, the independent directors as a group, or any individual director may do so in writing by sending a self-addressed, stamped letter to:

Chairman, Nominating and Governance Committee

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c/o Corporate Secretary

American Woodmark Corporation

3102 Shawnee Drive

Winchester, Virginia 22601

The Corporate Secretary will review all such written correspondence and forward to the Committee a summary of all correspondence that deals with the functions of the Board or its committees or that the Corporate Secretary otherwise determines requires the attention of the Committee.

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The Committee will review and regularly provide the Board of Directors with a summary of the communications received from shareholders and the actions taken or recommended to be taken if it requires approval of the full Board as a result of such communications. Directors may, at any time, review a log of all correspondence received by the Company which is addressed to members of the Board and may request copies of any such correspondence.

### **Board and Committee Meetings**

The Board of Directors held six regular meetings during the fiscal year ended April 30, 2004. The Board of Directors has a Compensation Committee, an Audit Committee, and a Nominating and Governance Committee. During fiscal year 2004 all of the Board members attended at least 75% of the total number of Board meetings and meetings of all committees of the Board held during periods which they were members of the Board or such committees, except for Mr. Wainwright who, due to his death, attended 50% and Mr. DeFeo who attended 67% of Board and committee meetings. Independent directors meet on a regular basis without the management directors present to discuss a variety of matters regarding the Company's performance and operations. The Board of Directors believes that attendance at American Woodmark Corporation's Annual Meeting of Shareholders demonstrates a commitment to the Company, responsibility and accountability to the shareholders, and support of management and employees. Therefore, it is a policy of the Board that all members attend the Annual Meeting of Shareholders. All members of the Board attended last year's Annual Meeting of Shareholders, except for Mr. Wainwright.

#### *Compensation Committee*

The Compensation Committee is composed of Ms. Dally, Mr. Davis, and Mr. DeFeo. Ms. Dally serves as Chairperson of the Compensation Committee. The Compensation Committee adopted an independence standard which complies with the independence requirements of the NASDAQ corporate governance listing standards. All members have been determined by the Board of Directors to be independent and meet the independence requirements of the NASDAQ listing standards. The Compensation Committee determines awards under and administers the Company's 1996 and 1999 Stock Option Plans for Employees and the Company's Shareholder Value Plan for Employees. The Committee also reviews the compensation of executive officers of the Company. The Compensation Committee met four times during fiscal year 2004. The Board of Directors has adopted a charter for the Committee which is available at [www.americanwoodmark.com](http://www.americanwoodmark.com).

#### *Audit Committee*

The Audit Committee is composed of Mr. Hussey, Mr. Carroll, and Mr. McKane. Mr. Hussey serves as the Chairperson of the Audit Committee. All members have been determined by the Board of Directors to be independent and meet the Audit Committee independence requirements of the NASDAQ listing standards. At least one member must be an audit committee financial expert and have accounting or related financial management expertise as required by the SEC. The Board of Directors has determined that all of the current members of the Audit Committee satisfy the requirements of a financial expert within the meaning of the SEC rules, and has identified that each member is considered a financial expert. The Audit Committee reviews and reports to the Board with respect to various auditing and accounting matters, including the selection and fees of the Company's independent auditors, the scope of both internal and independent audit procedures, the nature of services to be performed by the independent auditors, and the Company's accounting practices. The Audit Committee is governed by a written charter approved by the Board of Directors. A copy of this charter is included in Appendix A. The Audit Committee met four times during fiscal year 2004.

#### *Nominating and Governance Committee*

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The Nominating and Governance Committee is composed of Mr. Carroll, Mr. Hussey, and Mr. DeFeo. Mr. Carroll serves as Chairperson of the Committee. The Nominating and Governance Committee adopted an independence standard which complies with the independence requirements of the NASDAQ corporate governance listing standards. All members have been determined by the Board to be independent and meet the independence requirements of the NASDAQ listing standards. The Nominating and Governance Committee is

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responsible for recruiting and nominating new directors, appointing committees and chairs, reviewing the performance of each director a minimum of once every three years, reviewing the performance of the Board, and exploring ways to improve the effectiveness of the Board. The Committee met three times during fiscal year 2004. The Board of Directors has adopted a charter for the Committee which is available at [www.americanwoodmark.com](http://www.americanwoodmark.com).

### **Corporate Governance**

The Board of Directors has adopted a Code of Business Conduct and Ethics for directors, officers and employees of American Woodmark Corporation. Additionally, the Board has adopted a Code of Business Conduct and Ethics for the Chief Executive Officer and Senior Financial Officers. Each code sets forth and summarizes certain policies of the Company related to legal compliance and ethical business practices. The codes are intended to comply with the listing standards as set forth by NASDAQ. Any amendments to, or waivers from any provisions that apply to our directors or executive officers, including our Chief Executive Officer, Chief Financial Officer, Controller, and Treasurer, will be promptly posted on our Web site at [www.americanwoodmark.com](http://www.americanwoodmark.com). No amendments or waivers were requested or granted during the year ended April 30, 2004.

You can find links to both Codes of Business Conduct and Ethics at the Company's Web site [www.americanwoodmark.com](http://www.americanwoodmark.com).

### **Report of the Audit Committee**

The Audit Committee is composed of independent directors as defined by Rule 4200(a)(15) of the listing standards of the National Association of Securities Dealers. The Audit Committee oversees the Company's financial reporting process on behalf of the Board of Directors. Management has the primary responsibility for the financial statements and the reporting process including the systems of internal controls. In fulfilling its oversight responsibilities, the Committee reviewed the audited financial statements in the Annual Report with management including a discussion of the quality, not just the acceptability, of the accounting principles, the reasonableness of significant judgments, and the clarity of disclosures in the financial statements.

The Committee reviewed with the independent auditors, who are responsible for expressing an opinion on the conformity of those audited financial statements with accounting principles generally accepted in the United States, their judgments as to the quality, not just the acceptability, of the Company's accounting principles and such other matters as are required to be discussed with the Committee under auditing standards generally accepted in the United States. In addition, the Committee has discussed with the independent auditors the auditors independence from management and the Company, including the matters in the written disclosures required by the Independence Standards Board, and considered the compatibility of non-audit services with the auditors' independence.

The Committee discussed with the Company's internal and independent auditors the overall scope and plans for their respective audits. The Committee meets with the internal and independent auditors, with and without management present, to discuss the results of their examinations, their evaluations of the Company's internal controls, and the overall quality of the Company's financial reporting.

In reliance on the reviews and discussions referred to above, the Committee has approved that the audited financial statements be included in the Annual Report on Form 10-K for the year ended April 30, 2004 for filing with the Securities and Exchange Commission. The Committee and the Board have also recommended, subject to shareholder approval, the selection of KPMG LLP as the Company's independent registered public accounting firm for fiscal 2005.

Kent J. Hussey, Chairperson

Daniel T. Carroll

G. Thomas McKane

June 18, 2004

## Compensation of the Board

Non-employee directors receive an annual retainer of \$21,250. Directors who are also employees of the Company do not receive any compensation for their membership on the Board. The Company bears the cost of all travel expenses associated with each director's performance of his or her responsibilities.

In August 2000 shareholders approved the 2000 Non-Employee Directors Stock Option Plan (the "2000 Directors Plan"). The 2000 Directors Plan replaces the 1995 Non-Employee Directors Stock Option Plan which expired August 31, 1999. Each non-employee director automatically receives upon his or her initial election by shareholders to the Board an option to acquire 1,000 shares of common stock under the Company's 2000 Directors Plan. Each year thereafter, eligible directors are automatically granted an option to acquire an additional 1,000 shares of common stock. The exercise price for each option granted under the 2000 Directors Plan is 100% of the fair market value of common stock on the date of the grant. Options granted under the 2000 Directors Plan have a term of four years and are exercisable as to one-third of the shares on the first anniversary of the date of grant and as to an additional one-third on each succeeding anniversary of the date of grant. During the last fiscal year, Messrs. Carroll, Wainwright, Hussey, Davis, McKane, DeFeo, and Ms. Dally were each granted options to purchase 1,000 shares at an exercise price of \$50.98 per share.

Each non-employee director is also eligible to participate in the Company's Shareholder Value Plan for Non-Employee Directors. The plan authorizes the Compensation Committee to grant award units to non-employee directors. Each unit awarded under the plan permits its holder to receive a cash payment if the Company's total shareholder return for a three-year performance period, when expressed as a percentage and compared with the total shareholder return for an index (the "Index") for that period, falls within a ranking scale between the 50th percentile and the 90th percentile of the companies in the Index. The Index applicable to each award is determined by the Compensation Committee at the time of the initial grant and may be the S&P Household Durables Index, the Russell 2000 Index or any other similar nationally recognized index which the Compensation Committee determines constitutes a group of companies comparable with the Company. Total shareholder return is defined as the increase in the average trading price of a share of common stock during the month in which the three-year performance period ends, divided by the average trading price of a share of common stock during the month preceding the first day of the three-year performance period, plus the value of dividends or other distributions with respect to a share of common stock during the performance period and expressed as an annualized rate of return for the performance period.

The Compensation Committee granted three award units to each of Messrs. Carroll, DeFeo, McKane, Hussey, Davis, and Ms. Dally for a performance period beginning on September 1, 2003 and ending on August 31, 2006. The Compensation Committee selected the Russell 2000 Index as the Index for comparing total shareholder return for the performance period. The Compensation Committee assigned a value of \$500 for each award unit if the Company's total shareholder return is at the 50th percentile ranking, a value of \$3,000 if total shareholder return is at or greater than the 90th percentile ranking and intermediate values for rankings between the 50th and 90th percentiles. Therefore, if the Company's total shareholder return for the performance period described above equals the 50th percentile of total shareholder return for the Index, the non-employee director will receive a payment of \$1,500 (3 X \$500) for the three-year performance period. If the Company's percentile ranking is 91, the participant will receive a payment of \$9,000 (3 X \$3,000). If the Company's percentile ranking is below the 50th percentile, no amount will be paid to the non-employee director.

Before any payment may be made, the Compensation Committee must certify the performance goal has been achieved and any other requirements of the plan have been satisfied. No payment will be made until the Compensation Committee makes the certification.

Payments under the Plan are made as soon as administratively practicable following the last day of the performance period. No payment will be made to a non-employee director if he or she ceases to be a director before the last day of the performance period for any reason other than death, disability, change of control, or liquidation of the Company. If the non-employee director ceases to be a director because of the occurrence of one of the preceding events, the non-employee director will receive a prorated payment. Three award units were previously granted under the plan in 2000 to each of Messrs. Carroll, Wainwright, Hussey, and Ms. Dally. The



performance period for these awards ended on August 31, 2003. Because the Company's total shareholder return for the performance period was greater than the 90th percentile for the Index applicable to the units, each director received a payment of \$3,000 for each of their units, for a total payment of \$9,000.

## COMPENSATION OF EXECUTIVE OFFICERS

### Summary Compensation Table

The following table sets forth the compensation for the Company's named executive officers for the Company's last three completed fiscal years. The named executive officers consist of the Chief Executive Officer and the four other most highly compensated executive officers of the Company as of April 30, 2004.

Name & Principal Position	Fiscal Year	Annual Compensation			Long-Term Compensation		
		Salary	Bonus	Other Annual Compensation <sup>(1)</sup>	Awards Securities Underlying Options (#)	Payouts LTIP Payouts <sup>(2)</sup>	All Other Compensation
<b>James J. Gosa</b>							
President & Chief	2004	\$ 578,462	\$ 531,012	\$ 15,269 <sup>(3)</sup>	40,000	\$ 300,000	\$ 96,839 <sup>(4)</sup>
	2003	522,885	510,818	27,090 <sup>(3)</sup>	40,000	300,000	89,635 <sup>(4)</sup>
Executive Officer	2002	445,677	550,000	8,504 <sup>(3)</sup>	40,000	258,000	84,262 <sup>(4)</sup>
<b>Kent B. Guichard</b>							
Executive Vice President	2004	297,804	262,424		10,000	141,000	43,298 <sup>(5)</sup>
	2003	266,530	241,340		10,000	132,000	33,044 <sup>(5)</sup>
Executive Officer	2002	244,103	249,152		10,000	120,000	28,951 <sup>(5)</sup>
<b>David L. Blount</b>							
Sr. Vice President, Manufacturing	2004	270,004	236,886		10,000	132,000	57,254 <sup>(7)</sup>
	2003	245,285	215,258	15,704 <sup>(6)</sup>	10,000	126,000	51,153 <sup>(7)</sup>
Executive Officer	2002	229,003	234,490	5,754 <sup>(6)</sup>	10,000	117,000	46,341 <sup>(7)</sup>
<b>Ian J. Sole</b>							
Sr. Vice President, Sales & Marketing	2004	268,400	236,797	11,887 <sup>(8)</sup>	10,000	129,000	25,275 <sup>(9)</sup>
	2003	241,318	219,237	10,475 <sup>(8)</sup>	10,000	117,000	22,350 <sup>(9)</sup>
Executive Officer	2002	225,189	230,585	3,192	10,000	105,000	1,443 <sup>(9)</sup>
<b>William F. Brandt, Jr.</b>							
Chairman and Executive Officer	2004	270,000			7,000	99,000	4,220 <sup>(11)</sup>
	2003	241,308		15,623 <sup>(10)</sup>	7,000	99,000	4,249 <sup>(11)</sup>
Executive Officer	2002	206,000	226,600		7,000	99,000	3,328 <sup>(11)</sup>

<sup>(1)</sup> Includes amounts paid in connection with Company-paid spousal travel.

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- (2) Amount paid in connection with award units granted to the named executive officer in 1999 under the Shareholder Value Plan for Employees.
- (3) Amount includes \$6,144, \$18,117, and \$4,695 for discounted cabinet purchases by Mr. Gosa for the years ended April 30, 2004, 2003, and 2002, respectively.
- (4) Consists of Company contributions to the Investment Savings Stock Ownership Plan of \$4,220, \$4,121, \$3,346; and Company contributions credited under the Pension Restoration Plan of \$92,619, \$85,514, and \$78,916 for years ending April 30, 2004, 2003, and 2002, respectively.
- (5) Consists of Company contributions to the Investment Savings Stock Ownership Plan of \$4,220, \$4,116, \$3,931; and Company contributions credited under the Pension Restoration Plan of \$39,078, \$28,928, and \$25,020 for years ending April 30, 2004, 2003, and 2002, respectively.
- (6) Amount includes \$13,333 and \$4,079 for discounted cabinet purchases by Mr. Blount for the years ended April 30, 2003 and 2002, respectively.

- (7) Consists of Company contributions to the Investment Savings Stock Ownership Plan of \$4,220, \$2,687, \$2,950; and Company contributions credited under the Pension Restoration Plan of \$53,034, \$48,466, and \$43,391 for years ending April 30, 2004, 2003, and 2002, respectively.
- (8) Amount includes \$2,762 and \$756 for discounted cabinet purchases by Mr. Sole for the years ended April 30, 2004 and 2003, respectively.
- (9) Consists of Company contributions to the Investment Savings Stock Ownership Plan of \$1,930, \$1,542, \$1,443 for years ending April 30, 2004, 2003, and 2002, respectively; and Company contributions credited under the Pension Restoration Plan of \$23,345 and \$20,808 for the years ending April 30, 2004 and 2003, respectively.
- (10) Amount includes \$10,987 for discounted cabinet purchases by Mr. Brandt.
- (11) Consists of Company contributions to the Investment Savings Stock Ownership Plan of \$4,220, \$4,249, and \$3,328 for years ending April 30, 2004, 2003, and 2002, respectively.

### Option Grants in Last Fiscal Year

The following table sets forth information concerning options granted to the Company's named executive officers under the 1999 Stock Option Plan during the fiscal year ended on April 30, 2004.

Name	Individual Grants <sup>(1)</sup>				Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation For Option Term <sup>(2)</sup>	
	Number of Securities Underlying Options Granted (#)	Percent of Total Options Granted to Employees in Fiscal Year (%)	Exercise or Base Price (\$/Share)	Expiration Date	5% (\$)	10% (\$)
James J. Gosa	40,000	22.7	\$ 48.41	06/13/13	\$ 1,217,600	\$ 3,086,000
Kent B. Guichard	10,000	5.7	48.41	06/13/13	304,400	771,500
David L. Blount	10,000	5.7	48.41	06/13/13	304,400	771,500
Ian J. Sole	10,000	5.7	48.41	06/13/13	304,400	771,500
William F. Brandt, Jr.	7,000	4.0	48.41	06/13/13	213,080	540,050

(1) The exercise price of each option is 100% of the fair market value of the Company's common stock on the date of the option grant. Options are exercisable at a rate of 33.33% per year beginning on the first anniversary of the date on which the options were granted. The options must be exercised within ten years from the date of grant, at which time the options expire. If the employee's employment is terminated for any reason other than death or disability, the employee has three months to exercise that portion of the option that was exercisable as of the date of his or her termination of employment.

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- (2) Potential realizable value is calculated using a Black-Scholes model with an expected volatility of 0.512, expected dividend yield of 0.80%, expected life in years of 6.0, and an assumed risk-free rate of return of 2.40%. These amounts do not represent the Company's estimate or projections of the price of the Company's stock in the future.



**Aggregated Option Exercises in Last Fiscal Year and****Fiscal Year-End Option Values**

The following table summarizes stock options exercised during the fiscal year ended April 30, 2004 and presents the values of unexercised options held by the Company's named executive officers at the end of that fiscal year.

Name	Shares Acquired On Exercise (#)	Value Realized (\$)	Number of	Value of
			Underlying Unexercised Options At FY-End (#)	Unexercised In-the-Money Options At FY-End (\$)
			Exercisable / Unexercisable	Exercisable / Unexercisable
James J. Gosa	34,200	\$ 2,001,195	233,000/ 80,000	\$ 8,697,922/ 1,100,088
Kent B. Guichard	10,000	\$ 453,500	35,000/ 20,000	1,130,045/ 275,022
David L. Blount	56,000	\$ 2,435,538	10,000/ 38,789	230,278/ 275,022
Ian J. Sole	10,000	\$ 453,500	45,000/ 20,000	1,476,445/ 275,022
William F. Brandt, Jr.	102,999	\$ 4,783,803	4,668/ 22,282	81,083/ 111,463

**Employment Agreements**

The Company has entered into employment agreements with the following executives: Messrs. Gosa, Guichard, Blount, and Sole as described below.

Mr. Gosa has an employment agreement with the Company to fulfill the duties of President and Chief Executive Officer. The agreement provides Mr. Gosa a base salary of at least \$500,000 per year, subject to annual upward adjustments, as the Company shall deem appropriate from time to time and as approved within general practice and authority levels required by the Company. Further, Mr. Gosa is entitled to participate in the Company's annual incentive program with a bonus opportunity of between 0% and 110% of his then current base salary. The actual amount of the bonus will be related to achievement of certain performance objectives set by the Board of Directors at the beginning of each fiscal year. The initial term of the agreement ended December 31, 2002. The agreement has been automatically extended for an additional one-year term ending December 31, 2004. The agreement will be extended each subsequent year unless either party to the agreement gives notice on or before November 1st of the preceding year. If during the term of this agreement Mr. Gosa's employment is terminated without cause (as defined in the agreement), he is entitled to severance pay equal to his base salary for a period of 18 months. Severance will be paid in accordance with the Company's usual payroll practices for salaried personnel. The agreement provides that Mr. Gosa will not compete with the

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Company either while he is employed or during the time he receives severance pay. Should the Company undergo a change in control (as defined by the agreement), Mr. Gosa may terminate his employment at any time during the two-year period following the change of control. If Mr. Gosa exercises this right, he will receive a single lump sum equal to 2.99 times the sum of (1) the greater of his annual base salary at the time of termination or the largest base salary in effect during the term of this agreement, and (2) an amount equal to the greater of the average of bonuses paid for

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the three preceding fiscal years or 60% of the maximum eligible annual cash bonus for the year of termination. Likewise, if the Company terminates Mr. Gosa's employment without cause within three months before and two years after a change in control, he will receive the same severance package in a single lump sum. This agreement may not be terminated for 24 months after a change in control. In no event, however, may a severance benefit paid after a change in control exceed the maximum that can be paid without such payment constituting excess parachute payments for purposes of the Internal Revenue Code.

Mr. Guichard has an employment agreement similar to Mr. Gosa's employment agreement with the following differences. Mr. Guichard fulfills the duties of Executive Vice President. His annual compensation is at least \$339,000 per year, subject to annual upward adjustments. Mr. Guichard is entitled to participate in the Company's annual incentive program with a bonus opportunity of between 0% and 100% of his then current base salary.

Messrs. Blount and Sole also have employment agreements similar to Mr. Gosa's employment agreement, with the following differences. Mr. Blount serves as Senior Vice President, Manufacturing and receives an annual base salary of at least \$234,490, subject to annual upward adjustments. Mr. Sole serves as Senior Vice President, Sales and Marketing and receives an annual base salary of at least \$230,585, subject to annual upward adjustments. Each is entitled to participate in the Company's annual incentive program with a bonus opportunity of between 0% and 100% of his then current base salary. If during the term of his agreement either Mr. Blount or Mr. Sole is terminated without cause (as defined in their agreements), he will receive severance pay for a period of 12 months. The agreements provide they will not compete with the Company either while they are employed or during the time they receive severance pay. If either Mr. Blount or Mr. Sole terminates his employment for good reason within one year of a change in control, he will be entitled to severance pay in one lump sum. He has good reason to terminate his employment only if: (i) his base salary is reduced, (ii) he is not in good faith considered for a bonus, (iii) he is not in good faith considered for other executive compensation benefits, (iv) his place of employment is relocated to a location further than 50 miles from his current place of employment, or (v) his working conditions or management responsibilities are substantially diminished (other than on account of his disability). This severance package will be equal to two times the sum of (1) the greater of his annual base salary at the time of termination or the largest base salary in effect during the term of this agreement, and (2) an amount equal to the greater of the average of bonuses paid for the three preceding fiscal years or 60% of the maximum eligible annual cash bonus for the year of termination. Likewise, if the Company terminates either executive's employment without cause within three months before and one year after a change in control, he will receive the same severance package in a single lump sum.

#### Long-Term Incentive Plan - Awards in Last Fiscal Year

The following table sets forth information concerning long-term incentives granted to the Company's named executive officers under the Shareholder Value Plan for Employees (the "Shareholder Value Plan") during the fiscal year ended April 30, 2004.

Name	Number of Shareholder Value Plan (SVP) Units Awarded in Fiscal Year	Performance or Other Period Until Maturation or Payout	Estimated Future Payouts		
			Under Non-Stock		
			Price-Based Plans		
			Threshold	Target	Maximum
James J. Gosa	134	5/1/03 to 4/30/06	\$ 67,000	\$ 261,300	\$ 402,000
Kent B. Guichard	55	5/1/03 to 4/30/06	27,500	107,250	165,000
David L. Blount	50	5/1/03 to 4/30/06	25,000	97,500	150,000
Ian J. Sole	49	5/1/03 to 4/30/06	24,500	95,550	147,000

Each of the units awarded under the Shareholder Value Plan permits its holder to receive a cash payment if the Company's total shareholder return for the three-year performance period beginning on May 1, 2003 and ending on April 30, 2006, when expressed as a percentage and compared with the total return for the Russell 2000 Index (the Index) for that period, falls within a ranking scale between the 50<sup>th</sup> percentile and 90<sup>th</sup> percentile of the companies in the Index. Total shareholder return for the Company is defined as the increase in the average trading price of a share of common stock during the month which ends the three-year performance period, divided by the average trading price of a share of common stock during the month preceding the first day of the three-year performance period, plus the value of dividends or other distributions with respect to a share of common stock during the performance period and expressed as an annualized rate of return for the performance period. The return on the Index is defined as the increase in the average Index value during the month which ends the three-year performance period, divided by the average Index value during the month preceding the first day of the three-year performance period.

The Compensation Committee has assigned a value of \$500 for each award unit if the Company's total shareholder return is at the 50<sup>th</sup> percentile ranking, a value of \$3,000 if total shareholder return is at the 90<sup>th</sup> percentile ranking and intermediate values for rankings between the 50<sup>th</sup> and 90<sup>th</sup> percentiles. Therefore, if a participant has 50 award units and the Company's total shareholder return is at the 50<sup>th</sup> percentile, the participant will receive incentive compensation of \$25,000 (50 X \$500) for the three-year performance period. If the Company's return is twice the return on the Index, the participant will receive incentive compensation of \$150,000 (50 X \$3,000). If the Company's return is below the 50<sup>th</sup> percentile, no incentive compensation will be paid to the participant.

Before any payment may be made, the Compensation Committee must certify the performance goal has been achieved and any other requirements of the plan have been satisfied. No payment will be made until the Compensation Committee makes that certification. The maximum aggregate amount a participant in the Shareholder Value Plan may be paid with respect to the award units listed in the table above is \$750,000.

Award unit payments will be made as soon as administratively practicable following the last day of the performance period. No payments will be made to a participant if the participant's employment terminates before the last day of the performance period for any reason other than death, disability, retirement or the sale or other disposition of the business unit in which the participant is employed. If termination of employment occurs because of the occurrence of one of the preceding events, the participant will receive a prorated payment.

#### **Pension Plan**

The Company maintains a non-contributory defined benefit pension plan. The plan covers substantially all employees who are compensated on the basis of a salary and/or a commission, and who meet certain age and service requirements. Funding is determined on an actuarial basis. Benefits are based on a percentage of a participant's average compensation, including bonuses, for the five calendar years in the ten calendar years prior to the participant's retirement that produce the highest average compensation, and the participant's years of credited service. The plan is a continuation of a pension plan that was in effect for former employees of Boise Cascade Corporation. If an employee was a participant in the Boise Cascade plan, his or her benefit under the Company's plan cannot be less than the benefit he or she would have received under the Boise Cascade plan. The employee's benefit will be based upon his or her credited service under both the Boise Cascade plan and the Company's plan. If an employee has seven or more years of credited service under the Boise Cascade plan, part of his or her benefit will be provided by the Boise Cascade plan. The Company's plan will provide the rest of the total benefit.

The following table illustrates the estimated annual benefits that would be paid on a straight life annuity basis to a participant in the plan who retired at the plan's normal retirement date (age 65) for various levels of compensation and years of credited service.

Final Average Annual Compensation	Years of Credited Service				
	10	20	25	30	35
\$200,000	\$ 25,000	\$ 50,000	\$ 62,500	\$ 75,000	\$ 87,500
300,000	37,500	75,000	93,750	112,500	131,250
400,000	50,000	100,000	125,000	150,000	175,000
500,000	62,500	125,000	156,250	187,500	218,750
600,000	75,000	150,000	187,500	225,000	262,500
700,000	87,500	175,000	218,750	262,500	306,250
800,000	100,000	200,000	250,000	300,000	350,000
900,000	112,500	225,000	281,250	337,500	393,750

As of April 30, 2004, the credited years of service for Messrs. Gosa, Brandt, Blount, Guichard, and Sole were 13, 34, 27, 11, and 7, respectively. For determining benefits under the plan, covered compensation for each of these individuals is approximately equal to the sum of the amounts shown in the Summary Compensation Table under the headings Salary, Bonus, and LTIP Payouts.

The Internal Revenue Code limits the total amount of compensation that can be taken into account in computing benefits under the plan, as well as the maximum amount of retirement benefits that may be paid under the plan. These limits are indexed each year, so the ultimate amount of benefit actually paid will depend on the year of retirement. The benefits listed in the table above are not subject to any deductions for social security or other offset amounts. For calendar year 2004, the maximum annual compensation that may be taken into account is \$205,000, and the maximum annual benefit that may be paid in the form of a single life annuity is \$165,000.

#### REPORT OF THE COMPENSATION COMMITTEE

The Compensation Committee of the Board of Directors is responsible for the establishment of policies and procedures governing executive compensation. The Committee is composed entirely of independent directors.

The Compensation Committee periodically performs a comprehensive review of executive compensation with the assistance of independent compensation consultants. This report summarizes the Committee's executive compensation philosophy and policies for the Company's last completed fiscal year.

#### Compensation Philosophy

The Company's executive compensation program is designed to assist in attracting, motivating, and retaining qualified senior management. The fundamental objective of the compensation program is to support the achievement of the Company's business objectives and, thereby, the creation of long-term shareholder value. To this end, the Company's philosophy is that executive compensation policies should be designed to

achieve the following objectives:

Align the interests of executive management with those of the Company's shareholders by providing a significant portion of total compensation in common stock or other instruments which derive value in a manner consistent with the return to shareholders;

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Provide an incentive to executive management by linking a meaningful portion of compensation to the achievement of specific desired results; and

Enable the Company to attract and retain key executives whose skills and capabilities are needed for the continued growth and success of the Company by offering competitive total compensation.

The Compensation Committee believes that total return to the shareholder should be a major determinant of long-term executive compensation. While a significant portion of compensation may fluctuate with annual results, the total program is structured to emphasize long-term performance and sustained growth in shareholder value.

The Compensation Committee believes base salaries and target incentive compensation for executive management should approximate the averages found in publicly traded peer companies. The Committee further believes a substantial portion of target compensation should be based on Company and individual performance. Actual incentive compensation, therefore, should include elements that result in significant variability based on Company and individual executive performance. Executive management should have an opportunity for superior compensation with superior results. While overall Company performance is emphasized in an effort to encourage and reward teamwork, individual compensation should include some elements which reflect individual responsibilities and contribution. At risk, performance-based compensation averaged approximately 55% of total annual cash compensation paid to the executive group during the fiscal year ended April 30, 2004.

The Compensation Committee also believes executives should have a substantial equity ownership position to provide long-term incentives which closely link executive compensation to the Company's long-term performance and return to shareholders. Such ownership may be accomplished through direct ownership of shares of common stock, awards of options to acquire common stock and other awards based on the performance of common stock.

### **Competitive Positioning**

The Compensation Committee regularly reviews executive compensation levels to ensure the Company will be able to attract and retain the caliber of executives needed to effectively operate the Company, and the pay for executives is reasonable and appropriate relative to current market practice. In making these evaluations, the Compensation Committee annually reviews the results of surveys of executive salary and incentive levels among peer companies and other durable goods manufacturers of similar size. In addition, the Compensation Committee periodically undertakes an analysis of salaries, annual bonuses, and long-term incentives with the assistance of independent compensation consulting firms.

### **Components of Executive Compensation**

The principal components of the Company's executive compensation program include base salary, annual cash bonus, long-term incentives, and benefits.

**Base Salary.** Base salaries for all executives have been competitively established based on salaries paid for like positions in comparable companies. The companies used for comparison of base salaries are not necessarily the same companies used in the Performance Graph section of this proxy statement because the Compensation Committee believes the Company's most direct competitors for executive talent are not necessarily all of the companies included in the peer group used to compare shareholder returns. These salaries are reviewed annually to assure continued competitiveness and are adjusted when necessary. Based on national surveys available to the Compensation Committee and

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information provided by an independent consultant, the Compensation Committee believes executive management, as a group, is paid at the average market rate. As is the case with the Company's overall compensation policies for salaried employees, adjustments to executive base salaries result from a demonstrated increase in skills or from market-driven changes in comparable positions.



**Annual Cash Bonus.** The purpose of the Company's annual incentive program is to provide a direct monetary incentive to executives in the form of an annual cash bonus which is tied to the achievement of measurable, predetermined performance objectives. The annual incentive bonus reflects overall Company financial performance. All executive officers are eligible for an annual bonus, with a maximum potential of 100% or 110% of base pay. Senior Vice Presidents of the Company were eligible for a maximum bonus equal to 100% of base pay during the 2004 fiscal year based on net income (70%) and individual performance (30%). The Chief Executive Officer was eligible for a maximum bonus equal to 110% of base pay during the 2004 fiscal year based on net income. No annual incentives are paid below certain predetermined levels of minimal performance.

**Long-term Incentives.** Long-term incentive compensation involves the use of two types of stock-based awards: stock options and shareholder value units. Both types of awards are intended to focus the attention of executives on the achievement of the Company's long-term performance objectives, to align executive management's interests with those of shareholders and, in the case of stock options, to facilitate executives' accumulation of sustained ownership of Company stock. The levels of award opportunities, as combined under both instruments, are intended to be consistent with typical levels of comparable companies and to reflect an individual's level of responsibility and performance. The companies used for comparison of long-term incentives are not the same companies used in the Performance Graph section of this proxy statement because the Compensation Committee believes that the Company's most direct competitors for executive talent are not necessarily all of the companies that are included in the peer group used to compare shareholder returns.

Stock options, as awarded under the 1996 and 1999 Stock Option Plans for Employees, give executives the opportunity to purchase common stock for a term not to exceed ten years and at a price of no less than the fair market value of the common stock on the date of grant. Executives benefit from stock options only to the extent the stock price appreciates after the grant of the option. More information concerning option grants made to the named executive officers during the 2004 fiscal year may be found under the heading "Option Grants in Last Fiscal Year" contained in this Proxy Statement.

Shareholder value units, as awarded under the Shareholder Value Plan for Employees, give executives the opportunity to receive incentive cash payments based on the comparative total return to the shareholders of the Company versus the total returns for a comparable index of peer companies such as the S&P Household Durables Index or the Russell 2000 Index. Executives may be eligible for cash incentives if the Company provides a total return to shareholders that is greater than or equal to the average performance of the index. Additional information concerning Shareholder Value Unit awards may be found under the heading "Long-Term Incentive Plan Awards in Last Fiscal Year" contained in this Proxy Statement.

**Benefits.** Benefit programs for executives are designed to provide protection against financial catastrophe that can result from illness, disability, or death. Benefits offered to senior executives are the same as those offered to all employees.

The Company maintains a pension plan for all salaried employees, as described under the heading "Pension Plan" in this Proxy Statement. The Company has also adopted a Pension Restoration Plan. The purpose of this Plan is to restore the level of benefit as defined in the Company's Pension Plan that may be reduced due to limitations required by the Internal Revenue Service Code. The Plan is a non-qualified, non-contributory plan for a small group of highly compensated employees who are selected for participation in the Plan by the Compensation Committee. Each Plan participant has an account under the Plan to which the Compensation Committee may, in its discretion, credit Company contributions. The amount credited to the accounts of those named executive officers who participated in the Plan in 2004 is listed under the heading "Summary Compensation Table." The obligation of the Company to make payments under this Plan is an unsecured promise and any property of the Company set aside for the payment of benefits remains subject to the claims of creditors in the event of the Company's insolvency until such benefits are distributed to the Plan participants under the provisions of the Plan.

### **Compensation of the Chief Executive Officer**

The total compensation for the Chief Executive Officer in fiscal 2004 was established in accordance with the policies discussed above in this report. As reported in the Summary Compensation Table, payments to Mr. Gosa under his base salary increased 10.6% during the fiscal year based on Mr. Gosa's performance in fulfilling his responsibilities as President and Chief Executive Officer, and on the Committee's assessment of comparable positions in similar companies. Mr. Gosa received an annual cash bonus according to the Plan. Mr. Gosa's stock option award and stock value unit grants were consistent with the Company's compensation philosophy, and the target value for these incentives is comparable to like positions at similar companies, as determined by an independent compensation consultant. The companies used for these comparisons are not necessarily the same companies used in the Performance Graph section of this proxy statement because the Compensation Committee believes the Company's most direct competitors for Chief Executive Officer talent are not necessarily all of the companies that are included in the peer group used to compare shareholder returns.

### **Compliance with Section 162(m) of the Internal Revenue Code**

The Company is subject to Section 162(m) of the Internal Revenue Code, which imposes a \$1.0 million limit on the amount of compensation that may be deducted by the Company for a taxable year with respect to the Chief Executive Officer and the next four most highly compensated executive officers of the Company. Performance-based compensation that meets certain requirements is not subject to the deduction limit.

The 1996 and 1999 Stock Option Plans for Employees and the Shareholder Value Plan for Employees are designed to comply with the requirements of the performance-based compensation exception from the \$1.0 million limit. During fiscal 2004, compensation of the Chief Executive Officer and the next four most highly compensated executive officers under these Plans qualified for the performance-based exception to Section 162(m).

Based on the superior performance of the Company during fiscal 2004, total compensation of the Chief Executive Officer from sources that did not qualify for exemption from the deduction limit exceeded \$1.0 million. Both the amount of the compensation over \$1.0 million and the amount of the tax deduction lost due to the compensation were immaterial.

The Committee will continue to monitor the impact of the Section 162(m) limit on the Company and to assess alternatives for avoiding the loss of material tax deductions in future years.

Martha M. Dally, Chairperson

James G. Davis

Neil P. DeFeo

## PERFORMANCE GRAPH

Set forth below is a graph comparing the five-year cumulative shareholder return from investing \$100 on May 1, 1999 in American Woodmark Corporation common stock, the Russell 2000 Index, and the S&P Household Durables Index:

## CERTAIN TRANSACTIONS

The Company leases its headquarters from Amwood Associates, a partnership including Mr. Brandt and Ms. Stout. The original lease commenced on March 18, 1986 and ended on March 17, 2001. The Company elected to renew this lease in accordance with company policy and procedure which included approval by the Board of Directors for a five-year term which expires in 2006. Current rental payments are \$34,974 per month and are subject to annual increases, not to exceed 7%, based on changes in the Consumer Price Index. During the fiscal year ended April 30, 2004, the Company made aggregate payments under the lease in the amount of \$416,000. The rent under the lease was established by an independent appraisal and is on terms the Company believes are at least as favorable to the Company as those that could be obtained from unaffiliated third parties.

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**STATEMENTS CONCERNING AUDIT SERVICES AND FEES**
**Changes In Registrant's Certifying Accountant**

On May 19, 2004, the Audit Committee of the Board of Directors of American Woodmark Corporation dismissed Ernst & Young LLP as its independent registered public accounting firm pending completion of its work associated with the audit of financial statements for fiscal year ended April 30, 2004. On May 19, 2004, the Audit Committee approved the engagement of KPMG LLP as its independent registered public accounting firm to replace the firm of Ernst & Young LLP for the Company's fiscal year 2005.

The reports of Ernst & Young LLP on the consolidated financial statements of American Woodmark Corporation for the past two fiscal years ended April 30, 2004 and April 30, 2003 did not contain an adverse opinion or disclaimer of opinion and were not qualified or modified as to uncertainty, audit scope or accounting principles.

In connection with the audits of American Woodmark's financial statements for each of the past two fiscal years ended April 30, 2004 and April 30, 2003 and in the subsequent interim periods, there were no disagreements between American Woodmark Corporation and its auditors, Ernst & Young LLP on any matter of accounting principles or practices, consolidated financial statement disclosure, or auditing scope and procedures, which, if not resolved to the satisfaction of Ernst & Young LLP, would have caused Ernst & Young LLP to make reference to the matter in its reports.

American Woodmark Corporation has not consulted with KPMG LLP during the last two fiscal years ended April 30, 2004 and 2003 or during the subsequent interim periods on either the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered on American Woodmark's consolidated financial statements.

American Woodmark Corporation has provided Ernst & Young LLP with a copy of this disclosure and has requested Ernst & Young LLP to furnish American Woodmark with a letter addressed to the Securities and Exchange Commission stating whether Ernst & Young LLP agrees with the statements made above by American Woodmark. This letter is attached to the Company's Form 8-K filed May 21, 2004 as Exhibit 16 thereto.

**Independent Auditor Fee Information**

Fees for professional services provided by our independent auditors in each of the last two fiscal years, in each of the following categories are:

	<u>2004</u>	<u>2003</u>
Audit Fees	\$ 250,000	\$ 211,000
Audit Related	25,000	25,000
Tax Fees	20,550	9,050
All Other Fees	0	0
	<u>          </u>	<u>          </u>

\$ 295,550 \$ 245,050

Fees for audit services include fees associated with the annual audit and the reviews of the Company's quarterly reports on Form 10-Q. Audit related fees are for employee benefit plan financial statement audits. Tax fees include tax compliance, tax advice and tax planning.

### **Pre-Approval Policies and Procedures**

The Audit Committee has adopted a policy that requires advance approval of all audit, audit related, tax services, and other services performed by independent accounting auditors or consultants. The policy provides for pre-approval by the Audit Committee of specifically defined audit and non-audit services. Unless a specific service has been pre-approved with respect to that year, the Audit Committee must approve the permitted service before the independent auditor or other firm is engaged. The Audit Committee has delegated to the Chair of the Audit Committee authority to approve permitted services provided that the Chair reports any decisions to the Committee at its next scheduled meeting.

### **ITEM 2 - RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

Upon the recommendation of the Audit Committee, the Board of Directors has selected KPMG LLP as independent registered public accounting firm to audit the Financial Statements of the Company for fiscal year 2005 and has directed a vote of shareholders to be taken to ascertain their approval or disapproval of that selection. If the shareholders do not ratify the selection of KPMG LLP, the Board of Directors will reconsider the selection of independent registered public accounting firm.

Representatives of KPMG LLP will be present at the Company's Annual Meeting. Such representatives will have the opportunity to make a statement if they so desire and will be available to respond to appropriate questions.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR RATIFICATION OF THE SELECTION OF KPMG LLP AS INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM OF THE COMPANY FOR FISCAL YEAR 2005 (ITEM 2 ON YOUR PROXY CARD).

### **ITEM 3 2004 STOCK INCENTIVE PLAN FOR EMPLOYEES**

#### **Introduction**

Subject to shareholder approval, the Board of Directors has approved the American Woodmark Corporation 2004 Stock Incentive Plan for Employees (the Plan). This summary of the Plan is qualified in its entirety by reference to the full text of the Plan, which is attached to this Proxy Statement as Appendix B. Terms used and not otherwise defined in this summary have the meaning set forth in the Plan.

The Plan is designed to give the Company a competitive advantage in attracting, retaining and motivating employees. The Plan links employee incentives to the financial results of the Company and increases in shareholder value, consistent with the compensation philosophy described in the Report of the Compensation Committee and the Compensation Committee's option grant practices under the 1999 Stock Option Plan.

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As of June 28, 2004 only 141,552 shares of Common Stock remain available under the 1999 Stock Option Plan for allocation to Stock Options under that plan. The Company wishes to adopt this Plan so that it may continue to award Options to selected employees in future years. The Company also wants the flexibility to make awards of Restricted Stock under the Plan based upon the competitive marketplace. The Plan permits the Company to maximize its tax deduction for incentive compensation paid to its most highly paid officers under Section 162(m) of the Code.

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## **General**

A total of 1,000,000 shares of Company Stock are reserved for issuance under the Plan. Shares of Company Stock allocated to Options, or portions of Options, that expire, are forfeited or otherwise terminate unexercised may again be made subject to an Incentive Award under the Plan. Likewise, shares of Restricted Stock that are forfeited may again be made subject to an Incentive Award. The Compensation Committee may condition grants of Options to a Participant on the surrender by the Participant of Options previously granted to him or her. No more than 100,000 shares of Company Stock may be allocated to the Incentive Awards that are granted to a Participant in any single Taxable Year. An Incentive Award is a grant of Options, a grant of Restricted Stock, or a combination of the two kinds of awards.

Adjustments will be made in the number and kind of shares of stock or Company securities which may be issued under the Plan in the event of a stock dividend, stock split, recapitalization, merger or similar change in the outstanding shares of Company Stock or the creation or issuance to shareholders generally of rights, options or warrants for the purchase of Company Stock or preferred stock. Similar adjustments may be made to the 100,000 share limit described above, the exercise price of Options, and the terms of any stock option agreement.

The Company Stock is listed on the NASDAQ National Market. On June 28, 2004, the closing price of the Company Stock was \$58.03.

## **Eligibility**

All present and future employees of the Company or a Subsidiary whom the Compensation Committee determines to have contributed or who can be expected to contribute significantly to the Company or Subsidiary are eligible to be granted Incentive Awards under the Plan. The Company estimates that it has approximately 50 employees who would currently be eligible to receive Incentive Awards under the Plan (5 of whom are named executive officers)

## **Administration**

The Plan will be administered by the Compensation Committee or a subcommittee of the Compensation Committee. The Compensation Committee has the power and complete discretion to select eligible employees to receive Incentive Awards, and to determine the type, terms and conditions of the Incentive Awards, including without limitation any Performance Goals applicable to a grant of Restricted Stock.

## **Stock Options**

Options to purchase shares of Company Stock granted under the Plan may only be Non-statutory Stock Options. Non-statutory Stock Options do not qualify for favorable individual income tax treatment under Section 422 of the Code. The purchase price of Company Stock covered by a Non-statutory Option may not be less than 100% of Fair Market Value of such shares on the Date of Grant of the Option.

Options may only be exercised at such times as may be specified by the Compensation Committee in the option agreement. The Committee may grant options with a provision that an Option that is not otherwise exercisable will become exercisable upon a Change of Control.



A Participant exercising an Option may pay the purchase price in cash or, if the option agreement so permits, by delivering Mature Shares or causing to be withheld from the Option, shares of Company Stock (valued in each case at their Fair Market Value). The Compensation Committee may also permit a Participant to exercise his or her Option by delivering an exercise notice together with irrevocable instructions to a broker to promptly deliver to the Company the amount of sale or loan proceeds from the Option shares to pay the purchase price. The Compensation Committee may also provide in the Option that an employee who exercises an Option by delivering Mature Shares will be automatically granted a new Replacement Option equal in

amount to the number of shares delivered to exercise the Option, including any Mature Shares that are delivered by the Participant or any shares of Company Stock that are withheld by the Company to pay Applicable Withholding Taxes. The Replacement Option will have an exercise price equal to the Fair Market Value of Company Stock on the date of delivery of shares to exercise the original Option and will otherwise have the same terms as the original Option. The Replacement Option will not have a Replacement Feature.

### **Restricted Stock**

When a grant of Company Stock is made in the form of Restricted Stock, the grantee may not sell, assign, or otherwise dispose of the Company Stock until the restrictions on the shares set forth in the award agreement have lapsed or been removed. In making a grant of Restricted Stock, the Compensation Committee will establish as to each award the terms and conditions upon which these restrictions lapse. These terms and conditions may include the lapsing of restrictions as a result of the Disability, retirement or death of the Participant or the occurrence of a Change in Control.

These terms and conditions may also include the achievement of a Performance Goal or Goals to the extent that the award is intended to comply with the requirements of Section 162(m) of the Code. A Performance Goal means an objectively determinable performance goal established by the Committee with respect to a given grant of Restricted Stock relating to one or more Performance Criteria. Performance Criteria for this purpose means any of the following areas of performance of the Company or any Subsidiary: asset growth; combined net worth; debt to equity ratio; earnings per share (before or after income taxes and other specified adjustments); revenues; operating income; operating cash flow; net income, before or after income taxes; or return on total capital, equity, revenue or assets.

If the Restricted Stock is subject to the achievement of a Performance Goal, then before any restrictions may lapse, the Compensation Committee must certify the Performance Goal has been achieved and any other requirements of the Plan have been satisfied. No unrestricted certificates of Company Stock will be distributed until the Compensation Committee makes that certification.

### **Nontransferability of Incentive Awards**

In general, Incentive Awards, by their terms, are not transferable by the Participant except by will or by the laws of descent and distribution. Options are exercisable, during the Participant's lifetime, only by the Participant or by his guardian or legal representative.

### **Termination and Modification of the Plan**

The Plan was approved by the Board of Directors on May 19, 2004, contingent on shareholder approval of the Plan and meeting federal or state securities law requirements. Participants cannot exercise Options that may be granted under the Plan until such conditions are met. Unless the Board of Directors sooner terminates it, the Plan will terminate on July 31, 2014. No Incentive Awards may be granted under the Plan after it terminates.

The Board may amend or terminate the Plan as it deems advisable. However, if and to the extent required by the Code, shareholders must approve amendments that would: (i) increase the number of shares of Company Stock that are reserved and available for issuance under the Plan, (ii) materially change the requirements for eligibility to participate in the Plan, or (iii) materially increase the benefits that eligible employees may receive under the Plan. The Board may amend the Plan as necessary and without shareholder approval to ensure that the Plan

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continues to comply with Rule 16b-3 or to meet the requirements of the Code and applicable regulations. In addition, the Board may amend the Plan or any Options granted under the Plan if the Company is involved in a merger or other transaction that the Company intends to treat as a pooling of interest for financial accounting purposes and the Company's independent auditors determine that the terms of the Plan or an Option would preclude such accounting treatment unless amended.

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### **Federal Income Tax Consequences**

A Participant generally will not incur federal income tax when he or she is granted a Non-statutory Stock Option. Upon exercise of a Non-statutory Stock Option, the Participant will be treated, in most circumstances, as having received ordinary income equal to the difference between the Fair Market Value of the Company Stock on the date of the exercise and the exercise price. This income is subject to income tax withholding by the Company.

Likewise, a Participant generally will not incur federal income tax when he or she receives a grant of Restricted Stock. When the restrictions on the Restricted Stock lapse, the Participant will be treated as having ordinary income equal to the Fair Market Value of the Company Stock on the date the restrictions lapse. This income is subject to income tax withholding by the Company. Any dividends paid on shares of Restricted Stock will generally be treated as compensation income, not dividend income, to the Participant. (Under a special rule in Section 83(b) of the Code, however, a Participant may elect at the time of the grant to be subject to income tax on an amount equal to the Fair Market Value of the Company Stock on the date of the grant.)

The Company usually will be entitled to a business expense deduction at the time and in the amount that the recipient of an Incentive Award (whether in the form of a Non-statutory Stock Option or Restricted Stock) recognizes ordinary income. As stated above, this usually occurs upon exercise of the Non-statutory Stock Option or the lapse of the restrictions on the Restricted Stock. There also may be circumstances when a deduction is not allowed for certain transfers of Company Stock or payments to Participants upon the exercise of a Non-statutory Stock Option, or the lapse of restrictions on Restricted Stock, that have been accelerated as a result of a Change of Control.

Section 162(m) of the Code imposes a \$1,000,000 limit on the amount of the annual compensation deduction allowable to a publicly-held company with respect to its chief executive officer and each of its other four most highly compensated officers. An exception to this limit is provided for performance-based compensation if certain requirements are met. The Plan permits the Compensation Committee to grant Non-statutory Stock Options and Restricted Stock that will qualify for this exception from the deduction limit.

This summary of the federal income tax consequences of Non-statutory Stock Options and Restricted Stock grants does not purport to be complete. There may also be state and local income taxes and foreign taxes applicable to these transactions. Each Participant should consult his or her own tax advisor.

### **Vote Required**

Approval of the Plan requires the affirmative vote of the holders of a majority of the shares of Company Stock voting at the annual meeting.

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR THE APPROVAL OF THE 2004 STOCK INCENTIVE PLAN FOR EMPLOYEES (ITEM 3 ON YOUR PROXY CARD).

**OTHER BUSINESS**

If any other business properly comes before the Annual Meeting, your proxy may be voted by the persons named in it in such manner as they deem proper.

At this time, management does not know of any other business which will be presented at the Annual Meeting.

**PROPOSALS BY SHAREHOLDERS FOR PRESENTATION AT 2005 ANNUAL MEETING**

Any shareholder desiring to present a proposal to the shareholders at the 2005 Annual Meeting and who desires that such proposal be included in the Company's proxy statement and proxy card relating to that meeting, must transmit that proposal to the Secretary of the Company so that it is received at the Company's principal executive offices on or before March 18, 2005. Proposals should be in compliance with applicable Securities and Exchange Commission regulations. If the Company does not receive notice at its principal offices on or before June 1, 2005 of a shareholder proposal for consideration at the 2005 Annual Meeting, the proxies named by the Company's Board of Directors with respect to that meeting shall have the discretionary voting authority with respect to that proposal. With respect to shareholder proposals that are not included in the proxy statement for the 2005 Annual Meeting, the persons named in the proxy solicited by the Company's Board of Directors for the 2005 Annual Meeting will be entitled to exercise the discretionary voting power conferred by such proxy under the circumstances specified in Rule 14a-4(c) under the Securities Exchange Act of 1934, as amended.

By Order of the Board of Directors

Kent B. Guichard

*Secretary*

July 14, 2004

**American Woodmark Corporation**

**AUDIT COMMITTEE CHARTER**

***Organization***

The Board of Directors will appoint an Audit Committee consisting of at least three independent Directors of the Board in good standing, designating one member as Chairperson. All members of the Committee, regardless of the total number of members on the Committee, will be independent directors. Members will be considered independent if they satisfy the independence requirements as set forth in the NASDAQ Corporate Governance Listing Standards and Rule 10A-3 of the Exchange Act.

The Board will ensure that each member of the Committee is financially literate, or will become financially literate within a reasonable period of time, and that at least one member qualifies as an audit committee financial expert as outlined by SEC rules and regulations. Members will not serve simultaneously on the audit committee of more than three public companies.

The Committee will meet at least quarterly. The Committee will meet separately and periodically with management, the internal audit staff and the independent auditor. The Committee will report regularly to the Board of Directors with respect to its activities including any concerns regarding the Company's internal controls and financial reporting and all payments to the independent auditors.

***Purpose***

The purpose of the Committee is to:

Provide assistance to the Board of Directors in fulfilling their oversight responsibility to current and potential shareholders, the investment community and others relating to: (i) the integrity of the Company's financial statements; (ii) the Company's compliance with legal and regulatory requirements; (iii) the independent auditor's qualifications and independence; (iv) the performance of the Company's internal audit function and independent auditors; and (v) the adequacy and competency of the Company's finance and accounting staff.

Prepare the Audit Committee report required to be included in the Company's annual proxy statement.

The Committee will have the authority to retain and compensate outside legal counsel, accounting experts or other advisors it considers necessary to fulfill the duties and responsibilities as outlined in this Charter.

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In fulfilling its purpose, it is the responsibility of the Committee to maintain free and open communication between the Committee and the independent auditors, internal auditors and management of the Company.

### *Duties and Responsibilities*

Management is responsible for the preparation, presentation, and integrity of the Company's financial statements, for the appropriateness of the accounting principles and reporting policies that are used by the Company and for implementing and maintaining internal control over financial reporting.

The independent auditors are responsible for auditing the Company's financial statements including internal controls over financial reporting and for reviewing the Company's unaudited interim financial statements.

The principal duties and responsibilities of the Committee are as follows:

The Committee will be directly responsible for the selection, compensation, and oversight of the work of the independent auditors. The Committee will resolve disagreements between management and the auditor regarding financial reporting. All material disagreements will be promptly reported to the Board.

At least annually, the Committee will review the performance of the internal audit function including the selection, training, evaluation and compensation of the internal audit staff.

At least annually, the Committee will obtain and review a report by the independent auditors describing: (i) the audit firm's internal quality control procedures; (ii) any material issues raised by the most recent internal quality control review; (iii) any material issues raised by the most recent peer review of the firm; (iv) any material issues raised by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the firm; and (v) all relationships between the independent auditors and the Company in order to assess the auditors' independence. The Committee will document such actions as deemed appropriate to address any issues raised by the report.

After reviewing the foregoing report and the independent auditors' work throughout the year, the Committee will evaluate the auditors' qualifications, performance and independence. Such evaluation should include the review and evaluation of the lead partner of the independent auditors and take into account the opinions of management and the Company's personnel responsible for the internal audit function. The Committee will share the results of the evaluation with the Board at least annually.

The Committee will ensure that the lead audit partner and other audit partners serving the account are rotated as required under independence rules.

The Committee will pre-approve all audit and non-audit services provided by the independent auditors and will not engage the independent auditors to perform those non-audit services prohibited by law or regulation. The Committee may delegate pre-approval authority of non-audit accounting or tax services to the Chairperson of the Audit Committee. The Chairperson must disclose services approved on behalf of the Committee to the full Committee and the Board at the next scheduled meetings.

The Committee will discuss, amend as appropriate and approve an annual audit plan for both the internal and independent auditors, including the adequacy of staffing and other expenses.

The Committee will regularly review with the independent auditors any audit problems or difficulties encountered during the course of the audit work, including any restrictions on the scope of the independent auditors' activities or access to requested information, and management's response. The Committee should review any accounting adjustments that were noted or proposed by the auditors but not recorded by management; any communications between the audit team and the audit firm's national office respecting auditing or accounting issues presented by the engagement; and any management or internal control letter issued, or proposed to be issued, by the audit firm to the Company.

The Committee will review with management and the internal auditor: (i) significant findings on internal audits during the year and management's response; (ii) any difficulties the internal audit team encountered in the course of their audits, including any restrictions on the scope of their work or access to required information; (iii) any changes required in the scope of their internal audit; and (iv) the adequacy of the internal auditing budget and staffing.



The Committee, or the Chairperson if so designated by the Committee, will review the quarterly financial statements, including Management's Discussion and Analysis of Financial Condition and Results of Operations, with management and the independent auditors prior to the filing of the Company's Quarterly Report on Form 10-Q.

The Committee will review and discuss the annual audited financial statements, including Management's Discussion and Analysis of Financial Condition and Results of Operations, with management and the independent auditors prior to the filing of the Company's Annual Report on Form 10-K or the annual report to shareholders if distributed prior to the filing of Form 10-K. The Committee's review of the financial statements will include: (i) major issues regarding accounting principles and financial statement presentations; (ii) significant changes in the company's selection or application of accounting principles; (iii) major issues as to the adequacy of the company's internal controls; and (iv) significant judgments made in connection with the preparation of the financial statements. As part of the review, the Committee will consider both the quality of accounting judgments and the clarity of disclosures in the financial statements. The Committee will discuss the results of the annual audit and any other matters required to be communicated to the Committee by the independent auditors under professional standards.

The Committee will receive and review a report from the independent auditors, prior to the filing of the Company's Annual Report on Form 10-K, or the annual report to shareholders if distributed prior to the filing of Form 10-K, on (i) all critical accounting policies and practices of the Company; (ii) all alternative treatments of material financial information under generally accepted accounting principles that have been discussed with management, including the treatment preferred by the independent auditor; and (iii) other material written communications between the independent auditors and management.

The Committee will request and review all related party transactions and ensure proper disclosure of all such transactions.

The Committee will review management's assessment of the effectiveness of internal controls over financial reporting as of the end of the most recent fiscal year and the independent auditors' report on management's assessment.

The Committee will discuss with management, the internal auditors, and the independent auditors the adequacy and effectiveness of internal controls over financial reporting, including any significant deficiencies or material weaknesses identified by management of the Company in connection with its required quarterly certifications under Section 302 of the Sarbanes-Oxley Act. In addition, the Committee will discuss with management, the internal auditors, and the independent auditors any significant changes in internal controls over financial reporting that are disclosed, or considered for disclosures, in the Company's periodic filings with the SEC.

The Committee will review the Company's systems regarding compliance with respect to legal and regulatory requirements and with the Company's code of conduct.

The Committee will discuss the Company's policies with respect to risk management, including the risk of fraud, and will review actions implemented by management to monitor and control such exposures.

The Committee will establish procedures for the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters, and the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

The Committee must approve any employment offer for employees or former employees of the independent auditors that have participated in or held oversight responsibility for any audit or non-audit work related to the Company.

The Committee will perform an evaluation of its performance at least annually to determine whether or not it is functioning effectively. The evaluation will include input from the full Board of Directors, management, the internal audit staff and the independent auditors.

The Committee will review and reassess the Charter at least annually and will obtain the approval of the Charter from the Board.

The Committee will review officer expenses and perquisites, including the use of corporate assets, on an annual basis.

AMERICAN WOODMARK CORPORATION

2004 STOCK INCENTIVE PLAN FOR EMPLOYEES

1. *Purpose.* The purpose of this 2004 Stock Incentive Plan for Employees (the *Plan*) is to further the long-term stability and financial success of American Woodmark Corporation (the *Company*) by attracting and retaining employees through the use of stock incentive awards. It is believed that ownership of Company Stock will stimulate the efforts of those employees upon whose judgment and interests the Company and its Subsidiaries are and will be largely dependent for the successful conduct of its business. It is also believed that the incentive awards granted to such employees under this Plan will strengthen their desire to remain employed with the Company and its Subsidiaries and will further the identification of those employees' interests with those of the Company and its Subsidiaries. The Plan is intended to operate in compliance with the provisions of Rule 16b-3.

2. *Definitions.* As used in the Plan, the following terms have the meanings indicated:

(a) *Act* means the Securities Exchange Act of 1934, as amended.

(b) *Applicable Withholding Taxes* means the aggregate amount of federal, state and local income and payroll taxes that the Company or appropriate Subsidiary is required to withhold in connection with any Incentive Award.

(c) *Board* means the Board of Directors of the Company.

(d) *Change of Control* means the occurrence of any of the following events:

(i) The acquisition by any unrelated person of beneficial ownership (as that term is used for purposes of the Act) of 50% or more of the then outstanding shares of common stock of the Company or the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors. The term *unrelated person* means any person other than (x) the Company and its Subsidiaries, (y) an employee benefit plan or trust of the Company or its Subsidiaries, and (z) a person who acquires stock of the Company pursuant to an agreement with the Company that is approved by the Board in advance of the acquisition, unless the acquisition results in a Change of Control pursuant to subsection (ii) below. For purposes of this subsection, a *person* means an individual, entity or group, as that term is used for purposes of the Act;

(ii) Any tender or exchange offer, merger or other business combination, sale of assets or any combination of the foregoing transactions, and the Company is not the surviving corporation; and

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(iii) A liquidation of the Company.

(e) *Code* means the Internal Revenue Code of 1986, as amended. A reference to any provision of the Code shall include reference to any successor or replacement provision of the Code.

(f) *Committee* means the Compensation Committee of the Board, provided that, if any member of the Compensation Committee does not or would not qualify as both an outside director for purposes of Code section 162(m) and a non-employee director for purposes of Rule 16b-3, the Board shall designate the remaining members of the Compensation Committee (but not less than two members) as a subcommittee of the Compensation Committee to act as the Committee for purposes of the Plan.

(g) *Company* means American Woodmark Corporation, a Virginia corporation.

- (h) *Company Stock* means common stock of the Company, no par value. In the event of a change in the capital structure of the Company (as provided in Section 12), the shares resulting from such a change shall be deemed to be Company Stock within the meaning of the Plan.
- (i) *Date of Grant* means the date on which the Committee grants an Incentive Award, or such later date specified by the Committee as the date as of which the grant of the Incentive Award is to be effective.
- (j) *Disability* or *Disabled* shall mean permanent and total disability, unless otherwise defined in an Incentive Award agreement. The Committee shall determine whether a Disability exists, and such determination shall be conclusive.
- (k) *Fair Market Value* means: (i) if the Company Stock is traded on an exchange, the mean of the highest and lowest registered sales prices of the Company Stock on that date on the exchange on which the Company Stock generally has the greatest trading volume; (ii) if the Company Stock is traded in the over-the-counter market, the mean between the high and low prices on that date as reported on the Nasdaq National Market; or (iii) if neither of the foregoing is applicable, a value determined by the Committee in good faith. Fair Market Value shall be determined as of the applicable date specified in the Plan or, if there are no trades on such date, then for purposes of subsections (i) and (ii) above the value shall be determined as of the last preceding day on which the Company Stock is traded.
- (l) *Incentive Award* means (i) a grant of Restricted Stock, (ii) a grant of a Non-statutory Stock Option, or (iii) a combination thereof.
- (m) *Mature Shares* means shares of Company Stock for which the holder thereof has good title, free and clear of all liens and encumbrances and which such holder either (i) has held for at least six months or, (ii) has purchased on the open market.
- (n) *Non-statutory Stock Option* means an Option that does not meet the requirements of Code section 422, or, even if meeting the requirements of Code section 422, is not intended to be an incentive stock option and is so designated. All Options granted under the Plan shall be Non-statutory Stock Options.
- (o) *Option* means a right to purchase Company Stock granted under the Plan, at a price determined in accordance with the Plan.
- (p) *Replacement Feature* means a feature of an Option, as described in the Participant's stock option agreement, that provides for the automatic grant of a Replacement Option in accordance with the provisions of Section 8(e).
- (q) *Replacement Option* means an Option granted to a Participant equal to the number of Mature Shares of already owned Company Stock that are delivered by the Participant to exercise an Option, including any Mature Shares that are delivered by the Participant or any shares of Company Stock that are withheld by the Company to pay Applicable Withholding Taxes, as described in Section 8(e).
- (r) *Participant* means any employee of the Company or a Subsidiary who receives an Incentive Award under the Plan.

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(s) *Performance Criteria* means any of the following areas of performance of the Company or any Subsidiary: asset growth; combined net worth; debt to equity ratio; earnings per share (before or after income taxes and other adjustments); revenues; operating income; operating cash flow; net income, before or after income taxes; or return on total capital, equity, revenue or assets.

(t) *Performance Goal* means an objectively determinable performance goal established by the Committee with respect to a given grant of Restricted Stock that relates to one or more Performance Criteria.

(u) *Restricted Stock* means a share of Company Stock that is granted pursuant to the terms of Section 6 and that is subject to the restrictions set forth in Section 6.

(v) *Rule 16b-3* means Rule 16b-3 of the Securities and Exchange Commission promulgated under the Act. A reference in the Plan to Rule 16b-3 shall include a reference to any corresponding rule (or number redesignation) of any amendments to Rule 16b-3 enacted after the effective date of the Plan's adoption.

(w) *Subsidiary* means any corporation of which the Company owns at least 50 percent of the combined voting power of all classes of stock or which is in a chain of corporations with the Company in which stock possessing at least 50% of the combined voting power of all classes of stock is owned by one or more corporations in the chain.

(x) *Taxable Year* means the fiscal period used by the Company for reporting taxes on income under the Code.

3. *General.* The following types of Incentive Awards may be granted under the Plan: Non-statutory Stock Options and Restricted Stock.

4. *Stock.*

(a) Subject to Section 12 of the Plan, there shall be reserved for issuance under the Plan one million (1,000,000) shares of Company Stock, which shall be authorized, but unissued shares. Shares allocable to Incentive Awards, or portions thereof granted under the Plan that expire, are forfeited, lapse or otherwise terminate unexercised may again be subjected to an Incentive Award under the Plan. Shares of Company Stock that are withheld from Incentive Award shares in satisfaction of the exercise price of an Incentive Award or in satisfaction of Applicable Withholding Taxes may again be subjected to an Incentive Award under the Plan. Similarly, Mature Shares delivered to the Company or a Subsidiary in satisfaction of the exercise price of an Incentive Award or in satisfaction of Applicable Withholding Taxes may be subjected to an Incentive Award under the Plan.

(b) The Committee is expressly authorized to grant Incentive Awards to a Participant conditioned upon the surrender for cancellation of Incentive Awards previously granted to such Participant. However, without prior shareholder approval, the Committee is expressly prohibited from granting a new Option if the exercise price of the new Option is less than the exercise price of the Option being surrendered for cancellation.

(c) No more than 100,000 shares of Company Stock may be allocated to the Incentive Awards that are granted to any individual Participant during any single Taxable Year.

5. *Eligibility.*

(a) All present and future employees of the Company or a Subsidiary (whether now existing or hereafter created or acquired) whom the Committee determines to have contributed or who can be expected to contribute significantly to the Company or a Subsidiary shall be eligible to

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receive Incentive Awards under the Plan. The Committee shall have the power and complete discretion, as provided in Section 13, to select eligible employees to receive Incentive Awards and to determine for each employee the terms and conditions of each Incentive Award.

(b) The grant of an Incentive Award shall not obligate the Company or any Subsidiary to pay an employee any particular amount of remuneration, to continue the employment of the employee after the grant or to make further grants to the employee at any time thereafter.



*6. Restricted Stock Awards.*

(a) The Committee may make grants of Restricted Stock to Participants. Whenever the Committee deems it appropriate to grant Restricted Stock, notice shall be given to the Participant stating the number of shares of Restricted Stock granted and the terms and conditions to which the Restricted Stock is subject. This notice, when duly accepted in writing by the Participant, shall become the award agreement between the Company and the Participant. Restricted Stock may be awarded by the Committee in its discretion without receipt of consideration from Participants.

(b) No shares of Restricted Stock may be sold, assigned, transferred, pledged, hypothecated, or otherwise encumbered or disposed of until the restrictions on such shares as set forth in the Participant's award agreement (which may include rights of repurchase) have lapsed or been removed pursuant to subsection (d) or (e) below.

(c) Upon the acceptance by a Participant of an award of Restricted Stock, such Participant shall, subject to the restrictions set forth in subsection (b) above, have all the rights of a shareholder with respect to such shares of Restricted Stock, including, but not limited to, the right to vote such shares of Restricted Stock and the right to receive all dividends and other distributions paid thereon. Certificates representing Restricted Stock shall bear a legend referring to the restrictions set forth in the Plan and the Participant's award agreement. If shares of Restricted Stock are issued without certificates, notice of the restrictions set forth in the Plan and the Participant's award agreement must be given to the shareholder in the manner required by law.

(d) The Committee shall establish as to each award of Restricted Stock the terms and conditions upon which the restrictions set forth in subsection (b) above shall lapse. The terms and conditions may include the achievement of a Performance Goal to the extent that the award is intended to comply with the requirements of Code section 162(m). Such terms and conditions may also include, without limitation, the lapsing of such restrictions as a result of the Disability, death or retirement of the Participant or the occurrence of a Change of Control.

(e) Notwithstanding the provisions of subsection (b) above, the Committee may at any time, in its sole discretion, accelerate the time at which any or all restrictions will lapse or remove any and all such restrictions, subject to the achievement of any Performance Goal if the award is intended to comply with the requirements of Code section 162(m); provided, however, that any such acceleration or removal must in any event occur before the shares of Restricted Stock shall have been forfeited in accordance with the terms of the Participant's award agreement.

(f) Each Participant shall agree at the time his or her Restricted Stock is granted, and as a condition thereof, to pay to the Company, or make arrangements satisfactory to the Company regarding the payment to the Company of, Applicable Withholding Taxes. Until such amount has been paid or arrangements satisfactory to the Company have been made, no stock certificate free of a legend reflecting the restrictions set forth in subsection (b) above shall be issued to such Participant. If Restricted Stock is being issued to a Participant without the use of a stock certificate, the restrictions set forth in subsection (b) above shall be communicated to the Participant in the manner required by law. As an alternative to making a cash payment to the Company to satisfy Applicable Withholding Taxes, if the grant so provides, the Participant may elect to: (i) deliver Mature Shares; or (ii) have the Company retain that number of shares of Company Stock that would satisfy all or a specified portion of the Applicable Withholding Taxes. Any such election shall be made only in accordance with procedures established by the Committee. The Committee has the express authority to change at any time any such election procedures.

*7. Stock Options.*

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(a) The Committee may make grants of Options to eligible employees. Whenever the Committee deems it appropriate to grant Options, notice shall be given to the Participant stating the number of shares for which Options are granted, the Option price per share, and the conditions to which the grant and exercise of the

Options are subject. This notice, when duly accepted in writing by the Participant, shall become the stock option agreement between the Company and the Participant.

(b) The exercise price of shares of Company Stock covered by an Option shall be not less than 100% of the Fair Market Value of such shares on the Date of Grant.

(c) Options may be exercised in whole or in part at such times as may be specified by the Committee in the Participant's stock option agreement. The Committee may impose such vesting conditions and other requirements as the Committee deems appropriate, and the Committee may include such provisions regarding Change of Control as the Committee deems appropriate.

(d) The Committee may, in its discretion, grant Options containing a Replacement Feature as described in Section 8(e) and may amend previously granted Non-statutory Stock Options to provide such a Replacement Feature.

#### *8. Method of Exercise of Options.*

(a) Options may be exercised by the Participant giving written notice of the exercise to the Company, stating the number of shares the Participant has elected to purchase under the Option. Such notice shall be effective only if accompanied by the exercise price in full in cash; provided, however, that if the terms of an Option so permit, the Participant may: (i) deliver Mature Shares (valued at their Fair Market Value) in satisfaction of all or any part of the exercise price; (ii) cause to be withheld from the Option shares, shares of Company Stock (valued at their Fair Market Value) in satisfaction of all or any part of the exercise price; or (iii) deliver a properly executed exercise notice together with irrevocable instructions to a broker to deliver promptly to the Company, from the sale or loan proceeds with respect to the sale of Company Stock or a loan secured by Company Stock, the amount necessary to pay the exercise price.

(b) The Company may place on any certificate representing Company Stock issued upon the exercise of an Option any legend deemed desirable by the Company's counsel to comply with federal or state securities laws, and the Company may require a customary written indication of the Participant's investment intent. Until the Participant has made any required payment, including any Applicable Withholding Taxes, and has had issued a certificate for the shares of Company Stock acquired, he or she shall possess no shareholder rights with respect to the shares.

(c) Each Participant shall agree as a condition of the exercise of an Option to pay to the Company or appropriate Subsidiary, or make arrangements satisfactory to the Company or appropriate Subsidiary regarding the payment to the Company or appropriate Subsidiary of, Applicable Withholding Taxes. Until such amount has been paid or arrangements satisfactory to the Company or appropriate Subsidiary have been made, no stock certificate shall be issued upon the exercise of an Option.

(d) As an alternative to making a cash payment to the Company or appropriate Subsidiary to satisfy Applicable Withholding Taxes, if the Participant's option agreement so provides, the Participant may elect to: (i) deliver Mature Shares (valued at their Fair Market Value) in an amount necessary to satisfy all or a specified portion of Applicable Withholding Taxes; (ii) have the Company or appropriate Subsidiary retain that number of shares of Company Stock (valued at their Fair Market Value) necessary to satisfy all or a specified portion of the Applicable Withholding Taxes; or (iii) in the case of a transaction described in subsection (a)(iii) above, instruct the broker to deliver, from the sale or loan proceeds, the amount necessary to satisfy all or a specified portion of the Applicable Withholding Taxes.



(e) If a Participant exercises an Option that has a Replacement Feature by delivering Mature Shares of Company Stock, the Participant shall automatically be granted a Replacement Option. The Replacement Option shall be subject to the following provisions:

(i) the Replacement Option shall cover the number of shares of Company Stock delivered by the Participant to exercise the Option, including any Mature Shares that are delivered by the Participant or any shares of Company Stock that are withheld by the Company to pay Applicable Withholding Taxes;

(ii) the Replacement Option will not have a Replacement Feature;

(iii) the exercise price of shares of Company Stock covered by a Replacement Option shall be not less than 100% of the Fair Market Value of such shares on the date the Participant delivers Mature Shares of Company Stock to exercise the Option; and

(iv) the Replacement Option shall be subject to the same terms as the Option to which it relates, including restrictions on exercisability as those imposed on the underlying Option and such other restrictions as the Committee deems appropriate.

9. *Effective Date of the Plan.* The effective date of the Plan is August 1, 2004. The Plan shall be submitted to the shareholders of the Company for approval. Until (i) the Plan has been approved by Company's shareholders, and (ii) the requirements of any applicable federal or state securities laws have been met, no Option granted under the Plan shall be exercisable and no Company Stock shall be issued under the Plan.

10. *Nontransferability of Incentive Awards.* In general, Incentive Awards, by their terms, shall not be transferable by the Participant except by will or by the laws of descent and distribution. Incentive Awards shall be exercisable, during the Participant's lifetime, only by the Participant or by his guardian or legal representative.

11. *Termination, Modification, Change.*

(a) If not sooner terminated by the Board, this Plan shall terminate at the close of business on July 31, 2014. No Incentive Awards shall be granted under the Plan after its termination. The Board may amend or terminate the Plan in such respects as it shall deem advisable; provided that, if and to the extent required by the Code, no change shall be made that increases the total number of shares of Company Stock reserved for issuance pursuant to Incentive Awards granted under the Plan (except pursuant to Section 12), materially modifies the requirements as to eligibility for participation in the Plan, or materially increases the benefits accruing to Participants under the Plan, unless such change is authorized by the shareholders of the Company. Notwithstanding the foregoing, the Board may unilaterally amend the Plan and Incentive Awards with respect to Participants as it deems appropriate to ensure compliance with Rule 16b-3 and to cause the Incentive Awards to meet the applicable requirements of the Code and regulations thereunder. Except as provided in the preceding sentence, a termination or amendment of the Plan shall not, without the consent of the Participant, adversely affect a Participant's rights under an Incentive Award previously granted to him or her.

(b) Notwithstanding the provisions of subsection (a) above, this subsection (b) will apply if the Company is involved in any merger or similar transaction that the Company intends to treat as a pooling of interest for financial reporting purposes. In such a case, the Committee may amend the terms of any Incentive Award or of the Plan to the extent that the Company's independent accountants determine that such terms would preclude the use of pooling of interest accounting. The authority of the Committee under this subsection (b) to amend the terms of any Incentive

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Award or of the Plan includes, without limitation, the right (i) to rescind or suspend any terms that are contingent on a Change in Control, such as the acceleration of vesting or provisions for special payments to an optionee or participant; (ii) to modify Incentive Awards to comply with prior practices of the Company as to terms of Incentive Awards; (iii) to provide for payment to the optionee of Company Stock or stock of the other party to the transaction equal to the fair value of the Incentive Award; and (iv) to suspend any provisions for payment of an Incentive Award in cash. The authority of the Committee under this section may be exercised in the Committee's sole and complete discretion.

12. *Change in Capital Structure.*

(a) In the event of a stock dividend, stock split or combination of shares, recapitalization or merger in which the Company is the surviving corporation or other change in the Company's capital stock (including, but not limited to, the creation or issuance to shareholders generally of rights, options or warrants for the purchase of common stock or preferred stock of the Company), the number and kind of shares of stock or securities of the Company to be subject to the Plan and to Incentive Awards then outstanding or to be granted thereunder, the maximum number of shares or securities which may be delivered under the Plan, the maximum number of shares or securities that can be granted to an individual Participant under Section 4, the exercise price and other terms and relevant provisions of Incentive Awards shall be appropriately adjusted by the Committee, whose determination shall be binding on all persons. If the adjustment would produce fractional shares with respect to any Restricted Stock or unexercised Option, the Committee may adjust appropriately the number of shares covered by the Incentive Award so as to eliminate the fractional shares.

(b) If the Company is a party to a consolidation or a merger in which the Company is not the surviving corporation, a transaction that results in the acquisition of substantially all of the Company's outstanding stock by a single person or entity, or a sale or transfer of substantially all of the Company's assets, the Committee may take such actions with respect to outstanding Incentive Awards as the Committee deems appropriate.

(c) Notwithstanding anything in the Plan to the contrary, the Committee may take the foregoing actions without the consent of any Participant, and the Committee's determination shall be conclusive and binding on all persons for all purposes.

13. *Administration of the Plan.*

(a) Subject to the provisions of Rule 16(b)-3, the Plan shall be administered by the Committee. The Committee shall have general authority to impose any limitation or condition upon an Incentive Award as the Committee deems appropriate to achieve the objectives of the Incentive Award and the Plan and, without limitation and in addition to powers set forth elsewhere in the Plan, shall have the power and complete discretion to determine: (i) which eligible employees shall receive Incentive Awards and the time or times when Incentive Awards shall be granted; (ii) whether all or any part of an Incentive Award shall be accelerated upon a Change of Control; (iii) the number of shares of Company Stock to be covered by each Incentive Award; (iv) whether an Incentive Award shall become vested over a period of time and when it shall be fully vested; (v) when Options may be exercised; (vi) whether a Disability exists; (vii) the manner in which payment will be made upon the exercise of Options; (viii) conditions relating to the length of time before disposition of Company Stock received upon the exercise of Options is permitted; (ix) whether to authorize a Participant (A) to deliver Mature Shares to satisfy Applicable Withholding Taxes or (B) to have the Company or appropriate Subsidiary withhold from the shares to be issued upon the exercise of an Option number of shares necessary to satisfy Applicable Withholding Taxes; (x) the terms and conditions applicable to Restricted Stock awards, including the establishment of Performance Goals; (xi) the terms and conditions on which restrictions upon Restricted Stock shall lapse or be removed; (xii) whether to accelerate the time at which any or all restrictions with respect to Restricted Stock shall lapse or be removed; (xiii) the extent to which any Performance Criteria shall be used and weighted in determining achievement of Performance Goals; (xiv) notice provisions relating to the sale of Company Stock acquired under the Plan; (xv) the extent to which information shall be provided to Participants about available tax elections; (xvi) whether Options will be granted with Replacement Features; and (xvii) any additional requirements relating to Incentive Awards that the Committee deems appropriate. The Committee shall have the power to amend the terms of previously granted Incentive Awards that were granted by that Committee so long as the terms as amended are consistent with the terms of the Plan and provided that the consent of the Participant is obtained with respect to any amendment that would be detrimental to him or her, except that such consent will not be required as provided in Section 11(b) or if such amendment is for the purpose of complying with Rule 16b-3 or any requirement of the Code applicable to the Incentive Award.

(b) The Committee may adopt rules and regulations for carrying out the Plan with respect to Participants. The interpretation and construction of any provision of the Plan by the Committee shall be final and conclusive.





as to any Participant. The Committee may consult with counsel, who may be counsel to the Company, and shall not incur any liability for any action taken in good faith in reliance upon the advice of counsel.

(c) A majority of the members of the Committee shall constitute a quorum, and all actions of the Committee shall be taken by a majority of the members present. Any action may be taken by a written instrument signed by all of the members, and any action so taken shall be fully effective as if it had been taken at a meeting.

14. *Notice.* All notices and other communications required or permitted to be given under this Plan shall be in writing and shall be deemed to have been duly given if delivered personally or mailed first class, postage prepaid, as follows: (a) if to the Company at the principal business address of the Company to the attention of the Corporate Secretary of the Company; and (b) if to any Participant at the last address of the Participant known to the sender at the time the notice or other communication is sent.

15. *Interpretation.* The terms of this Plan shall be governed by the laws of the Commonwealth of Virginia, without regard to conflict of law provisions at any jurisdiction.



AMERICAN WOODMARK CORPORATION

PROXY SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS FOR

ANNUAL MEETING OF SHAREHOLDERS TO BE HELD AUGUST 26, 2004

The undersigned hereby appoints Martha M. Dally and Daniel T. Carroll (each with power to act alone and with power of substitution) as proxies, and hereby authorizes them to represent and vote, as directed on the reverse side, all the shares of Common Stock of American Woodmark Corporation held of record by the undersigned on June 28, 2004, at the annual meeting of shareholders to be held on August 26, 2004, and any adjournment thereof.

This proxy when properly executed will be voted in the manner directed herein by the undersigned shareholder. If no direction is made, this proxy will be voted FOR proposals 1, 2 and 3.

(Continued and to be signed on the reverse side)

Please date, sign and mail your proxy card back as soon as possible.

ANNUAL MEETING OF SHAREHOLDERS OF  
AMERICAN WOODMARK CORPORATION

August 26, 2004

↓ Please detach along perforated line and mail in the envelope provided. ↓

PLEASE SIGN, DATE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE. PLEASE MARK YOUR VOTE IN BLUE OR BLACK INK AS SHOW HERE x

1. To elect nine directors to serve for the ensuing year.

FOR all nominees  
listed to the  
right (except as  
indicated hereon)  
..

WITHHOLD  
AUTHORITY  
to vote for  
all nominees  
listed to the  
right  
..

FOR ALL  
EXCEPT  
(See  
Instructions  
Below)  
..

NOMINEES:

William F. Brandt, Jr.  
Daniel T. Carroll  
Martha M. Dally  
James G. Davis  
Neil P. DeFeo  
James J. Gosa  
Kent B. Guichard  
Kent J. Hussey  
G. Thomas McKane

To withhold authority to vote for any individual nominee(s), mark **FOR ALL EXCEPT** and fill in the circle next to each nominee you wish to withhold, as shown here:

- 
2. PROPOSAL TO RATIFY THE SELECTION OF KMPG LLP as independent registered accounting firm of the Company for the fiscal year ending April 30, 2005.

.. FOR      .. AGAINST      .. ABSTAIN

3. To consider and vote upon the Company's 2004 Stock Incentive Plan for Employees.

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FOR       AGAINST       ABSTAIN

4. In their discretion the proxies are authorized to vote upon such other business as may properly come before the meeting.

\_\_\_\_\_

To change the address on your account, please check the box at right and indicate your new address in the \_\_\_\_\_ address space above. Please note that changes to the registered name(s) on the account may not be submitted via this method.

Signature of Shareholder \_\_\_\_\_ Date \_\_\_\_\_

Signature of Shareholder \_\_\_\_\_ Date \_\_\_\_\_

Note: Please sign exactly as name appears on this Proxy. When shares are held jointly, each holder should sign. When signing as executor, administrator, attorney, trustee or guardian, please give full title as such. If the signer is a corporation, please sign full corporate name by duly authorized officer, giving full title as such. If signer is a partnership, please sign in partnership name by authorized person.