

AMERICAN WOODMARK CORP

FORM 10-K (Annual Report)

Filed 7/14/2005 For Period Ending 4/30/2005

Address	3102 SHAWNEE DRIVE WINCHESTER, Virginia 22601
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Industry	Constr. - Supplies & Fixtures
Sector	Capital Goods
Fiscal Year	04/30

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

Form 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended April 30, 2005

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____.

Commission File Number 0-14798

AMERICAN WOODMARK CORPORATION

(Exact name of the registrant as specified in its charter)

VIRGINIA
(State or other jurisdiction of
incorporation or organization)

54-1138147
(I.R.S. Employer
Identification No.)

3102 Shawnee Drive, Winchester, Virginia
(Address of principal executive offices)

22601
(Zip Code)

Registrant's telephone number, including area code: (540) 665-9100

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act:

Common Stock (no par value)

(Title of class)

Name of each exchange on which registered

Nasdaq National Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes No

The aggregate market value of the registrant's Common Stock, no par value, held by non-affiliates of the registrant as of October 31, 2004, the last business day of the Company's most recent second quarter was \$450,100,745.

As of June 27, 2005, 16,404,102 shares of the Registrant's Common Stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's Annual Report to Shareholders for the fiscal year ended April 30, 2005 ("2005 Annual Report") are incorporated by reference into Parts I and II of this Form 10-K.

Portions of the Registrant's definitive Proxy Statement for the Annual Meeting of Shareholders to be held on August 25, 2005 ("Proxy Statement") are incorporated by reference into Parts II and III of this Form 10-K.

PART I

Item 1. BUSINESS

American Woodmark Corporation manufactures and distributes kitchen cabinets and vanities for the remodeling and new home construction markets. American Woodmark was formed in 1980 by the four principal managers of the Boise Cascade Cabinet Division through a leveraged buyout of that division. American Woodmark was operated privately until July of 1986 when it became a public company through a registered public offering of its common stock.

American Woodmark currently offers framed stock cabinets in approximately 320 different cabinet lines, ranging in price from relatively inexpensive to medium-priced styles. Styles vary by design and color from natural wood finishes to low-pressure laminate surfaces. The product offering of stock cabinets includes approximately 80 door designs in nine colors. Stock cabinets consist of a common box with standard interior components and an oak, cherry, maple or hickory front frame.

Products are primarily sold under the brand names of American Woodmark[®], Timberlake[®], and Shenandoah Cabinetry[®].

American Woodmark's products are sold on a national basis across the United States to the remodeling and new home construction markets. The Company services these markets through three primary channels: home centers, major builders, and independent dealers and distributors. The Company distributes its products to each market channel directly from six assembly plants through a third party logistics network.

The primary raw materials used include oak, maple, cherry and hickory lumber. Additional raw materials include paint, particleboard, manufactured components and hardware. The Company currently purchases paint from one supplier; however, other sources are available. Other raw materials are purchased from more than one source and are readily available.

American Woodmark operates in a highly fragmented industry that is composed of several thousand local, regional and national manufacturers. The Company's principal means for competition is its breadth and variety of product offering, expanded service capabilities and affordable quality. American Woodmark believes that no other company in the industry has more than a 20% share of the market. The Company also believes it is one of the three largest manufacturers of kitchen cabinets in the United States.

The Company's business has historically been subjected to seasonal influences, with higher sales typically realized in the second and fourth fiscal quarters. General economic forces and changes in the Company's customer mix have reduced seasonal fluctuations in revenue over the past few years.

During the last fiscal year, American Woodmark had two customers, The Home Depot and Lowe's Companies, Inc., which each accounted for more than 10% of sales. The loss of either would have a material adverse effect on the Company.

As of April 30, 2005, the Company had 6,370 employees. Approximately 12% of the Company's employees are represented by labor unions. The Company believes that employee relations are good.

American Woodmark's annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments to those reports are available free of charge on the Company's Web site at www.americanwoodmark.com as soon as reasonably practicable after such material is electronically filed with the Securities and Exchange Commission.

Item 2. PROPERTIES

American Woodmark leases its Corporate Office which is located in Winchester, Virginia. In addition, the Company leases two and owns 13 manufacturing facilities located primarily in the eastern United States. The Company also leases ten service centers and four additional office centers located throughout the United States that support the sale and distribution of products to each market channel.

Primary properties include:

<u>LOCATION</u>	<u>DESCRIPTION</u>
Allegany County, MD	Manufacturing Facility
Berryville, VA	Manufacturing Facility
Berryville, VA	Service Center
Charlotte, NC	Service Center
Chavies, KY	Manufacturing Facility
Coppell, TX	Service Center
Denver, CO	Service Center
Gas City, IN	Manufacturing Facility
Ham Lake, MN	Manufacturing Facility
Hardy County, WV	Manufacturing Facility
Hardy County, WV	Manufacturing Facility
Humboldt, TN	Manufacturing Facility
Jackson, GA	Manufacturing Facility
Kingman, AZ	Manufacturing Facility
Marietta, GA	Service Center
Monticello, KY	Manufacturing Facility
Moorefield, WV	Manufacturing Facility
Orange, VA	Manufacturing Facility
Orlando, FL	Service Center
Philadelphia, PA	Service Center
Phoenix, AZ	Service Center
Rancho Cordova, CA	Service Center
Tahlequah, OK	Manufacturing Facility
Tampa, FL	Service Center
Toccoa, GA	Manufacturing Facility
Winchester, VA	Corporate Office
Winchester, VA	Office (Customer Service)
Winchester, VA	Office (MIS)
Winchester, VA	Office (Product Dev.)
Winchester, VA	Office (Logistics)

Item 3. LEGAL PROCEEDINGS

In response to this Item, the information under “Legal Matters” under “Note I – Commitments and Contingencies” to the Consolidated Financial Statements and under the caption “Legal Matters” under “Management’s Discussion and Analysis” in the 2005 Annual Report is incorporated herein by reference.

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of security holders during the fourth quarter of fiscal 2005.

EXECUTIVE OFFICERS OF THE REGISTRANT

The executive officers of the Registrant as of April 30, 2005 are as follows:

Name	Age	Position(s) Held During Past Five Years
James J. Gosa	57	Chairman and Chief Executive Officer August 2004 to present; President and Chief Executive Officer from 1996 to August 2004
David L. Blount	57	Senior Vice President, Manufacturing from May 1999 to April 2005
Kent B. Guichard	49	Executive Vice President from May 2004 to present; Senior Vice President, Finance and Chief Financial Officer from May 1999 to April 2004
Ian J. Sole	49	Senior Vice President, Sales and Marketing from May 1999 to present
Jonathan H. Wolk	43	Vice President, Finance and Chief Financial Officer from December 2004 to present

PART II**Item 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDERS MATTERS, AND ISSUER PURCHASES OF EQUITY SECURITIES**

In response to this Item, the information under "Market Information" in the 2005 Annual Report is incorporated herein by reference.

The following table details share repurchases during the fourth quarter:

	Share Repurchases			
	Total Number of Shares Purchased (2)	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Programs	Approximate Dollar Value of Shares That May Yet Be Purchased Under The Programs (1)
February 1 - 28, 2005	—	\$ —	—	\$ 6,667,617
March 1 - 31, 2005	2,375	\$37.130	—	\$ 6,667,617
April 1 - 30, 2005	116,700	\$34.141	116,700	\$ 2,683,388
Quarter ended April 30, 2005	119,075	\$34.200	116,700	\$ 2,683,388

- (1) In January 2001 and August 2002, the Company's Board of Directors approved plans to repurchase up to \$10 million per plan of the Company's common stock. These plans have no expiration date. In the fourth quarter of fiscal 2005, the Company repurchased 116,700 shares under the approved plans. At April 30, 2005, \$2.7 million remained authorized by the Company's Board of Directors to repurchase shares of the Company's common stock.

- (2) The Company repurchased 119,075 shares of its common stock in the fourth quarter of fiscal 2005. In the fourth quarter of fiscal 2005, 2,375 of the repurchased shares were the result of common stock being surrendered by employees and directors for the purpose of payment of options exercised and income tax withholdings as permitted by the shareholder approved 1996 and 1999 Employee & Director Stock Option Plans. The dollar value of this repurchase transaction is appropriately reflected in the Company's statement of stockholders' equity and comprehensive income but has no impact on previously announced repurchase programs outlined in (1) above.

Item 6. SELECTED FINANCIAL DATA

In response to this Item, the information under "Five-Year Selected Financial Information" in the 2005 Annual Report is incorporated herein by reference.

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

In response to this Item, the information under "Management's Discussion and Analysis" in the 2005 Annual Report is incorporated herein by reference.

Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

In response to this Item, the information under the caption "Risk Factors" in "Management's Discussion and Analysis" in the 2005 Annual Report is incorporated herein by reference in Item 7.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

In response to this Item, the Annual Consolidated Financial Statements, Notes to the Consolidated Financial Statements, the information under "Reports of Independent Registered Public Accounting Firms," "Management's Report on Internal Control over Financial Reporting," and the "Report of Independent Registered Public Accounting Firm," in the 2005 Annual Report are incorporated herein by reference.

Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

In response to this Item, the information under "Statements Concerning Audit Services and Fees" in the Proxy Statement is incorporated herein by reference.

Item 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures. The Company maintains a system of disclosure controls and procedures that are designed to provide reasonable assurance that information, which is required to be timely disclosed, is accumulated and communicated to Management in a timely fashion. An evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) ("Disclosure Controls") was performed as of the end of the period covered by this report. This evaluation was performed under the supervision and with the participation of the Company's Management, including the Company's Chief Executive Officer and Chief Financial Officer. Based upon that evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that these Disclosure Controls are effective to provide reasonable assurance that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Company's Management, including its Chief Executive Officer and

Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure and are effective to provide reasonable assurance that such information is recorded, processed, summarized and reported within the time periods specified by the SEC's rules and forms.

Management's Report on Internal Control over Financial Reporting . Management's report on internal control over financial reporting and the attestation report of KPMG LLP, the Company's independent registered public accounting firm, on management's assessment of internal control over financial reporting are included in our Annual Report to Shareholders for the year ended April 30, 2005 and are incorporated in this Item 9A by reference. Our Annual Report to Shareholders is included as Exhibit 13 hereto.

Changes in Internal Control over Financial Reporting. There has been no change in the Company's internal control over financial reporting that occurred during the fiscal quarter ended April 30, 2005 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting .

Item 9B. OTHER INFORMATION

None.

PART III

Item 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

In response to this Item, and in accordance with general Instruction G(3) of Form 10-K, (1) the information under "Nominees" and "Section 16(a) Beneficial Ownership Reporting Compliance" in the Proxy Statement is incorporated herein by reference, (2) the information concerning the executive officers of the Registrant is included in Part I of this report under the caption "Executive Officers of the Registrant," (3) the information concerning the Audit Committee, including the members of the committee, and our Audit Committee financial expert is incorporated by reference from the discussion under the heading "Audit Committee" within the "Board and Committee Meetings" in the Proxy Statement, and (4) the information concerning the Code of Business Conduct and Ethics governing our Chief Executive Officer, Chief Financial Officer, Controller, and Treasurer can be found on our Web site at www.americanwoodmark.com and is incorporated by reference under the heading "Corporate Governance" in the Proxy Statement.

Item 11. EXECUTIVE COMPENSATION

In response to this Item, and in accordance with general Instruction G(3) of Form 10-K, the information under "Certain Information Concerning the Board of Directors and its Committees – Compensation of the Board," "Compensation of Executive Officers," "Report of the Compensation Committee" and "Performance Graph" in the Proxy Statement is incorporated herein by reference.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

In response to this Item, and in accordance with general Instruction G(3) of Form 10-K, the information under “Security Ownership of Certain Beneficial Owners and Management” in the Proxy Statement is incorporated herein by reference.

Equity Compensation Plans

The following table summarizes our equity compensation plans as of April 30, 2005:

Plan Category	Equity Compensation Plan Information		
	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	1,796,171	\$ 23.81	2,448,442
Equity compensation plans not approved by security holders*	—	—	—
Total	1,796,171	\$ 23.81	2,448,442

* The Company does not have equity compensation plans that have not been approved by the security holders.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

In response to this Item, and in accordance with general Instruction G(3) of Form 10-K, the information under “Certain Transactions” in the Proxy Statement is incorporated herein by reference.

Item 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

In response to this Item, and in accordance with general Instruction G(3) of Form 10-K, the information under “Statements Concerning Audit Services and Fees” in the Proxy Statement, with respect to principal accountant fees and services, is incorporated herein by reference.

PART IV**Item 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES****(a) 1. Financial Statements**

The following financial statements of American Woodmark Corporation are incorporated in this Form 10-K by reference in Item 8:

Consolidated Balance Sheets as of April 30, 2005 and 2004

Consolidated Statements of Income - for each year of the three-year period ended April 30, 2005

Consolidated Statements of Shareholders’ Equity and Comprehensive Income - for each year of the three-year period ended April 30, 2005

Consolidated Statements of Cash Flows - for each year of the three-year period ended April 30, 2005

Notes to Consolidated Financial Statements
Reports of Independent Registered Public Accounting Firms
Management's Report on Internal Control over Financial Reporting
Report of Independent Registered Public Accounting Firm

(a) 2. Financial Statement Schedules

The following financial statement schedule is filed as a part of this Form 10-K:

Schedule II – Valuation of Qualifying Accounts for each year of the three-year period ended April 30, 2005.
Schedules other than the one listed above are omitted either because they are not required or are inapplicable.

(a) 3. Exhibits

<u>Exhibit No.</u>	<u>Description</u>
3.1 (a) -	Articles of Incorporation as amended effective August 12, 1987 (incorporated by reference to Exhibit 3.1 to the Registrant's Form 10-Q (Commission File No. 0-14798) for quarter ended January 31, 2003).
3.1 (b) -	Articles of Incorporation as amended effective September 10, 2004 (incorporated by reference to Exhibit 3.1 to the Registrant's Form 8-K (Commission File No. 0-14798) as filed on August 31, 2004).
3.2 (a) -	Bylaws (incorporated by reference to Exhibit 3.2(a) to the Registrant's Form 10-K (Commission File No. 0-14798) for year ended April 30, 2004).
3.2 (b) -	Amendment to Bylaws on June 22, 1994 (incorporated by reference to Exhibit 3.2(b) to the Registrant's Form 10-K (Commission File No. 0-14798) for year ended April 30, 2004).
3.2 (c) -	Amendment to Bylaws on June 17, 1999 (incorporated by reference to Exhibit 3.2(c) to the Registrant's Form 10-K (Commission File No. 0-14798) for year ended April 30, 2004).
3.2 (d) -	Bylaws of the Registrant as amended on November 28, 2001 (incorporated by reference to Exhibit 3.2(d) to the Registrant's Form 10-K (Commission File No. 0-14798) for year ended April 30, 2004).
3.2 (e) -	Amendment to Bylaws on May 22, 2003 (incorporated by reference to Exhibit 3.2(e) to the Registrant's Form 10-K (Commission File No. 0-14798) for year ended April 30, 2004).
3.2 (f) -	Amendment to Bylaws on August 28, 2003 (incorporated by reference to Exhibit 3.2(f) to the Registrant's Form 10-K (Commission File No. 0-14798) for year ended April 30, 2004).
3.2 (g) -	Amendment to Bylaws on March 18, 2005 (incorporated by reference to Exhibit 3.2 to the Registrant's Form 8-K (Commission File No. 0-14798) as filed on May 2, 2005).
4.1 -	The Articles of Incorporation and Bylaws of the Registrant as currently in effect (incorporated by reference to Exhibits 3.1, 3.2(a), 3.2(b), 3.2(c), 3.2(d), 3.2(e), 3.2(f), and 3.2(g), hereto).

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- 4.2 - Amended and Restated Stockholders' Agreement. Pursuant to Regulation S-K, Item 601(b)(4)(iii), instruments that define the rights of holders of the Registrant's long-term debt securities, where the long-term debt securities authorized under each such instrument do not exceed 10% of the Registrant's total assets, have been omitted and will be furnished to the Securities and Exchange Commission upon request (incorporated by reference to Exhibit 4.2 to the Registrant's Form S-1 (Commission File No. 33-6245) for year ended April 30, 1986).
 - 10.1 (j) - Loan agreement dated January 31, 2001 By and Between American Woodmark Corporation and the West Virginia Economic Development Authority (incorporated by reference to Exhibit A to the Registrant's Form 10-Q (Commission File No. 0-14798) for quarter ended January 31, 2001).
 - 10.1 (k) - \$35,000,000 Financing Agreement and \$10,000,000 Term Loan Facility Between the Company and Bank of America, N.A. as of May 31, 2001 (incorporated by reference to Exhibit 10.1(k) to the Registrant's Form 10-K (Commission File No. 0-14798) for year ended April 30, 2001).
 - 10.1 (l) - Amendment to \$35,000,000 Financing Agreement and \$10,000,000 Term Loan Facility Between the Company and Bank of America, N.A. as of May 28, 2003 (incorporated by reference to Exhibit 10.1(l) to the Registrant's Form 10-K (Commission File No. 0-14798) for year ended April 30, 2003).
 - 10.1 (m) - Second Amendment to \$35,000,000 Financing and Security Agreement and \$10,000,000 Term Loan Facility between the Company and Bank of America, N.A. as of January 3, 2005 (incorporated by reference to Exhibit 10.1 to the Registrant's Form 10-Q (Commission File No. 0-14798) for quarter ended January 31, 2005).
 - 10.1 (n) - Loan agreement dated February 9, 2005 By and Between American Woodmark Corporation and the Maryland Economic Development Corporation. (Filed Herewith).
 - 10.6 (a) - Lease, dated November 1, 1984, between the Company and Amwood Associates (incorporated by reference to Exhibit 10.6(a) to the Registrant's Form S-1 (Commission File No. 33-6245) for year ended April 30, 1986).
 - 10.6 (c) - Lease, dated December 15, 2000, between the Company and the Industrial Development Board of The City of Humboldt, Tennessee (incorporated by reference to Exhibit 10.6(d) to the Registrant's Form 10-K (Commission File No. 0-14798) for year ended April 30, 2001).
 - 10.6 (d) - Agreement of Sale, dated December 15, 2004, By and Between the Company and the Board of County Commissioners of Garrett County, Maryland. (Filed Herewith).
 - 10.7 (d) - 1996 Stock Option Plan (incorporated by reference to Exhibit 28 to the Registrant's Form S-8 (Commission File No. 33-12623) dated September 25, 1996).
 - 10.7 (e) - 1999 Stock Option Plan (incorporated by reference to Appendix B, to the Registrant's Form DEF-14A (Commission File No. 01-14798) for year ended April 30, 1999).
 - 10.7 (f) - 2000 Non-Employee Directors Stock Option Plan (incorporated by reference to Exhibit 10.7(f) to the Registrant's Form 10-K (Commission File No. 0-14798) for year ended April 30, 2001).

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- 10.7 (g) - Shareholder Value Plan for Employees (incorporated by reference to Exhibit 10.7(g) to the Registrant's Form 10-K (Commission File No. 0-14798) for year ended April 30, 2001).
 - 10.7 (h) - Shareholder Value Plan for Non-Employee Directors (incorporated by reference to Exhibit 10.7(h) to the Registrant's Form 10-K (Commission File No. 0-14798) for year ended April 30, 2001).
 - 10.7 (i) - 2004 Stock Incentive Plan for Employees (incorporated by reference to Exhibit 99 to the Registrant's Form S-8 (Commission File No. 0-14798) as filed on January 31, 2005).
 - 10.8 (a) - 2001 Annual Incentive Plan for Chairman and President/CEO (incorporated by reference to Exhibit 10.8(a) to the Registrant's Form 10-K (Commission File No. 0-14798) for year ended April 30, 2001).
 - 10.8 (b) - 2001 Annual Incentive Plan for Senior Vice Presidents (incorporated by reference to Exhibit 10.8(b) to the Registrant's Form 10-K (Commission File No. 0-14798) for year ended April 30, 2001).
 - 10.8 (c) - Management Contract - Employment Agreement for Mr. James Jake Gosa, President and Chief Executive Officer (incorporated by reference to Exhibit 10.8(c) to the Registrant's Form 10-K (Commission File No. 0-14798) for year ended April 30, 2002).
 - 10.8 (e) - Management Contract - Employment Agreement for Mr. Ian J. Sole, Senior Vice President, Sales and Marketing (incorporated by reference to Exhibit 10.8(e) to the Registrant's Form 10-K (Commission File No. 0-14798) for year ended April 30, 2002).
 - 10.8 (f) - Management Contract - Employment Agreement for Mr. David L. Blount, Senior Vice President, Manufacturing (incorporated by reference to Exhibit 10.8(f) to the Registrant's Form 10-K (Commission File No. 0-14798) for year ended April 30, 2002).
 - 10.8 (g) - Management Contract - Employment Agreement for Mr. Kent B. Guichard, Executive Vice President (incorporated by reference to Exhibit 10.8(g) to the Registrant's Form 10-K (Commission File No. 0-14798) for year ended April 30, 2004).
 - 10.8 (h) - Management Contract - Employment Agreement for Mr. James Jake Gosa, Chairman and Chief Executive Officer (Filed Herewith).
 - 10.8 (i) - Management Contract - Employment Agreement for Mr. Kent B. Guichard, Executive Vice President (Filed Herewith).
 - 10.9 - ISDA Master Agreement between NationsBank, N.A. and American Woodmark Corporation dated as of May 29, 1998 (incorporated by reference to Exhibit 10.9 to the Registrant's Form 10-K (Commission File No. 0-14798) for year ended April 30, 1998).
 - 10.10 (a) - Loan Agreement between the Company and the West Virginia Economic Development Authority as of November 20, 1998 relating to equipment financing (incorporated by reference to Exhibit 10.10(a) to the Registrant's Form 10-K (Commission File No. 0-14798) for year ended April 30, 1999).
 - 10.10 (b) - Promissory Note between the Company and the West Virginia Economic Development Authority dated as of November 20, 1998 (incorporated by reference to Exhibit 10.10(b) to the Registrant's Form 10-K (Commission File No. 0-14798) for year ended April 30, 1999).
 - 10.10 (c) - Security Agreement between the Company and the West Virginia Economic Development Authority dated as of November 20, 1998 (incorporated by reference to Exhibit 10.10(c) to the Registrant's Form 10-K (Commission File No. 0-14798) for year ended April 30, 1999).

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- 10.10 (d) - Amendment of Deed of Lease between the Company and the West Virginia Economic Development Authority dated as of November 20, 1998 (incorporated by reference to Exhibit 10.10(d) to the Registrant's Form 10-K (Commission File No. 0-14798) for year ended April 30, 1999).
 - 10.10 (e) - Promissory Note between the Company and the Wayne County EZ Industrial Development Authority of Kentucky dated as of July 22, 1998 (incorporated by reference to Exhibit 10.10(e) to the Registrant's Form 10-K (Commission File No. 0-14798) for year ended April 30, 1999).
 - 10.10 (f) - Promissory Note between the Company and Amende Cabinet Corporation, a wholly owned subsidiary of the Company, dated as of July 30, 1998 (incorporated by reference to Exhibit 10.10(f) to the Registrant's Form 10-K (Commission File No. 0-14798) for year ended April 30, 1999).
 - 10.10 (j) - Loan Agreement between Perry, Harlan, Leslie, Brethitt Regional Industrial Authority, Inc. as of November 13, 2002 (incorporated by reference to Exhibit 10.1 to the Registrant's Form 10-Q (Commission File No. 0-14798) for quarter ended January 31, 2003).
 - 10.10 (k) - Loan Agreement between the Company and Amende Cabinet Corporation, a wholly owned subsidiary of the Company, dated December 31, 2001 (incorporated by reference to Exhibit 10.8(k) to the Registrant's Form 10-K (Commission File No. 0-14798) for year ended April 30, 2002).
 - 10.10 (l) - Lease agreement between the Company and the West Virginia Economic Development Authority dated as of June 30, 2004 (incorporated by reference to Exhibit 10.1 to the Registrant's Form 10-Q (Commission File No. 0-14798) for quarter ended July 31, 2004).
 - 10.10 (m) - Lease agreement between the Company and the West Virginia Economic Development Authority dated as of July 30, 2004 (incorporated by reference to Exhibit 10.1 to the Registrant's Form 10-Q (Commission File No. 0-14798) for quarter ended July 31, 2004).
 - 13 - 2005 Annual Report to Shareholders (Filed Herewith).
 - 21 - Subsidiary of the Company (Filed Herewith).
 - 23.1 - Consent of KPMG LLP, Independent Registered Public Accounting Firm (Filed Herewith).
 - 23.2 - Consent of Ernst and Young LLP, Independent Registered Public Accounting Firm (Filed Herewith).
 - 31.1 - Certification of the Chief Executive Officer Pursuant to Rule 13a-14(a) of the Exchange Act (Filed Herewith).
 - 31.2 - Certification of the Chief Financial Officer Pursuant to Rule 13a-14(a) of the Exchange Act (Filed Herewith).
 - 32.1 - Certification of the Chief Executive Officer and Chief Financial Officer Pursuant to Rule 13a-14(b) of the Exchange Act and 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Filed Herewith).

Schedule II - Valuation and Qualifying Accounts

AMERICAN WOODMARK CORPORATION

(In Thousands)

<u>Description(a)</u>	<u>Balance at Beginning of Period</u>	<u>Additions (Reductions) Charged to Cost and Expenses</u>	<u>Other</u>	<u>Deductions</u>	<u>Balance At End of Period</u>
Year ended April 30, 2005:					
Allowance for doubtful accounts	\$ 1,222	\$ (500)	\$—	\$ (24)(b)	\$ 698
Reserve for cash discounts	\$ 935	\$ 12,130(c)	\$—	\$(11,965)(d)	\$ 1,100
Reserve for sales returns and allowances	\$ 3,679	\$ 13,636(c)	\$—	\$(13,529)	\$ 3,786
Year ended April 30, 2004:					
Allowance for doubtful accounts	\$ 726	\$ 500	\$—	\$ (4)(b)	\$ 1,222
Reserve for cash discounts	\$ 885	\$ 10,894(c)	\$—	\$(10,844)(d)	\$ 935
Reserve for sales returns and allowances	\$ 3,338	\$ 10,699(c)	\$—	\$(10,358)	\$ 3,679
Year ended April 30, 2003:					
Allowance for doubtful accounts	\$ 799	\$ 32	\$—	\$ (105)(b)	\$ 726
Reserve for cash discounts	\$ 815	\$ 9,340(c)	\$—	\$ (9,270)(d)	\$ 885
Reserve for sales returns and allowances	\$ 3,012	\$ 11,315(c)	\$—	\$(10,989)	\$ 3,338

(a) All reserves relate to accounts receivable.

(b) Principally write-offs, net of collections.

(c) Reduction of gross sales.

(d) Cash discounts granted.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

American Woodmark Corporation
(Registrant)

July 14, 2005

/s/ JAMES J. GOSA

James J. Gosa
Chairman and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

July 14, 2005

/s/ JAMES J. GOSA

James J. Gosa
Chairman and Chief Executive Officer
(Principal Executive Officer)
Director

July 14, 2005

/s/ JAMES G. DAVIS

James G. Davis
Director

July 14, 2005

/s/ JONATHAN H. WOLK

Jonathan H. Wolk
Vice President and Chief Financial Officer
(Principal Financial Officer)

July 14, 2005

/s/ G. THOMAS MCKANE

G. Thomas McKane
Director

July 14, 2005

/s/ KENT B. GUICHARD

Kent B. Guichard
Executive Vice President
Director

July 14, 2005

/s/ NEIL P. DEFEO

Neil P. DeFeo
Director

July 14, 2005

/s/ DENNIS M. NOLAN, JR.

Dennis M. Nolan, Jr.
Vice President and Corporate Controller
(Principal Accounting Officer)

July 14, 2005

/s/ CAROL B. MOERDYK

Carol B. Moerdyk
Director

July 14, 2005

/s/ WILLIAM F. BRANDT, JR.

William F. Brandt, Jr.
Director

July 14, 2005

/s/ DANIEL T. HENDRIX

Daniel T. Hendrix
Director

July 14, 2005

/s/ DANIEL T. CARROLL

Daniel T. Carroll
Director

July 14, 2005

/s/ MARTHA M. DALLY

Martha M. Dally
Director

July 14, 2005

/s/ KENT J. HUSSEY

Kent J. Hussey
Director

LOAN AGREEMENT

THIS LOAN AGREEMENT (as it may be amended, this "Agreement") is made as of this 9th day of February, 2005, between **AMERICAN WOODMARK CORPORATION**, a Virginia corporation (the "Borrower"), and the **MARYLAND ECONOMIC DEVELOPMENT CORPORATION**, a body politic and corporate and a public instrumentality of the State of Maryland (the "Lender").

RECITALS

1. The Lender currently owns approximately 145 acres of real property located along Route 220 in Allegany County, Maryland (the "Park Property").

2. The Lender and the County Commissioners of Allegany County (the "County") are developing the Park Property into an industrial park.

3. The costs to acquire the Park Property and a portion of the costs to develop the Park Property are being financed with the proceeds of a \$3,463,000 loan made by the Department of Business and Economic Development, a principal department of the State of Maryland (the "Department") to the Lender (the "Development Loan").

4. The Development Loan is evidenced by a Deed of Trust Note dated February 25, 2002, in the original principal amount of \$3,463,000 made by the Lender and payable to the Department (as it may be amended or replaced, the "Note").

5. The Development Loan is subject to the terms of, and secured by, a Deed of Trust, Assignment of Leases and Rents, and Loan Agreement dated February 25, 2002, between the Lender and the Department, and recorded in the Land Records of Allegany County at Liber 941, Folio 323 (as amended, the "Development Deed of Trust").

6. The Loan was made pursuant to the provisions of the Smart Growth Economic Development Infrastructure Fund ("One Maryland"), then codified as Section 5-701 of Article 83A of the Annotated Code of Maryland (currently codified in Sections 5-1401 through 5-1411 of Article 83A of the Annotated Code of Maryland).

7. The Lender, with the consent of the Department, has agreed to sell approximately 37 acres of the Park Property (the "Land") to the Borrower for a total sale price of \$1,484,320.

8. The Lender has agreed to finance the sale of the Land in the amount of \$1,484,320 (the "Loan"), which Loan will be evidenced by a Deed of Trust Note dated the date hereof in the original principal amount of \$1,484,320 made by the Borrower and payable to the Lender (as it may be amended or replaced, the "Note").

9. The Loan will be subject to the terms of this Agreement and will be secured by the Deed of Trust (as defined below).

10. The Lender will assign, without recourse, all of its rights in the Note, this Agreement, and the Deed of Trust to the Department, as payment, equal to the amount of the Note, towards the outstanding amount due under the terms of the Development Note

11. Upon assignment of the Loan to the Department, the Department will deem the Loan to have been made pursuant to the provisions of the Maryland Economic Development Assistance Authority and Fund ("MEDAAF"), codified as Sections 5-1401 through 5-1411 of Article 83A of the Annotated Code of Maryland (as amended, the "Act").

NOW, THEREFORE, for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

ARTICLE I **DEFINITIONS**

All accounting terms not specifically defined herein shall have the meanings determined by generally accepted accounting principles, consistently applied. All terms previously defined are incorporated in this Agreement by reference. Capitalized terms used in this Agreement have the meanings defined below:

"Additional Land" means a certain parcel of real property consisting of approximately ten acres located adjacent to the southern boundary of the Land, to be acquired by the County and transferred to the Borrower.

"Application" means the Application from the Borrower to the Department dated July 1, 2004, as it may be amended.

"Borrower's Contribution" means the Borrower's provision of at least \$10,000,000 towards the costs of the Project, excluding the amount of the Loan and the Grant.

"Calculation Dates" means collectively and individually any and all of the First Tier Calculation Dates and the Second Tier Calculation Dates.

"Claim" means any action or other claim for liability, loss, expense, or other cost, including fees, costs and expenses of attorneys, consultants, contractors, and experts.

"Completion Date" means December 31, 2005.

"Commitment Letter" means the conditional commitment letter issued by the Lender in connection with the Loan dated July 19, 2004, as it may be amended.

"County ReGrant" means a \$750,000 conditional grant from the County to the Borrower, made with the proceeds of a corresponding conditional grant from the Department to the County.

“County ReGrant Agreement” means the Grant Agreement dated the date of this Agreement, between the Borrower and the County, evidencing the Grant.

“County ReGrant Deed of Trust” means the Deed of Trust and Assignment of Leases and Rents dated the date of this Agreement, made by the Borrower to Jerry L. Frantz and William M. Rudd, as trustees for the benefit of the County, granting the County a second lien security interest in the Project Land as security for the Borrower’s obligations under the County ReGrant Agreement, and to be recorded in the Land Records of Allegany County, as it may be amended

“County ReGrant Documents” means all documents executed and delivered in connection with the County ReGrant and the Obligations, including the County ReGrant Agreement, the Deed of Trust, and any other document, evidencing or securing the County ReGrant, as any of them may be amended.

“Default” means any default under Article IV of this Agreement.

“Deed of Trust” means the Deed of Trust and Assignment of Leases and Rents dated the date of this Agreement, made by the Borrower to James G. Davis and James Henry, as trustees for the benefit of the Lender, granting the Lender a security interest in the Project Land and to be recorded in the Land Records of Allegany County, as it may be amended

“Eligible Project Costs” means the costs of the Land, calculated as \$40,000 multiplied by the actual acreage transferred to the Borrower (calculated to the third decimal point).

“Employee Report” means a report prepared by the Borrower which consists of (a) a list of the names of all of the Permanent, Full-time Employees employed by the Borrower at the Facility as of the dates required in Section 6.05 below, and (b) the social security number, the average hours worked, or expected to be worked, for the year, the hourly or annual pay rate, and a general description of available benefits for each listed Permanent, Full-time Employee. Attached to the report shall be a completed and properly executed certification in substantially the form of Exhibit C attached to this Agreement .

“Expenses” means all costs and expenses incurred by the Lender (whether before or after a Default) in connection with, or in exercising or enforcing any rights, powers and remedies provided in, any of the Financing Documents.

“Facility” means the approximately 250,000 square foot facility to be constructed by the Borrower on the Project Land, to be used by the Borrower to assemble wood products.

“Final Report” means a completed and executed final report in substantially the form of Exhibit A attached to this Agreement.

“Financing Documents” means all documents executed and delivered in connection with the Loan and the Obligations, including this Agreement, the Note, the Deed of Trust, and any other document, evidencing or securing the Loan, as any of them may be amended.

“ First Tier Calculation Dates ” means collectively and individually December 31, 2007, and December 31, 2008.

“ Forgiveness Date ” means December 31, 2014.

“ Governmental Authority ” means the United States, the State, or any of their political subdivisions, agencies, or instrumentalities, including any local authority having jurisdiction over any aspect of the Project.

“ Laws ” means any current or future federal, state and local laws, statutes, rules, ordinances, regulations, codes, decisions, interpretations, orders, or decrees of any court or other Governmental Authority having jurisdiction.

“ Lien ” means any mortgage, deed of trust, pledge, security interest, assignment, judgment, lien or charge of any kind, including any conditional sale or other title retention agreement, any lease in the nature thereof, any liens or claims for liens for materials supplied or for labor or services performed, and the filing of, or agreement to give, any financing statement under the Uniform Commercial Code of any jurisdiction.

“ Local Contribution ” means the provision of at least \$150,000 towards the costs of infrastructure improvements which benefit the Project.

“ Local Government ” means the County Commissioners of Allegany County, a political subdivision of the State.

“ MITP ” means the Maryland Industrial Training Program.

“ MITP Documents ” means the documents to be entered into by the Department and the Borrower in connection with any MITP grant from the Department to the Borrower.

“ Obligations ” means all duties of payment, performance, and completion owed by the Borrower to the Lender under the Financing Documents and by law, including the obligations to:

(a) Pay all sums of money owed in connection with the Loan and any of the Financing Documents, including all funds and all sums of principal, interest, and premium, if any, due or to become due, and past, present, and future advances under any of the Financing Documents, all money advanced or expended by the Lender as provided for in any of the Financing Documents, and all Expenses; and

(b) Strictly observe and perform all of the provisions of the Financing Documents, time being of the essence.

“ Permanent, Full-time Employees ” means employees who (a) are employed by the Borrower at the Facility for at least 1800 hours per year, without a fixed term of employment, (b) are eligible for an employer subsidized health care benefits package, (c) are eligible for similar other benefits as

other employees of the Borrower and any subsidiary or affiliate of the Borrower, and (d) make an hourly wage of at least 150% of the federal minimum wage. A Permanent, Full-time Employee shall not include (i) an employee of a company acquired by the Borrower after the date hereof, if the employee's place of employment immediately prior to the acquisition was in the State or (ii) an employee of the Borrower who is transferred to the Facility, if the employee's place of employment immediately prior to the transfer was in the State.

"Project" means (a) the acquisition of the Land by the Borrower, (b) the acquisition of the Additional Land by the County and transfer of the Additional Land to the Borrower, (c) the construction of the Facility on the Project Land, (d) the acquisition and installation of furniture, equipment, and machinery in the Facility, and (e) the operation of the Facility in connection with the Borrower's manufacture and/or assembly of wood products (collectively, the "Project").

"Project Land" means the Land and the Additional Land.

"Sales Agreement" means the Agreement of Sale with an effective date of July 12, 2004, between the Borrower and the Lender, under the terms of which the Lender has agreed to sell to the Borrower, and the Borrower has agreed to acquire from the Lender, the Land.

"Second Tier Calculation Dates" means collectively and individually December 31, 2009, December 31, 2010, December 31, 2011, December 31, 2012, December 31, 2013, and December 31, 2014.

"State" means the State of Maryland.

"Taxes" means all taxes, water rents, sewer rents, assessments, utility charges (whether public or private), and other governmental or municipal or public dues, charges, and levies.

ARTICLE II **TERMS OF THE LOAN AND DISBURSEMENT**

Section 2.01. The Loan .

Subject to the terms and conditions of all of the Financing Documents, the Lender agrees to extend the Loan to the Borrower.

Section 2.02. Repayment and Interest .

All sums advanced under the Loan shall be evidenced by the Note and shall be repaid with interest in accordance with the provisions of the Note.

Section 2.03. Closing .

(a) In General . Subject to the Borrower's compliance with the terms of all of the Financing Documents, the satisfaction of all conditions precedent to closing on the Land under this Agreement and the Sales Agreement, and the non-existence of a Default or any event, circumstance,

act or omission which with the giving of notice, the passage of time, or both, would constitute a Default, the Lender shall transfer the Land to the Borrower, as provided in the Sales Agreement, and the execution and delivery of the Financing Documents shall constitute payment of the purchase price for the Land.

(b) Conditions for Closing. In addition to the conditions to closing specified in the Sales Agreement, closing on the Land is further subject to the satisfaction of the following conditions as of the date the disbursement is made:

(i) Checklist Items. The Lender and the Department shall have received all of the items set forth on the Pre-Closing and Closing Checklist attached hereto as Exhibit B, in form and substance acceptable to the Lender and the Department.

(ii) Solvency Certifications. If requested by the Lender or the Department, the Borrower shall deliver to the Lender and the Department a certificate stating that no (1) petition in bankruptcy, voluntary or otherwise, (2) assignment for the benefit of creditors, (3) petition seeking reorganization or arrangement under bankruptcy laws of the United States or of any state, or (4) other action brought under any bankruptcy laws, is pending against the Borrower. The Department may request such a certification at any time during the Loan term.

(iii) No Adverse Change. There has been no materially adverse change in the Borrower's financial condition from that reflected in the Borrower's financial statements most recently submitted to the Lender and the Department prior to the closing.

(c) Strictures to Closing. Closing on the Land, acceptance of the Financing Documents by MEDCO, and assignment of the Financing Documents to the Department are subject to all financing strictures applicable to the Department and the Lender, and compliance with all applicable Laws.

Section 2.04. Completion

Within 30 days after the Completion Date, the Borrower shall submit to the Lender and the Department the following:

- (a) Evidence that the Project is completed;
- (b) A copy of a certificate of use and occupancy issued for the Project;
- (c) Evidence that the insurance required under Section 3.02(i)(i)(3) of this Agreement includes the Facility; and
- (d) A Final Report, together with any additional information required by the Lender or the Department.

ARTICLE III
REPRESENTATIONS, WARRANTIES AND COVENANTS
OF THE BORROWER

Section 3.01. Representations and Warranties .

The Borrower represents and warrants as follows:

(a) Organization . The Borrower:

- (i) Is a corporation duly organized, validly existing, and in good standing under the laws of the Commonwealth of Virginia;
- (ii) Has the power to own its property and to carry on its business as now being conducted;
- (iii) Is duly qualified to do business and is in good standing in the State and in each jurisdiction in which the character of properties owned by it or the transaction of its business makes qualification necessary; and
- (iv) Has delivered a complete copy of its articles of incorporation and by-laws, together with all amendments, to the Lender and the Department.

(b) Due Authorization . The Borrower has the full corporate power and authority to enter into this Agreement, to complete the Project, to borrow the Loan as contemplated by the Financing Documents, to execute and deliver all of the Financing Documents to which it is a party, and to comply with the terms set forth in all of the Financing Documents, all of which have been duly authorized by all necessary corporate action of the Borrower. No approval of any other person or public authority or regulatory body is required as a condition to the validity of any of the Financing Documents, or, if required, the approval has been obtained.

(c) Validity of Financing Documents . All of the Financing Documents have been properly executed by the Borrower and will:

- (i) Not violate any Laws, or any provision of the Borrower's articles of incorporation or by-laws;
 - (ii) Not violate any provision, or result in a breach, of any document or agreement binding on the Borrower or affecting its property;
- or
- (iii) Constitute the valid and legally binding obligations of the Borrower, fully enforceable against the Borrower, in accordance with their terms.

(d) Legal Actions . To the best of the Borrower's knowledge there is no (1) Claim pending or, to the best of the Borrower's knowledge, threatened in any court or before any governmental agency, and (2) investigation by or before any Governmental Authority, that:

- (i) Questions the validity or enforceability of any of the Financing Documents, or any action taken, or to be taken, under any of them;

(ii) Is likely to result in any material adverse change in the authority, properties, assets, liabilities, or conditions (financial or otherwise) of the Borrower that would cause the Borrower's tangible net worth to fall below \$65,000,000 as of any quarterly financial statement; or

(iii) Affects the Facility or the Project.

(e) Borrower's Financial Statements. The Borrower's financial statements, copies of which have been furnished to the Lender and the Department, were prepared in accordance with generally accepted accounting principles consistently applied and are complete and correct and fairly and accurately present the financial condition of the Borrower as of their date and the results of its operations for the period then ended. There has been no material adverse change in the financial condition of the Borrower or the results of its operations since the date of such financial statements.

(f) Taxes. All Taxes imposed upon the Borrower and its properties have been paid prior to the date when any interest or penalty would accrue for nonpayment, except for those Taxes being contested in good faith and by appropriate proceedings by the Borrower.

(g) Accuracy of Statements. All information contained in any financial statement, report, or other document given by the Borrower or by any other person in connection with the Loan is true and accurate in all respects and the Borrower and each other person has not omitted to state any material fact or any fact necessary to make the information not misleading.

(h) Application. All information in the Application was true and complete in all material respects as of the date of the Application. The Borrower is aware of no event that would require any amendment to the Application in order to make any information in the Application true and complete in all material respects and not misleading in any material respect as of the date of this Agreement, and the Borrower is aware of no event or other fact that should have been, and has not been, reported in the Application as material information.

(i) Financing Document Defaults. There is no event of default or default (including a Default) on the part of the Borrower under any of the Financing Documents, and no event has occurred or is continuing that, with notice, or the passage of time, or both, would constitute an event of default or default (including a Default) under any of the Financing Documents.

(j) Compliance With Laws. The Borrower has complied with all Laws.

(k) State Drug Policy. The Borrower is in compliance with the State's policy concerning drug and alcohol free workplaces, as set forth in COMAR 01.01.1989.18 and 21.11.08.

(l) Approvals. The Borrower has obtained, or expects to obtain prior to the commencement of construction of the Project:

- (i) All approvals from and reviews by all Governmental Authorities of the Laws applicable to the Project and the Facility; and
- (ii) All necessary building permits for the Project.

(m) Lien of Deed of Trust. Upon the execution and recordation of the Deed of Trust, the Lender will have a first lien security interest in Project Land.

Section 3.02. Borrower's Covenants.

The Borrower covenants as follows:

(a) Repayment and Performance. The Borrower shall promptly pay and perform all of the Obligations in the manner provided in the Financing Documents.

(b) Financial Information. The Borrower shall furnish the Lender with:

(i) As soon as available, but in no event more than 90 calendar days after the close of each of the Borrower's fiscal years, a copy of the Borrower's annual financial statement in reasonable detail satisfactory to the Lender and the Department, prepared in accordance with generally accepted accounting principles, consistently applied, and audited by an independent, certified public accountant; and

- (ii) Any additional information reasonably requested by the Lender or the Department.

(c) Qualification to Do Business. The Borrower shall maintain its qualification to do business in the State.

(d) State Drug Policy. The Borrower will comply with the State's policy concerning drug and alcohol free workplaces, as set forth in COMAR 01.01.1989.18 and 21.11.08, for the term of this Agreement. Specifically, the Borrower shall:

(i) Make a good faith effort to eliminate illegal drug use and alcohol and drug abuse from its workplaces during the term of this Agreement;

- (ii) Prohibit the unlawful manufacture, distribution, dispensation, possession, or use of drugs in its workplaces;

- (iii) Prohibit its employees from working under the influence of alcohol or drugs;

(iv) Not hire or assign to work on an activity funded in whole or part with State funds, anyone whom it knows, or in the exercise of due diligence it should know, currently abuses alcohol or drugs and is not actively engaged in a bona fide rehabilitation program;

(v) Promptly inform the appropriate law enforcement agency of every drug related crime that occurs in any of its workplaces if any of its employees has observed the violation or otherwise has reliable information that a violation has occurred; and

(vi) Notify employees that drug and alcohol abuse are banned in the workplaces, impose sanctions on employees who abuse drugs and alcohol in the workplaces, and institute steps to maintain drug and alcohol free workplaces.

(e) Completion. The Borrower shall:

(i) Cause the Project to be completed by the Completion Date, free and clear of any Liens or claims for Liens, except for Permitted Liens, as that term is defined in the Deed of Trust;

(ii) Cause the Project to be completed in accordance with the Application, the Act, the Regulations, and the terms of this Agreement; and

(iii) Satisfy all applicable Laws for the operation of the Facility by the Completion Date.

(f) Payment of Contractors. The Borrower will promptly pay all contractors and materialmen the amounts due them.

(g) Insurance.

(i) During the term of this Agreement the Borrower shall obtain and maintain, except as provided below, the following insurance coverages:

(1) Comprehensive general public liability and property damage insurance in amounts usually carried by similar operations against claims for bodily injury, death, or damage to property occurring on the Facility; and

(2) Workers' compensation insurance for all contractors and subcontractors employed at the Facility and all employees of the Borrower employed in the State; and

(3) Any other insurance in connection with the Facility, in amounts and against risks as is customarily maintained by similar businesses operating in the same vicinity.

(ii) All insurance policies shall be with responsible companies with an A. M. Best rating of "A-" or better and shall each bear an endorsement that it shall not be canceled, terminated, endorsed, or amended without 30 days written notice to the Lender.

(iii) The Borrower shall cause certificates of insurance, evidencing that the Borrower maintains the insurance required under this subsection, to be delivered annually to the Lender or upon request.

(h) Notification of Claims. The Borrower shall promptly notify the Lender of any (i) material action or prospective claims or litigation, including tax deficiencies, that may be asserted against the Borrower, and (ii) default or event of default under the terms of any bond, debenture, note, or other evidence of indebtedness of the Borrower.

(i) Access. Any duly authorized representative of the Lender shall, at all reasonable times, have access to all portions of the Facility; provided, however, that if no Default has occurred and is continuing, the Lender shall provide the Borrower with reasonable notice of the Lender's desire to access the Facility and shall limit its access to normal business hours.

(j) Books and Records. The Borrower shall keep any books, records, and other documents that may be required under the rules and procedures now or hereafter applicable to MEDAAF loans, and as may be reasonably necessary to disclose fully the amount and disposition of the Loan, the total costs incurred to complete the Project, and the source of all funds expended towards the costs of the Project. All books, records and other documents shall be maintained at the offices of the Borrower for inspection, copying, audit and examination at all reasonable times by any duly authorized representative of the Lender. All books, records and other documents shall be maintained until the first to occur of (i) three years after completion of the Project, or (ii) the completion of an audit of the Project by the State. All information obtained by the State from Borrower's books, records, or other documents shall be kept confidential to the extent permitted by Law.

(k) Taxes. The Borrower shall promptly pay all Taxes imposed on the Borrower and its properties prior to the date when any interest or penalty would accrue for non-payment, except for those Taxes being contested in good faith by appropriate proceedings by the Borrower.

(l) Press Releases. Without the prior consent of the Lender, the Borrower may not issue any press releases in connection with the Loan, the State, the Department, or the Lender.

(m) Further Assurances. At any time, upon request by the Lender, the Borrower, at its sole expense, will make, execute, and deliver, or cause to be made, executed, and delivered, any additional documents that may, in the opinion of the Lender, be necessary or desirable to effectuate, complete, perfect, continue, or preserve the Obligations. Upon any failure by the Borrower to do so, the Lender may make and execute any such documents in the name of the Borrower, and at the sole expense of the Borrower, and the Borrower hereby irrevocably appoints the Lender the agent and attorney-in-fact of the Borrower to do so, this appointment being coupled with an interest. The Lender may, at its option, advance the Expenses incurred in making and executing any such documents and the Borrower shall reimburse the Lender for any sums advanced with interest at a rate equal to 12% per annum. Any such Expenses, together with interest, same shall be part of the Obligations.

(n) Indemnification. The Borrower releases the State, the Department, and the Lender from, and agrees to protect, indemnify and save each of them harmless against, any Claims and Expenses incurred by, or asserted against, any of them, arising in connection with the Loan, the Project, or the Facility. All money expended by the State, the Department, or the Lender as a result of such Claims and Expenses, together with interest at a rate equal to 12% per annum from the date of payment, shall constitute an additional indebtedness of the Borrower and shall be immediately due and payable by the Borrower to the State, the Department, or the Lender. Nothing contained in this Section 3.02(n) or in the Financing Documents shall be construed as a limit on the Obligations. This Section 3.02(n) shall survive termination of this Agreement and repayment/forgiveness of the Loan and Note in full.

(o) Contractor's Non-Discrimination. The Borrower shall not discriminate on the basis of race, color, sex, religion, or national or ethnic origin in its hiring of contractors to carry out any portion of the Project. Borrower shall prohibit its contractors from engaging in such discrimination in the hiring of subcontractors to carry out any portion of the Project.

(p) Occupancy. Within 20 business days after the date the Borrower first occupies all or any portion of the Facility, the Borrower shall notify the Lender and the Department in writing of the date of such occupancy.

(q) Expenses. All Expenses incurred by the Lender shall become part of the Obligations and shall be repaid by the Borrower on demand, together with interest at a rate equal to 12% per annum from the date of incurrence.

(r) Compliance With Laws. The Borrower will comply with all Laws.

ARTICLE IV **DEFAULT AND REMEDIES**

Section 4.01. Defaults

The following events shall constitute a Default under this Agreement:

(a) The Borrower fails to pay the principal amount of the Loan and interest thereon according to the terms of the Note or any other payment required by any of the Financing Documents, including the Obligations;

(b) The Borrower ceases to use the Facility in connection with the manufacture and/or assembly of wood products, as contemplated in this Agreement, the Application, and the Commitment Letter;

(c) Any statement made in any certificate, report or opinion (including legal opinions), financial statement, or other document furnished in connection with the Loan was incorrect in any material respect when made;

(d) The Borrower breaches any covenant, representation, warranty, or other provision of this Agreement, which breach is not cured within 30 calendar days from the date the Borrower receives (as provided in Section 6.01 below) written notice of the breach from the Lender; provided, however that the Borrower shall not receive a 30 calendar day cure period under this subsection for any breach for which there is a specific Default set forth in this Section;

(e) The Borrower breaches (i) any covenant, representation, warranty, or other provision in any other Financing Document, which breach continues beyond any applicable grace or cure period, or (ii) the provisions of Sections 3.02(a), (e), (h), (l), and (o) of this Agreement;

(f) Any portion of, or interest in, the Facility is sold, leased, subleased, transferred, encumbered, or otherwise conveyed, without the prior written consent of the Lender;

(g) The Borrower fails to comply with any requirement of any Governmental Authority within 30 days after written notice of the requirement is made or within any other time period set by the Governmental Authority; or if any proceeding is commenced or action taken to enforce any remedy for a violation of any requirement of a Governmental Authority or any restrictive covenant affecting any part of the Facility;

(h) The Project is not completed, as determined in the sole discretion of the Lender, by the Completion Date;

(i) A default or event of default occurs under the terms of any bond, debenture, note, or other evidence of indebtedness of the Borrower and remains uncured beyond any applicable grace or cure period;

(j) Final judgment for the payment of money in excess of \$1,000,000 is rendered against the Borrower and is not discharged or a stay of execution thereon or a bond is not procured within 30 days from the date of entry thereof, or if thereafter the judgment remains unsatisfied for a period of 30 days after the termination of any such stay of execution thereon or bond;

(k) Any court of competent jurisdiction makes a final order (i) adjudicating the Borrower a bankrupt, (ii) appointing a trustee or receiver of a substantial part of the property of the Borrower, (iii) approving a petition for, or affecting an arrangement in, bankruptcy, a reorganization pursuant to federal bankruptcy law, or any other judicial modification or alterations of the rights of the Lender or of other creditors of the Borrower, (iv) assuming custody or sequestering any substantial part of the property of the Borrower, or (v) attaching or garnishing any substantial part of the property of the Borrower; or if the Borrower (A) files such petition, or (B) takes or consents to any other actions seeking any such judicial order, or (C) makes an assignment for the benefit of creditors, or (D) fails to pay debts generally as they become due, or (E) makes an admission in writing of inability to pay debts generally as they become due;

(l) Without the prior written consent of the Lender, the Borrower (i) sells or transfers all or substantially all of its business assets, (ii) begins any proceeding to dissolve or liquidate, (iii) changes the form of business entity through which it presently conducts its business, or (iv) merges or consolidates;

(m) Without the prior written consent of the Lender, the Borrower is dissolved by operation of law or in any other manner;

(n) The Lender makes a good faith determination that the Borrower's tangible net worth has fallen below \$65,000,000 as of any quarterly financial statement;

(o) The Borrower relocates to an area which is not a Priority Funding Area, as that term is defined in Title 5-7B of the State Finance and Procurement Article of the Annotated Code of Maryland;

(p) A default or event of default occurs under the terms of (i) any of the other Financing Documents, (ii) any of the County ReGrant Documents, or (iii) the MITP Documents; or

(q) As of the Completion Date, the principal amount of the Loan exceeds 70% of the costs of the Project.

Section 4.02. Remedies .

(a) Upon the occurrence of any Default and after any applicable grace or cure period, prior to exercising any other remedy under this Agreement, the Lender shall require the immediate repayment of the entire outstanding principal indebtedness, together with all accrued interest, under the Note and any Obligations.

(b) In the event the Borrower fails to repay the full amount of the Obligations as provided in subsection (a) above within 10 days after the Lender sends a written notice of default, acceleration, and demand for payment, the Lender may:

(i) At any time proceed to protect and enforce all rights and remedies available to the Lender under this Agreement or by Law, by any other proceedings, whether for specific performance of any agreement contained in this Agreement, damages, or other relief; or

(ii) Exercise any of its rights and remedies under the Deed of Trust.

(c) All remedies provided for in this Agreement or by Law are cumulative and are in addition to any other rights and remedies available to the Lender under any Law. The exercise of any right or remedy by the Lender shall not constitute a cure or waiver of any Default by the Borrower, nor invalidate any act done pursuant to any notice of Default, nor prejudice the Lender in the exercise of those rights, unless the Borrower repays the full amount of the Obligations to the Lender.

(d) The failure of the Lender to insist upon performance of any term of this Agreement shall not constitute a waiver of any term of this Agreement. No act of the Lender shall be construed as an election to proceed under any one provision in this Agreement to the exclusion of any other provision.

(e) If the Lender suspends or terminates this Agreement, the rights and remedies available to the Lender shall survive the suspension or termination.

Section 4.03. Setoff.

The Lender may set off against and apply any funds of the Borrower on deposit with, or under the control of, the State to the payment of the Obligations, without notice and without resort to any judicial proceeding.

ARTICLE V
MISCELLANEOUS

Section 5.01. Notices.

(a) All communications between the parties made pursuant to this Agreement shall be in writing.

(b) Any communication shall (a) when mailed, be effective three business days after it is deposited in the mails, (b) when mailed for next day delivery by a reputable overnight courier service, be effective one business day after mailing, and (c) when sent by fax, be effective when it is faxed and receipt of the communication is confirmed. Communications shall be delivered to the office of the addressee, as follows:

(i) Communications to the Lender shall be mailed to:

Maryland Economic Development Corporation
100 North Charles Street, Suite 630
Baltimore, Maryland 21201
Attention: Executive Director
FAX Number: 410-625-1848

(ii) Communications to the Department shall be mailed to:

Department of Business and Economic Development
217 East Redwood Street, 22nd Floor
Baltimore, Maryland 21202
Attention: Financing Programs Accounting and Administration
FAX Number: (410) 333-6931

With a copy to the Counsel to the Lender, on the 11th Floor at the same address, or if by fax, to 410-333-8298.

(iii) Communications to the Borrower shall be mailed to:

Glenn E. Eanes, Vice President and Treasurer
American Woodmark Corporation
3102 Shawnee Drive
Winchester, Virginia 22601
FAX Number: 540-665-9176

(c) The Borrower, the Department, and the Lender may change their notice addresses by sending written notice to the other party.

Section 5.02. Assignment .

(a) No benefit or burden imposed on the Borrower under this Agreement may be assigned without the prior written consent of the Lender.

(b) The Borrower acknowledges that immediately following the execution of this Agreement and the other Financing Documents, the Lender will assign all of its rights and interest in the Financing Documents to the Department. Immediately following the assignment of the Financing Documents to the Department shall accede to the rights of the Lender under the Financing Documents and all references to the "Lender" in the Financing Documents shall be deemed to mean the Department. Following the assignment of the Financing Documents to the Department, the Lender shall have no further liability to the Borrower in connection with the Loan or the Financing Documents. In addition, all representations and warranties made by the Borrower in the Financing Documents, and all instruments, certification, or documents delivered by the Borrower in connection with the Financing Documents, shall be deemed to run to the benefit of, and be enforceable by, the Department.

Section 5.03. Successors Bound .

This Agreement shall inure to the benefit of, and shall be binding upon, each of the parties and their successors and permitted assigns.

Section 5.04. Severability .

The invalidity of any part of this Agreement shall not affect the validity of the remaining provisions of this Agreement.

Section 5.05. Entire Agreement .

This Agreement constitutes the entire agreement between the Borrower and the Lender and supersedes all prior oral and written agreements, representations, and negotiations between the parties concerning the Loan and the Obligations. If there is any inconsistency between this Agreement and the Application or the Commitment Letter, the provisions of this Agreement shall prevail.

Section 5.06. Amendment of Agreement .

This Agreement may be amended only in writing executed by the Lender and the Borrower.

Section 5.07. Headings .

The headings used in this Agreement are for convenience only and do not constitute a part of this Agreement.

Section 5.08. Disclaimer of Relationships .

The Borrower acknowledges that the obligation of the Lender is limited to making the Loan on the terms set forth in this Agreement. Nothing in this Agreement, and no act of the Lender or the Borrower, shall be deemed to create any relationship of third-party beneficiary, principal and agent, limited or general partnership, joint venture, or any other relationship between the Borrower and the Lender. In addition, by inspecting any part of the Facility or by accepting or approving any action of the Borrower under any of the Financing Documents, the Lender shall not be considered to warrant the condition, legality, or sufficiency of any part of the Facility or any action taken or not taken by the Borrower.

Section 5.09. Governing Law .

This Agreement and all of the other Financing Documents shall be governed by the laws of the State.

Section 5.10. Term of Agreement .

Except as otherwise provided in this Agreement, unless sooner terminated by the mutual consent of the Borrower and the Lender, this Agreement shall remain in full force and effect until the earlier to occur of the date the Loan and the Obligations, together with interest and all other sums due and owing in connection with this Agreement, the Obligations or the Loan, have been paid in full to the satisfaction of the Lender and/or the Loan and the Obligations are forgiven by the Lender under the provisions of Article VI below.

Section 5.11. Illegality .

If performance of any obligation under any of the Financing Documents would require the performing party to violate the Law, then the performance shall be reduced to the level permitted by Law, and if (1) any provision of this Agreement, other than provisions requiring the Borrower to pay interest, principal, principal and interest, or any other of the Obligations, operates, or would operate, to invalidate any part of this Agreement, then such provision only shall be void as though not set forth in this Agreement, and the remainder of this Agreement shall remain in full force and effect, (2) any provision of this Agreement requires the Borrower to pay interest, principal, principal and interest, or any other of the Obligations, then at the option of the Lender, the entire unpaid sum under the Loan, with all unpaid interest accrued thereon, and all other unpaid Obligations shall become due and payable.

Section 5.12. WAIVER OF JURY TRIAL.

THE BORROWER HEREBY VOLUNTARILY AND INTENTIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER AND IN CONNECTION WITH THE LOAN OR ANY OF THE FINANCING DOCUMENTS.

Section 5.13. Expenses .

The Borrower shall pay all Expenses in connection with the execution and delivery of any of the Financing Documents.

Section 5.14. Counterparts .

This Agreement may be executed in one or more counterparts, each of which shall be an original, but all of which, when taken together, shall constitute one document.

ARTICLE VI
FORGIVENESS AND EMPLOYMENT REPORTING

Section 6.01. Full Repayment .

The Borrower shall repay the outstanding amount of the Loan, together with accrued interest thereon, as provided in the Note, if:

- (a) As of any Calculation Date, the Borrower employs less than 200 Permanent, Full-time Employees;
- (b) By the Completion Date, the Borrower fails to expend the amount of the Borrower's Contribution towards the costs of the Project; or
- (c) If at any time after the Borrower occupies the Facility through the Forgiveness Date, the Borrower substantially decreases its operations at the Facility.

Section 6.02. Partial Repayment .

(a) First Tier Calculation Dates .

- (i) On the first First Tier Calculation Date in which the Borrower employs less than 300 Permanent, Full-time Employees, but employs at least 200 Permanent, Full-time Employees, the Borrower shall repay to the Lender a portion of the Loan equal to \$3,000 for each Permanent, Full-time Employees less than 300, together with accrued interest thereon, as provided in the Note.

(ii) If on a subsequent First Tier Calculation Date the Borrower employs less than 300 Permanent, Full-time Employees, but employs at least 200 Permanent, Full-time Employees, the Borrower shall repay to the Lender a portion of the Loan equal to \$3,000 for each Permanent, Full-time Employees less than 300, less an amount equal to the amount of the Loan previously repaid to the Lender under this Section 6.02, plus accrued interest on the amount of the Loan to be repaid, as provided in the Note. If the amount resulting from the calculation in the immediately preceding sentence is zero or negative, the Borrower shall not be required to make any payment to the Lender for the First Tier Calculation Date; it being expressly understood that nothing in this Section shall be construed to require the Lender to repay any amounts to the Borrower.

(b) Second Tier Calculation Dates .

(i) On the first Second Tier Calculation Date in which the Borrower employs less than 500 Permanent, Full-time Employees, but employs at least 200 Permanent, Full-time Employees, the Borrower shall repay to the Lender a portion of the Loan equal to \$3,000 for each Permanent, Full-time Employees less than 500, together with accrued interest thereon, as provided in the Note.

(ii) On each future Second Tier Calculation Date in which the Borrower employs less than 500 Permanent, Full-time Employees, but employs at least 200 Permanent, Full-time Employees, the Borrower shall repay to the Lender a portion of the Loan equal to \$3,000 for each Permanent, Full-time Employees less than 500, less an amount equal to the amount of the Loan previously repaid to the Lender under this Section 6.02, plus accrued interest on the amount of the Loan to be repaid, as provided in the Note. If the amount resulting from the calculation in the immediately preceding sentence is zero or negative, the Borrower shall not be required to make any payment to the Lender for the Second Tier Calculation Date; it being expressly understood that nothing in this Section shall be construed to require the Lender to repay any amounts to the Borrower.

(c) Example of Operation of This Section . The following is an example of the intended operation of the preceding paragraph. If the Borrower employed 250, 275, 400, 475, 525, 550, 450, and 375 Permanent, Full-time Employees as of each of the Calculation Dates (and assuming a pro rata repayment amount of \$4000 per Permanent, Full-time Employee), then:

(1) As of December 31, 2007, the Borrower would be required to repay \$200,000, plus accrued interest to the Lender ($\$4,000 \times (300 - 250) = \$200,000$,

(2) As of December 31, 2008, the Borrower would not be required to make any payments to the Lender ($\$4,000 \times (300 - 275) = \$100,000$; $\$100,000 - \$200,000 = (\$100,000)$; as this number is negative, no payment would be required),

(3) As of December 31, 2009, the Borrower would be required to repay an additional \$100,000, plus accrued interest to the Lender ($\$4,000 \times (500 - 400) = \$400,000$; $\$400,000 - \$300,000 = \$100,000$,

(4) As of December 31, 2010, the Borrower would not be required to make any payments to the Lender ($\$4,000 \times (500 - 475) = \$100,000$; $\$100,000 - \$400,000 = (\$300,000)$; as this number is negative, no payment would be required),

(5) As of December 31, 2011, the Borrower would not be required to make any payments to the Lender (as the Borrower employed at least 500 Permanent, Full-time Employees),

(6) As of December 31, 2012, the Borrower would not be required to make any payments to the Lender (as the Borrower employed at least 500 Permanent, Full-time Employees),

(7) As of December 31, 2013, the Borrower would not be required to make any payments to the Lender ($\$4,000 \times (500 - 450) = \$200,000$; $\$200,000 - \$400,000 = (\$200,000)$; as this number is negative, no payment would be required), and

(8) As of December 31, 2014, the Borrower would be required to repay an additional \$100,000, plus accrued interest to the Lender ($\$4,000 \times (500 - 375) = \$500,000$; $\$500,000 - \$400,000 = \$100,000$).

Section 6.03. Forgiveness .

As of the Forgiveness Date, the Lender will forgive the amount of the Loan which is not subject to repayment under this Article VI, if no Default exists, and no event, circumstance, act or omission which, with the giving of notice, the passage of time, or both, would constitute a Default. Determination of amounts to be forgiven shall be made after determining any amounts required to be repaid under this Article VI.

Section 6.04. General Conditions .

(a) All information submitted by the Borrower to the Lender as evidence of compliance with any requirement of this Article must be in form and substance acceptable to the Lender.

(b) The Lender shall not be obligated to forgive all or any portion of the Loan or permit repayment as provided in this Article if a Default exists, or an event, circumstance, act or omission exists which, with the giving of notice, the passage of time, or both, would constitute a Default.

(c) All calculations of the Borrower's employment shall be based upon the employment reports received by the Lender under Section 6.05 below.

Section 6.05. Employee Reporting Requirement.

(a) On the dates specified below, the Borrower shall submit an Employee Report to the Lender with information effective as of the dates specified below:

<u>Report Date</u>	<u>Effective Date of Information</u>
January 31, 2006	December 31, 2005
January 31, 2007	December 31, 2006
January 31, 2008	December 31, 2007
January 31, 2009	December 31, 2008
January 31, 2010	December 31, 2009
January 31, 2011	December 31, 2010
January 31, 2012	December 31, 2011
January 31, 2013	December 31, 2012
January 31, 2014	December 31, 2013
January 31, 2015	December 31, 2014

(b) Upon the request of the Lender, the Borrower shall provide the Lender with any information and reports that the Lender determines, in its reasonable discretion, are needed to verify information contained in an Employee Report. The Borrower shall permit the Lender to inspect the employee records of the Borrower to confirm the information contained in an Employee Report.

(c) The failure to hire and maintain Permanent, Full-time Employees at the Facility as required under this Article VI shall not constitute a Default under the terms of this Agreement.

IN WITNESS WHEREOF, the Borrower and the Lender have caused this Agreement to be executed and delivered as of the date first above written.

WITNESS:

/s/ David Robinson
Name: David Robinson

MARYLAND ECONOMIC DEVELOPMENT CORPORATION

By: /s/ Robert D. Brennan
Name: Robert C. Brennan
Title: Executive Director

WITNESS:

/s/ James L. Cooper
Name: James L. Cooper

AMERICAN WOODMARK CORPORATION

By: /s/ Glenn Eanes (SEAL)
Name: Glenn Eanes
Title: Vice President and Treasurer

STATE OF MARYLAND, CITY/COUNTY OF Baltimore, TO WIT:

I HEREBY CERTIFY that on this 20 day of January, 2005, before me, a Notary Public in the State of Maryland, personally appeared Robert C. Brennan, who acknowledged himself to be the Executive Director of the Maryland Economic Development Corporation, known or satisfactorily proven to me to be the person whose name is subscribed to this document, and acknowledged that he executed it on behalf of the Maryland Economic Development Corporation as its duly authorized Executive Director.

AS WITNESS my hand and Notarial Seal.

/s/ Charlotte Base Trainor
Notary Public

My Commission expires: 3/1/2007

COMMONWEALTH OF VIRGINIA, CITY/COUNTY OF Frederick, TO WIT:

I HEREBY CERTIFY that on this 7th day of February, 2005, before me, a Notary Public in the Commonwealth of Virginia, personally appeared Glenn Eanes, who acknowledged himself/herself to be the Vice President and Treasurer of the American Woodmark Corporation, known or satisfactorily proven to me to be the person whose name is subscribed to this document, and acknowledged that she/he executed it on behalf of the American Woodmark Corporation, as its duly authorized _____.

AS WITNESS my hand and Notarial Seal.

Brenda Lee Clark
Notary Public

My Commission expires: 4/30/2007

EXHIBIT A

Smart Growth Economic Development Infrastructure Fund (“One Maryland”)
Final Report and Certification of Completion Costs

- 1. Project Name: _____
- 2. Borrower: _____
- 3. Period Covered: _____ to _____
- 4. Activity:

Costs of Project	Costs Paid by One Maryland	Other Source	Other Source	Other Source
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

TOTAL:

* (Please specify in parenthesis the entity which paid each particular cost.)

CERTIFICATION :

American Woodmark Corporation hereby certifies that: (1) the above costs have been incurred for work actually performed or equipment actually acquired and installed in accordance with an One Maryland loan for the above named Project, and (2) the information provided above is true and correct.

WITNESS:

Name: _____

AMERICAN WOODMARK CORPORATION

By: _____ (SEAL)
Name: _____
Title: _____
Date: _____

LOAN AGREEMENT

EXHIBIT B

PRE-CLOSING AND CLOSING CHECKLIST

LOAN AGREEMENT

EXHIBIT C

FORM OF EMPLOYMENT CERTIFICATION

ASSIGNMENT OF LOAN DOCUMENTS

THIS ASSIGNMENT OF LOAN DOCUMENTS (this "Assignment") is made as of this 9th day of February, 2005, from the **MARYLAND ECONOMIC DEVELOPMENT CORPORATION**, a body politic and corporate and public instrumentality of the State of Maryland (the "Assignor"), to the **MARYLAND DEPARTMENT OF BUSINESS AND ECONOMIC DEVELOPMENT**, a the principal department of the State of Maryland (the "Assignee").

RECITALS

1. The Assignor owns approximately 145 acres of real property located along Route 220 in Allegany County, Maryland (the "Park Property").
2. The Assignor and the County Commissioners of Allegany County (the "County") are developing the Park Property into an industrial park.
3. The costs to acquire the Park Property and a portion of the costs to develop the Park Property are being financed with the proceeds of a \$3,463,000 loan made by the Assignee to the Assignor (the "Development Loan").
4. The Assignor, with the consent of the Assignee, has agreed to sell approximately 37 acres of the Park Property (the "Land") to American Woodmark Corporation (the "Borrower") for a total sale price of \$1,484,320.
5. The Assignor has agreed to finance the sale of the Land in the amount of \$1,484,320 (the "than"), which than is evidenced by a Deed of Trust Note dated the date hereof in the original principal amount of \$1,484,320 made by the Borrower and payable to the Assignor (as it may be amended or replaced, the "Note").
6. The than is subject to the terms of a than Agreement dated the date hereof between the Assignor and the Borrower (the "Loan Agreement"), and is secured by a Deed of Trust and Assignment of Lease of Rents dated the date hereof, granted by the Borrower to James G. Davis and James Henry as trustees for the benefit of the Assignor, to be recorded in the Land Records of Allegany County (the "Deed of Trust").
7. In exchange for the cancellation of a portion of the outstanding principal amount of the Development Loan equal to the principal amount of the Loan, the Assignor has agreed to assign the Loan to the Assignee without recourse or warranty. The Assignee has agreed to accept the assignment of all of the Assignor's rights in connection with the Loan, and the Assignor hereby endorses and assigns to the Assignee (and the Assignee accepts) the Loan and the Loan Documents (as defined below) as provided in this Assignment.

8. Upon assignment of the Loan to the Assignee, the Assignee will deem the Loan to have been made pursuant to the provisions of the Maryland Economic Development Assistance Authority and Fund (“MEDAAF”), codified as Sections 5-1401 through 5-1411 of Article 83A of the Annotated Code of Maryland (as amended, the “Act”).

AGREEMENT

NOW, THEREFORE, in consideration of the sum of \$5.00 and for other good and valuable consideration paid by the Assignee to the Assignor, the receipt and adequacy of which are hereby acknowledged by the Assignor, the Assignor and the Assignee as follows:

1. Assignment, etc. Without recourse and without any representation or warranty of any kind whatsoever except for those set forth specifically in this Assignment, the Assignor hereby transfers, endorses, assigns, delivers, and conveys to the Assignee the Loan, together with any security and collateral therefor, and all of the Assignor’s rights, title, and interest in, to and under the following documents, as amended (the “Loan Documents”) and in connection with the Loan:

- (a) The Note;
- (b) The Loan Agreement;
- (c) The Deed of Trust; and
- (d) The Policy of Title Insurance issued by Chicago Title Insurance Company to the Assignor in the amount of \$1,484,320, being Policy No. 5084.

2. No Other Loan Documents, etc. The Assignor represents and warrants to the Assignee that, to the best of the Assignor’s knowledge as of the date hereof, the Loan Documents listed in Section 1 above are the only documents evidencing or securing the Loan or granting any right, title, or interest in, to, under or in connection with the Loan, or any of the Loan Documents and any collateral or security granted or provided therein.

3. Organization. The Assignor is a body politic and corporate and a public instrumentality of the State.

4. Resolution. A resolution has been duly adopted as an official act of the Assignor’s governing body authorizing the execution and delivery of this Assignment and the execution of all of the Loan Documents requiring execution by the Assignor, and authorizing and directing the person executing this Assignment to do so on behalf of the Assignor.

5. Due Authorization. The Assignor has the full power and authority to enter into this Assignment and consummate the transactions contemplated by this Assignment and the Loan Documents, and to comply with the terms set forth in all of this Assignment and the Loan

Documents, all of which have been duly authorized by all necessary corporate action of the Assignor. No approval of any other person or public authority or regulatory body is required as a condition to the validity of this Assignment or any of the Loan Documents

6. No Defaults . The Assignor hereby represents and warrants that there is currently no monetary default or Default (as defined in the Loan Documents) relating to any payment of money, as of the date hereof.

7. Authorization . The Assignor does hereby authorize and empower the Assignee, its successors and assigns, to exercise all of the rights, powers, and privileges conferred by the Loan Documents to the same extent as the Assignor is authorized and empowered to exercise the same under the provisions of the Loan Documents and applicable laws. This authorization is merely intended to transfer to the Assignee all rights and powers granted to the Assignor in the Loan Documents, but is not intended as a warranty by the Assignor with respect thereto.

8. No Prior Assignments, etc. . The Assignor represents and warrants to the Assignee that the Assignor has not sold, assigned, transferred or encumbered any interest in the Loan, or any of its rights, title and interest in, to and under any of the Loan Documents.

9. Further Assurances, etc. . Promptly upon the request of the Assignee, the Assignor will execute and deliver any further assurances, endorsements, and assignments and take any further action reasonably required by the Assignee so that the Assignee may obtain the benefits of this Assignment, it being the intent of the Assignor and the Assignee that the Loan and all of the Assignor's rights, title and interest in, to and under the Loan Documents be absolutely and irrevocably transferred, endorsed, assigned, delivered, and conveyed to the Assignee. Any further assurances, endorsements, or assignments shall include an assignment of the Deed of Trust in form suitable for recording; and an appropriate endorsement on the Note or any allonge attached thereto.

10. Miscellaneous . This Assignment shall be governed by the laws of the State of Maryland and may be executed in any number of duplicate originals or counterparts, each of which original and counterpart, and all taken together, shall constitute one and the same instrument. This Assignment shall be binding upon the Assignor and inure to the benefit of the Assignee and its successors and assigns.

11. Acknowledgement by Assignee . By signing below, the Assignee hereby accepts the assignment of the Loan and the Loan Documents as provided in this Assignment.

12. Cancellation of Indebtedness . Upon assignment of the Loan and the Loan Documents as set forth in this Assignment, the Assignee will cancel a portion of the outstanding principal amount of the Development Loan equal to the principal amount of the Loan.

IN WITNESS WHEREOF, the Assignor has executed and delivered this Assignment under seal as of the date and year first written above.

WITNESS:

MARYLAND ECONOMIC DEVELOPMENT CORPORATION

/s/ David Robinson

/s/ Robert C. Brennan (Seal)

By: Robert C. Brennan
Title: Executive Director

STATE OF MARYLAND, CITY/COUNTY OF Baltimore, TO WIT:

I HEREBY CERTIFY that on this 20th day of January 2005, before me, a Notary Public in the State of Maryland, personally appeared Robert C. Brennan, who acknowledged himself to be the Executive Director of the Maryland Economic Development Corporation, known or satisfactorily proven to me to be the person whose name is subscribed to this document, and acknowledged that he executed it on behalf of the Maryland Economic Development Corporation as its duly authorized Executive Director.

AS WITNESS my hand and Notarial Seal.

/s/ Charlotte Base Trainor

Notary Public

My Commission expires: 3/1/2007

ACCEPTANCE OF ASSIGNMENT BY ASSIGNEE

The **DEPARTMENT OF BUSINESS AND ECONOMIC DEVELOPMENT**, by the signature below of its Secretary, hereby acknowledges and accepts the foregoing Assignment and consents to the provisions thereof.

WITNESS:

/s/ Gloria M. Shryock

/s/ Aris Melissaratos

By: Aris Melissaratos
Title: Secretary

STATE OF MARYLAND, CITY/COUNTY OF Baltimore TO WIT:

I HEREBY CERTIFY that on this 9th day of February,, 2005, before me, a Notary Public in the State of Maryland, personally appeared Aris Melissaratos, who acknowledged himself to be the Secretary of the Department of Business and Economic Development, known or satisfactorily proven to me to be the person whose name is subscribed to this document, and acknowledged that he executed it on behalf of the Department of Business and Economic Development as its duly authorized Secretary.

AS WITNESS my hand and Notarial Seal.

/s/ Robin G. Whitfield
Notary Public 17

My Commission expires: 3/1/2008

GRANT AGREEMENT

THIS GRANT AGREEMENT (as it may be amended, this "Agreement") is made as of this 9th day of February, 2005, between **AMERICAN WOODMARK CORPORATION**, a Virginia corporation (the "Recipient"), and the **COUNTY COMMISSIONERS OF ALLEGANY COUNTY**, a political subdivision of the State of Maryland (the "County").

RECITALS

1. The County received a grant from the Department of Business and Economic Development, a principal department of the State of Maryland (the "Department"), in the amount of \$750,000 (the "DBED Grant").

2. The DBED Grant was made pursuant to the provisions of the Maryland Economic Development Assistance Authority and Fund, codified as Sections 5-1401 through 5-1411 of Article 83A of the Annotated Code of Maryland (the "Act").

3. The County has agreed to regrant the proceeds of the DBED Grant to the Recipient (the "County ReGrant").

4. The proceeds of the County ReGrant will be used to reimburse the Recipient for costs incurred in developing and constructing an approximately 250,000 square foot facility in the Barton Business Park in Allegany County, Maryland (the "Facility").

5. The development and construction of the Facility are part of a larger project consisting of: (a) the Recipient's acquisition of approximately 37 acres in the Barton Business Park (the "Land") from MEDCO (as defined below), (b) the County's acquisition of approximately 10 acres adjacent to the Land (the "Additional Land") and transfer of the Additional Land to the Recipient, (c) the construction of the Facility on the Project Land (as defined below), (d) the acquisition and installation of furniture, equipment, and machinery in the Facility, and (e) the operation of the Facility in connection with the Recipient's manufacture and/or assembly of wood products (collectively, the "Project").

4. In addition to the Project, the Recipient shall employ Permanent, Full-time Employees as provided in this Agreement.

NOW, THEREFORE, for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

ARTICLE I DEFINITIONS

All accounting terms not specifically defined herein shall have the meanings determined by generally accepted accounting principles, consistently applied. All terms previously defined are incorporated in this Agreement by reference. Capitalized terms used in this Agreement have the meanings defined below:

"Application" means the Application from the Recipient to the Department dated July, 2004, as it may be amended.

“ Calculation Dates ” means collectively and individually the First Tier Calculation Dates and the Second Tier Calculation Dates.

“ Claim ” means any action or other claim for liability, loss, expense, or other cost, including fees, costs and expenses of attorneys, consultants, contractors, and experts.

“ Closing Checklist ” means the Pre-Closing and Closing Checklist attached hereto as Exhibit C

“ Completion Date ” means December 31, 2005.

“ Commitment Letter ” means the conditional commitment letter issued by the Department in connection with the DBED Grant and the County ReGrant dated July 19, 2004, as it may be amended.

“ County ReGrant Documents ” means all documents executed and delivered in connection with the County ReGrant and the Obligations, including this Agreement, the Deed of Trust, and any other document, evidencing or securing the County ReGrant, as any of them may be amended.

“ County’s Contribution ” means the provision of at least \$300,000 towards the costs of the Project by the County, which shall be in the form of acquisition of the Additional Land and infrastructure costs related to the Project.

“ DBED Grant Agreement ” means the grant agreement dated the date hereof between the Department and the County, made in connection with the DBED Grant.

“ Deed of Trust ” means the Deed of Trust and Assignment of Leases and Rents dated the date of this Agreement, made by the Recipient to Jerry L. Frantz and William M. Rudd, as trustees for the benefit of the County, granting the County a second lien security interest in the Project Land as security for the Recipient’s Obligations, and to be recorded in the Land Records of Allegany County, as it may be amended

“ Default ” means any default under Article IV of this Agreement.

“ Eligible Project Costs ” means costs to develop and construct the Facility, as approved by the County and the Department.

“ Employee Report ” means a report prepared by the Recipient which consists of (a) a list of the names of all of the Permanent, Full-time Employees employed by the Recipient at the Facility as of the dates required in Section 6.06 below, and (b) the social security number, the average hours worked, or expected to be worked, for the year, the hourly or annual pay rate, and a general

description of available benefits for each listed Permanent, Full-time Employee. Attached to the report shall be a completed and properly executed certification in substantially the form of Exhibit D attached to this Agreement .

“Expenses” means all costs and expenses incurred by the County (whether before or after a Default) in connection with, or in exercising or enforcing any rights, powers and remedies provided in, any of the County ReGrant Documents.

“Final Report” means a completed and executed final report in substantially the form of Exhibit B attached to this Agreement.

“First Tier Calculation Dates” means collectively and individually December 31, 2007, and December 31, 2008.

“Forgiveness Date” means December 31, 2014.

“Governmental Authority” means the United States, the State, or any of their political subdivisions, agencies, or instrumentalities, including any local authority having jurisdiction over any aspect of the Project.

“Laws” means any current or future federal, state and local laws, statutes, rules, ordinances, regulations, codes, decisions, interpretations, orders, or decrees of any court or other Governmental Authority having jurisdiction.

“Lien” means any mortgage, deed of trust, pledge, security interest, assignment, judgment, lien or charge of any kind, including any conditional sale or other title retention agreement, any lease in the nature thereof, any liens or claims for liens for materials supplied or for labor or services performed, and the filing of, or agreement to give, any financing statement under the Uniform Commercial Code of any jurisdiction.

“Loan” means the financing provided by MEDCO to the Recipient in the amount of \$1,484,320, in connection with the Recipient’s acquisition of the Land.

“Loan Agreement” means the Loan Agreement dated the date hereof between the Recipient and MEDCO in connection with the Loan, as it may be amended or replaced.

“Loan Deed of Trust” means the Deed of Trust and Assignment of Leases and Rents dated the date of this Agreement, made by the Recipient to James G. Davis and James Henry, as trustees for the benefit of MEDCO, granting MEDCO a security interest in the Project Land and to be recorded in the Land Records of Allegany County, as it may be amended

“Loan Documents” means all documents executed and delivered in connection with the Loan, including the Note, the Loan Agreement, the Loan Deed of Trust, and any other document, evidencing or securing the Loan, as any of them may be amended.

“MEDCO” means the Maryland Economic Development Corporation, a body politic and corporate and a public instrumentality of the State of Maryland.

“Note” means the Deed of Trust Note dated the date hereof in the original principal amount of \$1,484,320 made by the Recipient and payable to MEDCO, as it may be amended or replaced.

“Obligations” means all duties of payment, performance, and completion owed by the Recipient to the County under the County ReGrant Documents and by law, including the obligations to:

(a) Pay all sums of money owed in connection with the County ReGrant and any of the County ReGrant Documents, including all funds and all sums of principal, interest, and premium, if any, due or to become due, and past, present, and future advances under any of the County ReGrant Documents, all money advanced or expended by the County as provided for in any of the County ReGrant Documents, and all Expenses; and

(b) Strictly observe and perform all of the provisions of the County ReGrant Documents, time being of the essence.

“Permanent, Full-time Employees” means employees who (a) are employed by the Recipient at the Facility for at least 1800 hours per year, without a fixed term of employment, (b) are eligible for an employer subsidized health care benefits package, (c) are eligible for similar other benefits as other employees of the Recipient and any subsidiary or affiliate of the Recipient, and (d) make an hourly wage of at least 150% of the federal minimum wage. A Permanent, Full-time Employee shall not include (i) an employee of a company acquired by the Recipient after the date hereof, if the employee’s place of employment immediately prior to the acquisition was in the State or (ii) an employee of the Recipient who is transferred to the Facility, if the employee’s place of employment immediately prior to the transfer was in the State.

“Project Land” means collectively the Land and the Additional Land.

“Recipient’s Contribution” means the Recipient’s provision of at least \$10,000,000 towards the costs of the Project, excluding the amount of the Loan and the County ReGrant.

“Regulations” means the regulations in COMAR 24.05.02.01 through 24.05.02.16, as they may be amended.

“Second Tier Calculation Dates” means collectively and individually December 31, 2009, December 31, 2010, December 31, 2011, December 31, 2012, December 31, 2013, and December 31, 2014.

“State” means the State of Maryland.

“Taxes” means all taxes, water rents, sewer rents, assessments, utility charges (whether public or private), and other governmental or municipal or public dues, charges, and levies.

ARTICLE II
TERMS OF THE GRANT AND DISBURSEMENT

Section 2.01. The Grant.

Subject to the terms of all of the County ReGrant Documents, the County agrees to extend the County ReGrant to the Recipient.

Section 2.02. Repayment of County ReGrant.

All sums advanced under the County ReGrant shall be repaid as provided in this Agreement.

Section 2.03. Disbursements.

(a) In General. Subject to the Recipient's continued compliance with all of the terms of the County ReGrant Documents, the continued satisfaction of all conditions precedent to disbursing County ReGrant proceeds under this Agreement, and the continued non-existence of a Default or any event, circumstance, act or omission which with the giving of notice, the passage of time, or both, would constitute a Default, the County shall advance to the Recipient the sums requested by the Recipient in a completed Request for Disbursement, the form of which is attached hereto as Exhibit A.

(b) Monthly Disbursement. All Requests for Disbursement shall be made to the County at the address specified in Section 5.01, or at any other place that the County designates. The Recipient may submit only one Request for Disbursement every 30 days. Requests for disbursement shall, at the option of the County, be submitted no later than 30 business days before the date of the requested disbursement.

(c) Disbursements to the Recipient. All disbursements shall be made directly to the Recipient by check. The County shall only disburse County ReGrant proceeds upon presentation by the Recipient of invoices, bills, or other satisfactory proof of payments to reimburse the Recipient for payments made for Eligible Project Costs.

(d) Conditions for All Disbursements. The obligation of the County to make any disbursements of the County ReGrant, including the first through final disbursements, is subject to the satisfaction of the following conditions as of the date the disbursement is made:

(i) Receipt of Request for Disbursement. The County shall have received a completed Request for Disbursement.

(ii) Representations True. No representation or warranty of the Recipient contained in this Agreement shall be or have become materially incorrect or inaccurate.

(iii) No Defaults. There shall be no breach, default, or event of default (including a Default) under the terms of any of the County ReGrant Documents, and no event, circumstance, act, or omission shall exist which with the giving of notice, the passage of time, or both, would

constitute breach, default, or event of default (including a Default) under any of the County ReGrant Documents.

(iv) Solvency Certifications . If requested by the County or the Department, the Recipient shall deliver to the Department and the County a certificate stating that no (1) petition in bankruptcy, voluntary or otherwise, (2) assignment for the benefit of creditors, (3) petition seeking reorganization or arrangement under bankruptcy laws of the United States or of any state, or (4) other action brought under any bankruptcy laws, is pending against the Recipient. The Department or the County may request such a certification at any time during the County ReGrant term.

(v) No Adverse Change . There has been no materially adverse change in the Recipient's financial condition from that reflected in the Recipient's financial statements most recently submitted to the County and the Department prior to the closing.

(vi) Receipt of DBED Grant Funds . The County has received a corresponding disbursement of the DBED Grant funds from the Department under the terms of the DBED Grant Agreement.

(e) The Recipient's right to request funds under this Agreement shall terminate five months after the date of this Agreement.

(f) Availability of Funds . Disbursements of County ReGrant proceeds are subject to the continuing availability of funds for such purpose, and compliance with all applicable Laws.

(g) Upon each disbursement, the Recipient shall be deemed to have issued each of the representations and warranties contained in Section 3.01 of this Agreement.

(h) In no event shall the County be obligated to make any advance under this Agreement if a Default has occurred or if the advance would cause the total amount of advances made to exceed the amount of the County ReGrant.

Section 2.04. Conditions Precedent to Disbursement .

(a) Except as provided in subsection (b) below, before disbursing any County ReGrant proceeds, the County and the Department shall receive all of the items set forth on the Closing Checklist, in form and substance acceptable to the County and the Department.

(b) Notwithstanding subsection (a) above, the County shall disburse up to \$250,000 of the County ReGrant as provided in this Section so long as the County and the Department receive all of the items set forth in Sections I and II of the Closing Checklist, in form and substance acceptable to the County and the Department

Section 2.04. Completion .

Within 30 days after the Completion Date, the Recipient shall submit to the Department and the County the following:

(a) Evidence that the Project is completed;

-
- (b) A copy of a certificate of use and occupancy issued for the Project;
 - (c) Evidence that the insurance required under Section 3.02(c)(i)(2) of the Deed of Trust includes the Facility; and
 - (d) A Final Report, together with any additional information required by the County or the Department.

ARTICLE III
REPRESENTATIONS, WARRANTIES, AND COVENANTS
OF THE RECIPIENT

Section 3.01. Representations and Warranties .

The Recipient represents and warrants as follows:

(a) **Organization** . The Recipient:

- (i) Is a corporation duly organized, validly existing, and in good standing under the laws of the State of Virginia;
- (ii) Has the power to own its property and to carry on its business as now being conducted;
- (iii) Is duly qualified to do business and is in good standing in the State and in each jurisdiction in which the character of properties owned by it or the transaction of its business makes qualification necessary; and
- (iv) Has delivered a complete copy of its articles of incorporation and by-laws, together with all amendments, to the County.**

(b) **Due Authorization** . The Recipient has the full corporate power and authority to enter into this Agreement, to accept the County ReGrant as contemplated by the County ReGrant Documents, to execute and deliver all of the County ReGrant Documents to which it is a party, and to comply with the terms set forth in all of the County ReGrant Documents, all of which have been duly authorized by all necessary corporate action of the Recipient. No approval of any other person or public authority or regulatory body is required as a condition to the validity of any of the County ReGrant Documents, or, if required, the approval has been obtained.

(c) **Validity of County ReGrant Documents** . All of the County ReGrant Documents have been properly executed by the Recipient and will:

- (i) Not violate any Laws, or any provision of the Recipient's articles of incorporation or by-laws;

(ii) Not violate any provision, or result in a breach, of any document or agreement binding on the Recipient or affecting its property;
or

(iii) Constitute the valid and legally binding obligations of the Recipient, fully enforceable against the Recipient, in accordance with their terms.

(d) Legal Actions . To the best of the Recipient's knowledge there is no (1) Claim pending or, to the best of the Recipient's knowledge, threatened in any court or before any governmental agency, and (2) investigation by or before any Governmental Authority, that:

(i) Questions the validity or enforceability of any of the County ReGrant Documents, or any action taken, or to be taken, under any of them;

(ii) Is likely to result in any material adverse change in the authority, properties, assets, liabilities, or conditions (financial or otherwise) of the Recipient that would cause the Recipient's tangible net worth to fall below \$65,000,000 as of any quarterly financial statement; or

(iii) Affects the Facility or the Project.

(e) Recipient's Financial Statements . The Recipient's financial statements, copies of which have been furnished to the County, were prepared in accordance with generally accepted accounting principles consistently applied and are complete and correct and fairly and accurately present the financial condition of the Recipient as of their date and the results of its operations for the period then ended. There has been no material adverse change in the financial condition of the Recipient or the results of its operations since the date of such financial statements.

(f) Taxes . All Taxes imposed upon the Recipient and its properties have been paid prior to the date when any interest or penalty would accrue for nonpayment, except for those Taxes being contested in good faith and by appropriate proceedings by the Recipient.

(g) Accuracy of Statements . All information contained in any financial statement, report, or other document given to the County or the Department by the Recipient or by any other person in connection with the County ReGrant is true and accurate in all respects, and the Recipient and each other person has not omitted to state any material fact or any fact necessary to make the information not misleading.

(h) Application . All information in the Application was true and complete in all material respects as of the date of the Application. The Recipient is aware of no event that would require any amendment to the Application in order to make any information in the Application true and complete in all material respects and not misleading in any material respect as of the date of this Agreement, and the Recipient is aware of no event or other fact that should have been, and has not been, reported in the Application as material information.

(i) Document Defaults. There is no event of default or default (including a Default) on the part of the Recipient under any of the County ReGrant Documents, and no event has occurred or is continuing that, with notice, or the passage of time, or both, would constitute an event of default or default (including a Default) under any of the County ReGrant Documents.

(j) Compliance With Laws. The Recipient has complied with all Laws.

(k) State Drug Policy. The Recipient is in compliance with the State's policy concerning drug and alcohol free workplaces, as set forth in COMAR 01.01.1989.18 and 21.11.08.

(l) Approvals. The Recipient has obtained, or expects to obtain prior to the commencement of construction of the Project:

- (i) All approvals from and reviews by all Governmental Authorities of the Laws applicable to the Project and the Facility; and
- (ii) All necessary building permits for the Project.

(m) Lien of Deed of Trust. Upon the execution and recordation of the Deed of Trust, the County will have a second lien security interest in Project Land.

Section 3.02. Recipient's Covenants.

The Recipient covenants as follows:

(a) Repayment and Performance. The Recipient shall promptly pay and perform all of the Obligations in the manner provided in the County ReGrant Documents.

(b) Use of Grant Proceeds. The Recipient shall use the County ReGrant proceeds for Eligible Project Costs.

(c) Financial Information. The Recipient shall furnish the County and the Department with:

(i) As soon as available, but in no event more than 90 calendar days after the close of each of the Recipient's fiscal years, a copy of the Recipient's annual financial statement in reasonable detail satisfactory to the County, prepared in accordance with generally accepted accounting principles, consistently applied, and audited by an independent, certified public accountant; and

(ii) Any additional information reasonably requested by the County or the Department.

(d) Good Standing. The Recipient shall maintain its existence as a Virginia corporation and its good standing and qualification to do business in the State.

(e) State Drug Policy. The Recipient will comply with the State's policy concerning drug and alcohol free workplaces, as set forth in COMAR 01.01.1989.18 and 21.11.08, for the term of this Agreement. Specifically, the Recipient shall:

(i) Make a good faith effort to eliminate illegal drug use and alcohol and drug abuse from its workplaces during the term of this Agreement;

(ii) Prohibit the unlawful manufacture, distribution, dispensation, possession, or use of drugs in its workplaces;

(iii) Prohibit its employees from working under the influence of alcohol or drugs;

(iv) Not hire or assign to work on an activity funded in whole or part with State funds, anyone whom it knows, or in the exercise of due diligence it should know, currently abuses alcohol or drugs and is not actively engaged in a bona fide rehabilitation program;

(v) Promptly inform the appropriate law enforcement agency of every drug related crime that occurs in any of its workplaces if any of its employees has observed the violation or otherwise has reliable information that a violation has occurred; and

(vi) Notify employees that drug and alcohol abuse are banned in the workplaces, impose sanctions on employees who abuse drugs and alcohol in the workplaces, and institute steps to maintain drug and alcohol free workplaces.

(f) Completion. The Recipient shall:

(i) Cause the Project to be completed by the Completion Date, free and clear of any Liens or claims for Liens, except for Permitted Liens, as that term is defined in the Deed of Trust;

(ii) Cause the Project to be completed in accordance with the Application, the Act, the Regulations, and the terms of this Agreement; and

(iii) Satisfy all applicable Laws for the operation of the Facility by the Completion Date.

(g) Payment of Contractors. The Recipient will promptly pay all contractors and materialmen the amounts due them.

(h) Insurance.

(i) During the term of this Agreement the Recipient shall obtain and maintain, except as provided below, the following insurance coverages: (1) Comprehensive general public liability and property damage insurance in amounts usually carried by similar operations against claims for bodily injury, death, or damage to property occurring on the Facility; and (2) Workers' compensation insurance for all contractors and subcontractors employed at the Facility and all employees of the Recipient employed in the State.

(ii) All insurance policies shall be with responsible companies with an A. M. Best rating of “A-” or better.

(iii) The Recipient shall cause certificates of insurance, evidencing that the Recipient maintains the insurance required under this subsection, to be delivered annually to the County.

(i) Notification of Claims. The Recipient shall promptly notify the County and the Department of any (i) material action or prospective claims or litigation, including tax deficiencies, that may be asserted against the Recipient, and (ii) default or event of default under the terms of any bond, debenture, note, or other evidence of indebtedness of the Recipient.

(j) Access. Any duly authorized representative of the County or the Department shall, at all reasonable times, have access to all portions of the Facility; provided, however, that if no Default has occurred and is continuing, the County shall provide the Recipient with reasonable notice of the County’s desire to access the Facility and shall limit its access to normal business hours.

(k) Books and Records. The Recipient shall keep any books, records, and other documents that may be required under the rules and procedures now or hereafter applicable to MEDAAF Grants, and as may be reasonably necessary to disclose fully the amount and disposition of the County ReGrant, the total costs incurred to complete the Project, and the source of all funds expended towards the costs of the Project. All books, records and other documents shall be maintained at the offices of the Recipient for inspection, copying, audit and examination at all reasonable times by any duly authorized representative of the County or the Department. All books, records and other documents shall be maintained until the first to occur of (i) three years after completion of the Project, or (ii) the completion of an audit of the Project by the State. All information obtained by the State or the County from Recipient’s books, records, or other documents shall be kept confidential to the extent permitted by Law.

(l) Taxes. The Recipient shall promptly pay all Taxes imposed on the Recipient and its properties prior to the date when any interest or penalty would accrue for non-payment, except for those Taxes being contested in good faith by appropriate proceedings by the Recipient.

(m) Press Releases. Without the prior consent of the County and the Department, the Recipient may not issue any press releases in connection with the County ReGrant, the Project, the County, the State, or the Department.

(n) Further Assurances. At any time, upon request by the County, the Recipient, at its sole expense, will make, execute, and deliver, or cause to be made, executed, and delivered, any additional documents that may, in the opinion of the County, be necessary or desirable to effectuate, complete, perfect, continue, or preserve the Obligations.

(o) Indemnification. The Recipient releases the County, the State, and the Department from, and agrees to protect, indemnify and save each of them harmless against, any Claims and

Expenses incurred by, or asserted against, any of them, arising in connection with the DBED Grant, County ReGrant, the Project, or the Facility. All money expended by the County, the State, or the Department as a result of such Claims and Expenses, together with interest at a rate equal to 12% per annum from the date of payment, shall constitute an additional indebtedness of the Recipient and shall be immediately due and payable by the Recipient to the County, the State, or the Department, as the case may be. Nothing contained in this Section 3.02(o) or in the County ReGrant Documents shall be construed as a limit on the Obligations. This Section 3.02(o) shall survive termination of this Agreement and repayment or forgiveness of the County ReGrant. The State and the Department are third-party beneficiaries of the obligations under this subsection and may enforce the provisions of this subsection directly against the Recipient.

(p) Contractor's Non-Discrimination. The Recipient shall not discriminate on the basis of race, color, sex, religion, or national or ethnic origin in its hiring of contractors to carry out any portion of the Project. Recipient shall prohibit its contractors from engaging in such discrimination in the hiring of subcontractors to carry out any portion of the Project.

(q) Expenses. All Expenses incurred by the County shall become part of the Obligations and shall be repaid by the Recipient on demand, together with interest at a rate equal to 12% per annum from the date of incurrence.

(r) Political Contributions.

(i) The Recipient shall not use any County ReGrant proceeds to make contributions: (1) to any persons who hold, or are candidates for, elected office; (2) to any political party, organization, or action committee; or (3) in connection with any political campaign or referendum.

(ii) If in any fiscal year ending during the term of this Agreement the Recipient derives more than 50% of its operating funds from State funding, it shall not contribute any money or thing of value: (1) to any persons who hold, or are candidates for, elected office; (2) to any political party, organization, or action committee; or (3) in connection with any political campaign or referendum.

(s) Compliance With Laws. The Recipient will comply with all Laws.

(t) Occupancy. Within 20 business days after the date the Recipient first occupies all or any portion of the Facility, the Recipient shall notify the County and the Department in writing of the date of such occupancy.

ARTICLE IV **DEFAULT AND REMEDIES**

Section 4.01. Defaults.

The following events shall constitute a Default under this Agreement:

(a) The Recipient fails to repay the amount of the County ReGrant, and interest thereon, according to the terms of this Agreement or any other payment required by any of the County ReGrant Documents, including the Obligations;

(b) The Recipient ceases to use the Facility in connection with the manufacture and/or assembly of wood products, as contemplated in this Agreement, the Application, and the Commitment Letter;

(c) Any Grant proceeds are used for any purpose other than Eligible Project Costs;

(d) Any statement made in any certificate, report or opinion (including legal opinions), financial statement, or other document furnished in connection with the Grant was incorrect in any material respect when made;

(e) The Recipient breaches any covenant, representation, warranty, or other provision of this Agreement, which breach is not cured within 30 calendar days from the date the Recipient receives (as provided in Section 6.01 below) written notice of the breach from the County; provided, however that the Recipient shall not receive a 30 calendar day cure period under this subsection for any breach for which there is a specific Default set forth in this Section;

(f) The Recipient breaches (i) any covenant, representation, warranty, or other provision in any other County ReGrant Document, which breach continues beyond any applicable grace or cure period, or (ii) the provisions of Sections 3.02 (a), (b), (f), (i), (m), (p), and (r) of this Agreement;

(g) Any portion of, or interest in, the Facility is sold, leased, subleased, transferred, encumbered, or otherwise conveyed, without the prior written consent of the County or the Department;

(h) The Recipient fails to comply with any requirement of any Governmental Authority within 30 days after written notice of the requirement is made or within any other time period set by the Governmental Authority; or if any proceeding is commenced or action taken to enforce any remedy for a violation of any requirement of a Governmental Authority;

(i) The Project is not completed, as determined in the sole discretion of the County, by the Completion Date;

(j) A default or event of default occurs under the terms of any bond, debenture, note, or other evidence of indebtedness of the Recipient and remains uncured beyond any applicable grace or cure period;

(k) Final judgment for the payment of money in excess of \$1,000,000 is rendered against the Recipient and is not discharged or a stay of execution thereon or a bond is not procured within 30 days from the date of entry thereof, or if thereafter the judgment remains unsatisfied for a period of 30 days after the termination of any such stay of execution thereon or bond;

(l) Any court of competent jurisdiction makes a final order (i) adjudicating the Recipient a bankrupt, (ii) appointing a trustee or receiver of a substantial part of the property of the Recipient, (iii) approving a petition for, or affecting an arrangement in, bankruptcy, a reorganization pursuant to federal bankruptcy law, or any other judicial modification or alterations of the rights of the County or of other creditors of the Recipient, (iv) assuming custody or sequestering any substantial part of the property of the Recipient, or (v) attaching or garnishing any substantial part of the property of the Recipient; or if the Recipient (A) files such petition, or (B) takes or consents to any other actions seeking any such judicial order, or (C) makes an assignment for the benefit of creditors, or (D) fails to pay debts generally as they become due, or (E) makes an admission in writing of inability to pay debts generally as they become due;

(m) Without the prior written consent of the County and the Department, the Recipient (i) sells or transfers all or substantially all of its business assets, (ii) begins any proceeding to dissolve or liquidate, (iii) changes the form of business entity through which it presently conducts its business, or (iv) merges or consolidates;

(n) Without the prior written consent of the County and the Department, the Recipient is dissolved by operation of law or in any other manner;

(o) The County makes a good faith determination that the Recipient's tangible net worth has fallen below \$65,000,000 as of any quarterly financial statement;

(p) The Recipient relocates to an area which is not a Priority Funding Area, as that term is defined in Title 5-7B of the State Finance and Procurement Article of the Annotated Code of Maryland.

(q) A default or event of default occurs under the terms of (i) any of the other County ReGrant Documents, (ii) the DBED Grant Agreement, or (iii) any of the Loan Documents;

(r) Without the written consent of the County and the, any direct or indirect interest in the Recipient is sold, assigned, or transferred; or

(s) As of the Completion Date, the amount of the County ReGrant shall not exceed 70% of the costs of the Project.

Section 4.02. Remedies .

(a) Upon the occurrence of any Default and after any applicable grace or cure period, prior to exercising any other remedy under this Agreement, the County shall require the immediate repayment of the entire County ReGrant, together with accrued interest at the rate of 10% per annum from the date of disbursement, and any Obligations.

(b) In the event the Recipient fails to repay the full amount of the Obligations as provided in subsection (a) above within 10 days after the County sends a written notice of default, acceleration, and demand for payment, the County may:

(i) At any time proceed to protect and enforce all rights and remedies available to the County under this Agreement or by Law, by any other proceedings, whether for specific performance of any agreement contained in this Agreement, damages, or other relief;

(ii) Suspend or terminate the Recipient's authority to receive any undisbursed County ReGrant proceeds at any time by notice to the Recipient; and

(iii) Exercise any of its rights and remedies under the Deed of Trust.

(c) All remedies provided for in this Agreement or by Law are cumulative and are in addition to any other rights and remedies available to the County under any Law. The exercise of any right or remedy by the County shall not constitute a cure or waiver of any Default by the Recipient, nor invalidate any act done pursuant to any notice of Default, nor prejudice the County in the exercise of those rights, unless the Recipient repays the full amount of the Obligations to the County.

(d) The failure of the County to insist upon performance of any term of this Agreement shall not constitute a waiver of any term of this Agreement. No act of the County shall be construed as an election to proceed under any one provision in this Agreement to the exclusion of any other provision.

(e) If the County suspends or terminates this Agreement, the rights and remedies available to the County shall survive the suspension or termination.

(f) Notwithstanding any provision in this Agreement to the contrary, in the event that the Recipient breaches Section 4.01(i) above, the amount of the County ReGrant which the County can seek repayment under Section 4.02(a) above shall be limited to \$500,000, together with accrued interest at the rate of 3% per annum on \$500,000 from the date of disbursement, and any Obligations. It being understood that in the event of a breach Section 4.01(i) only, the Recipient shall be entitled to retain the first \$250,000 of County ReGrant proceeds disbursed to the Recipient. Other than this limitation on the County's remedies, all of the terms of this Agreement apply to the full amount of the County ReGrant.

ARTICLE V
MISCELLANEOUS

Section 5.01. Notices .

(a) All communications between the parties made pursuant to this Agreement shall be in writing.

(b) All communications shall (a) when mailed, be effective three business days after it is deposited in the mails, (b) when mailed for next day delivery by a reputable overnight courier service, be effective one business day after mailing, and (c) when sent by fax, be effective when it is faxed and receipt of the communication is confirmed by return fax. Communications shall be delivered to the office of the addressee, as follows:

(i) Communications to the County shall be mailed to:

Allegany County Commissioners
701 Kelly Road
Cumberland, Maryland 21502

(ii) Communications to the Recipient shall be mailed to:

Glenn E. Eanes, Vice President and Treasurer
American Woodmark Corporation
3102 Shawnee Drive
Winchester, Virginia 22601
FAX Number: 540-665-9176

(c) The Recipient and the County may change their notice addresses by sending written notice to the other party.

Section 5.02. Assignment.

No benefit or burden imposed on the Recipient under this Agreement may be assigned without the prior written consent of the County.

Section 5.03. Successors Bound.

This Agreement shall inure to the benefit of, and shall be binding upon, each of the parties and their successors and permitted assigns.

Section 5.04. Severability.

The invalidity of any part of this Agreement shall not affect the validity of the remaining provisions of this Agreement.

Section 5.05. Entire Agreement.

This Agreement constitutes the entire agreement between the Recipient and the County and supersedes all prior oral and written agreements, representations, and negotiations between the parties concerning the County ReGrant and the Obligations. If there is any inconsistency between this Agreement and the Application or the Commitment Letter, the provisions of this Agreement shall prevail.

Section 5.06. Amendment of Agreement.

This Agreement may be amended only in writing executed by the County and the Recipient.

Section 5.07. Headings .

The headings used in this Agreement are for convenience only and do not constitute a part of this Agreement.

Section 5.08. Disclaimer of Relationships .

The Recipient acknowledges that the obligation of the County is limited to making the County ReGrant on the terms set forth in this Agreement. Nothing in this Agreement, and no act of the County or the Recipient, shall be deemed to create any relationship of third-party beneficiary, principal and agent, limited or general partnership, joint venture, or any other relationship between the Recipient and the County.

Section 5.09. Governing Law .

This Agreement and all of the other County ReGrant Documents shall be governed by the laws of the State.

Section 5.10. Term of Agreement .

Except as otherwise provided in this Agreement, unless sooner terminated by the mutual consent of the Recipient and the County, this Agreement shall remain in full force and effect until the earlier to occur of the date the Grant and the Obligations, together with interest and all other sums due and owing in connection with this Agreement, the Obligations or the County ReGrant, have been paid in full to the satisfaction of the County or the County ReGrant and the Obligations are forgiven by the County under the provisions of Section 6.01 of this Agreement.

Section 5.11. Illegality .

If performance of any obligation under any of the County ReGrant Documents would require the performing party to violate the Law, then the performance shall be reduced to the level permitted by Law, and if (1) any provision of this Agreement, other than provisions requiring the Recipient to pay interest, principal, principal and interest, or any other of the Obligations, operates, or would operate, to invalidate any part of this Agreement, then such provision only shall be void as though not set forth in this Agreement, and the remainder of this Agreement shall remain in full force and effect, (2) provision of this Agreement requires the Recipient to pay interest, principal, principal and interest, or any other of the Obligations, then at the option of the County, the entire unpaid sum under the Grant, with all unpaid interest accrued thereon, and all other unpaid Obligations shall become due and payable.

Section 5.12. WAIVER OF JURY TRIAL .

THE RECIPIENT HEREBY VOLUNTARILY AND INTENTIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER AND IN CONNECTION WITH THE GRANT, ANY OF THE FINANCING DOCUMENTS.

Section 5.13. Expenses .

The Recipient shall pay all Expenses in connection with the execution and delivery of any of the County ReGrant Documents.

Section 5.14. Counterparts .

This Agreement may be executed in one or more counterparts, each of which shall be an original, but all of which, when taken together, shall constitute one document.

ARTICLE VI
FORGIVENESS AND EMPLOYMENT REPORTING

Section 6.01. Full Repayment .

The Recipient shall repay the full amount of the County ReGrant, together with accrued interest at the rate of **3%** per annum, if:

- (a) As of any Calculation Date, the Recipient employs less than 200 Permanent, Full-time Employees;
- (b) By the Completion Date, the Recipient fails to expend the amount of the Recipient's Contribution towards the costs of the Project; or
- (c) If at any time after the Recipient occupies the Facility through the Forgiveness Date, the Recipient substantially decreases its operations at the Facility.

Section 6.02. Partial Repayment .

(a) First Tier Calculation Dates .

(i) On the first First Tier Calculation Date in which the Recipient employs less than 300 Permanent, Full-time Employees, but employs at least 200 Permanent, Full-time Employees, the Recipient shall repay to the County a portion of the County ReGrant equal to \$1,500 for each Permanent, Full-time Employees less than 300, together with accrued interest thereon at the rate of **3%** per annum.

(ii) If on a subsequent First Tier Calculation Date the Recipient employs less than 300 Permanent, Full-time Employees, but employs at least 200 Permanent, Full-time Employees, the Recipient shall repay to the County a portion of the County ReGrant equal to \$1,500 for each Permanent, Full-time Employees less than 300, less an amount equal to the amount of the County ReGrant previously repaid to the County under this Section 6.02, plus accrued interest on the amount of the County ReGrant to be repaid at the rate of 3% per annum. If the amount resulting from the calculation in the immediately preceding sentence is zero or negative, the Recipient shall not be required to make any payment to the County for the First Tier Calculation Date; it being expressly understood that nothing in this Section shall be construed to require the County to repay any amounts to the Recipient.

(b) Second Tier Calculation Dates.

(i) On the first Second Tier Calculation Date in which the Recipient employs less than 500 Permanent, Full-time Employees, but employs at least 200 Permanent, Full-time Employees, the Recipient shall repay to the County a portion of the County ReGrant equal to \$1,500 for each Permanent, Full-time Employees less than 500, together with accrued interest thereon at the rate of 3% per annum.

(ii) On each future Second Tier Calculation Date in which the Recipient employs less than 500 Permanent, Full-time Employees, but employs at least 200 Permanent, Full-time Employees, the Recipient shall repay to the County a portion of the County ReGrant equal to \$1,500 for each Permanent, Full-time Employees less than 500, less an amount equal to the amount of the County ReGrant previously repaid to the County under this Section 6.02, plus accrued interest on the amount of the County ReGrant to be repaid at the rate of 3% per annum. If the amount resulting from the calculation in the immediately preceding sentence is zero or negative, the Recipient shall not be required to make any payment to the County for the Second Tier Calculation Date; it being expressly understood that nothing in this Section shall be construed to require the County to repay any amounts to the Recipient.

(c) Example of Operation of This Section. The following is an example of the intended operation of the preceding paragraph. If the Recipient employed 250, 275, 400, 475, 525, 550, 450, and 375 Permanent, Full-time Employees as of each of the Calculation Dates (and assuming a pro rata repayment amount of \$1,500 per Permanent, Full-time Employee), then:

(1) As of December 31, 2007, the Recipient would be required to repay \$75,000, plus accrued interest to the County ($\$1,500 \times (300 - 250) = \$75,000$,

(2) As of December 31, 2008, the Recipient would not be required to make any payments to the County ($\$1,500 \times (300 - 275) = \$37,500$; $\$37,500 - \$75,000 = (\$37,500)$; as this number is negative, no payment would be required),

(3) As of December 31, 2009, the Recipient would be required to repay an additional \$37,500, plus accrued interest to the County ($\$1,500 \times (500 - 400) = \$150,000$; $\$150,000 - \$112,500 = \$37,500$,

(4) As of December 31, 2010, the Recipient would not be required to make any payments to the County ($\$1,500 \times (500 - 475) = \$37,500$; $\$37,500 - \$150,000 = (\$112,500)$; as this number is negative, no payment would be required),

(5) As of December 31, 2011, the Recipient would not be required to make any payments to the County (as the Recipient employed at least 500 Permanent, Full-time Employees),

(6) As of December 31, 2012, the Recipient would not be required to make any payments to the County (as the Recipient employed at least 500 Permanent, Full-time Employees),

(7) As of December 31, 2013, the Recipient would not be required to make any

payments to the County ($\$1,500 \times (500 - 450) = \$75,000$; $\$75,000 - \$150,000 = (\$75,000)$); as this number is negative, no payment would be required), and

(8) As of December 31, 2014, the Recipient would be required to repay an additional \$37,500, plus accrued interest to the County ($\$1,500 \times (500 - 375) = \$187,500$; $\$187,500 - \$150,000 = \$37,500$).

Section 6.03. Forgiveness .

As of the Forgiveness Date, the County will forgive the amount of the County ReGrant which is not subject to repayment under this Article VI, if (a) no Default exists, and no event, circumstance, act or omission which, with the giving of notice, the passage of time, or both, would constitute a Default and (b) the County has received forgiveness of a corresponding amount under the terms of the Grant Agreement. Determination of amounts to be forgiven shall be made after determining any amounts required to be repaid under this Article VI.

Section 6.04. General Conditions .

(a) All information submitted by the Recipient to the County and the Department as evidence of compliance with any requirement of this Article must be in form and substance acceptable to the County and the Department.

(b) The County shall not be obligated to forgive all or any portion of the County ReGrant or permit repayment as provided in this Article if a Default exists, or an event, circumstance, act or omission exists which, with the giving of notice, the passage of time, or both, would constitute a Default. In addition, the County shall not be obligated to forgive all or any portion of the County ReGrant if the County has not received forgiveness of a corresponding amount under the terms of the Grant Agreement.

(c) All calculations of the Recipient's employment shall be based upon the employment reports received by the County and the Department under Section 6.06 below.

Section 6.05 Terms of Repayment .

Repayment of any portion of the County ReGrant under this Article shall be on the following terms:

(i) Interest Added to Grant Amount . On the date the Recipient is obligated to repay any portion of the County ReGrant under this Article, an amount equal to interest on the County ReGrant at the rate of **3%** per annum from the date of disbursement of the County ReGrant proceeds through the date the County becomes obligated to repay the County ReGrant shall be added to the amount of the County ReGrant required to be repaid.

(ii) Interest . Interest shall accrue from the date the Recipient becomes obligated to repay any portion of the County ReGrant at the rate of **3%** per annum on the amount of the County ReGrant required to be repaid.

(iii) Calculation of Interest. Interest shall be calculated on the basis of three hundred sixty (360) days per year factor applied to the actual days on which there exists an unpaid balance hereunder.

(iv) Repayment. All repayments of the County ReGrant shall be due within 15 days after the Recipient receives written demand for repayment from the County.

(v) Late Payment Charge. If any payment due hereunder is not received by the County within 10 calendar days after its due date, the Recipient shall pay a late payment charge equal to five percent (5%) of the amount then due.

(vi) Application of Payments. All payments made under this Article shall be applied first to accrued interest, then to the County ReGrant amount, and then to late payments, charges or other sums owed to the County, or in such other order or proportion as the County, in the County's sole discretion, may elect from time to time.

(vii) Prepayment. The Recipient may prepay the amounts due under this Article in whole or in part at any time or from time to time without premium or penalty. The County shall apply any voluntary prepayment first to late charges and fees, then to accrued interest and default interest, and then to the County ReGrant amount in the inverse order of scheduled maturities.

(viii) Place of Payment. All payments due under this Article, and all prepayments, shall be delivered to: Allegany County Finance Office, c/o Mr. Jerry Frantz, Director, 701 Kelly Road, Cumberland, Maryland. 21502, or to any other place that the County may designate in writing, and shall be made in coin or currency of the United States of America which at the time of payment is legal tender for the payment of public or private debts.

Section 6.06. Employee Reporting Requirement.

(a) On the dates specified below, the County and the Department shall receive Employee Report with information effective as of the dates specified below:

<u>Report Date</u>	<u>Effective Date of Information</u>
January 31, 2006	December 31, 2005
January 31, 2007	December 31, 2006
January 31, 2008	December 31, 2007
January 31, 2009	December 31, 2008
January 31, 2010	December 31, 2009
January 31, 2011	December 31, 2010
January 31, 2012	December 31, 2011
January 31, 2013	December 31, 2012
January 31, 2014	December 31, 2013
January 31, 2015	December 31, 2014

(b) Upon the request of the County or the Department, the Recipient shall provide the County and the Department with any information and reports that the County or the Department determines, in their reasonable discretion, are needed to verify information contained in an Employee Report. The Recipient shall permit the County and/or the Department to inspect the employee records of the Recipient to confirm the information contained in an Employee Report.

(c) The failure of the Recipient to hire and maintain Permanent, Full-time Employees at the Facility as required under this Article VI shall not constitute a Default under the terms of this Agreement.

IN WITNESS WHEREOF , the Recipient and the County have caused this Agreement to be executed and delivered as of the date first above written.

WITNESS:

/s/ Carol A. Gaffney
Name: Carol A. Gaffney

COUNTY COMMISSIONERS OF ALLEGANY COUNTY

By: /s/ James Stakem
Name: James Stakem
Title: President

WITNESS:

/s/ James L. Cooper
Name: James L. Cooper

AMERICAN WOODMARK CORPORATION

By: /s/ Glenn Eanes (SEAL)
Name: Glenn Eanes
Title: Vice President and Treasurer

STATE OF MARYLAND, CITY/COUNTY OF Allegany, TO WIT:

I HEREBY CERTIFY that on this 21st day of January, 2005, before me, a Notary Public in the State of Maryland, personally appeared James Stakem, who acknowledged himself/herself to be the President of the County Commissioners of Allegany County, known or satisfactorily proven to me to be the person whose name is subscribed to this document, and acknowledged that she/he executed it on behalf of the County Commissioners of Allegany County, as its duly authorized President.

AS WITNESS my hand and Notarial Seal.

/s/ Cathy E. Blank
Notary Public

My Commission expires: 11/1/2007

COMMONWEALTH OF VIRGINIA, CITY/COUNTY OF Frederick, TO WIT:

I HEREBY CERTIFY that on this 10th day of February, 2005, before me, a Notary Public in the Commonwealth of Virginia, personally appeared Glenn Eanes, who acknowledged himself/herself to be the Vice President and Treasurer of the American Woodmark Corporation, known or satisfactorily proven to me to be the person whose name is subscribed to this document, and acknowledged that she/he executed it on behalf of the American Woodmark Corporation, as its duly authorized _____.

AS WITNESS my hand and Notarial Seal.

/s/ Brenda Lee Clark

Notary Public

My Commission expires: 04/30/2007

EXHIBIT A

REQUEST FOR DISBURSEMENT

1. Project Name: MEDAAF—American Woodmark Conditional Grant
2. Applicant: American Woodmark Corporation
County Commissioners of Allegany County
3. Request No. (number consecutively): _____
- 4.

<u>Activity</u>	<u>Actual Cost (& Contract # if applicable)</u>	<u>Amount Requested from Department in this Request</u>	<u>Cumulative Amount Requested from Department to date</u>

Total:

Instructions :

- (1) Cost figures must be supported by adequate documentation (invoices, bills, vouchers, etc.).
- (2) The Department will not honor requests for disbursement which exceed the actual cost of the work performed.

Certification :

American Woodmark Corporation (the “Recipient”) hereby certifies to the County Commissioners of Allegany County (the “County”) and the Department of Business and Economic Development that:

1. The attached request is for funds to reimburse the Recipient for a portion of the costs incurred in connection with the Project as approved by MEDAAF and the County and described in the Grant Agreement between the County and the Recipient dated _____, 2005 (the “County ReGrant Agreement”).

2. This request is not for previously requested funds.
3. The conditions to be satisfied prior to the disbursement of MEDAAF funds as set forth in the County ReGrant Agreement have been met.
4. No default exists under the County ReGrant Agreement.
5. The representations and warranties made by the Recipient in the County ReGrant Agreement are true and correct.

WITNESS:

AMERICAN WOODMARK CORPORATION

/s/James L. Cooper
 Name: James L. Cooper

By: /s/Glenn Eanes (SEAL)
 Name: Glenn Eanes
 Title: Vice President and Treasurer

Date: 02/10/2005

The County approves the request of the Recipient and hereby certifies that:

1. This request is not for previously requested funds.
2. The conditions to be satisfied prior to the disbursement of MEDAAF funds as set forth in the Grant Agreement between the County and the Department dated _____, 2005 (the "Grant Agreement"), have been met.
4. No default exists under the Grant Agreement.
5. The representations and warranties made by the County in the Grant Agreement are true and correct.

WITNESS:

COUNTY COMMISSIONERS OF ALLEGANY COUNTY

 Name: _____

By: _____ (SEAL)
 Name: _____
 Title: _____

Date: _____

EXHIBIT B

Maryland Economic Development Assistance Authority and Fund ("MEDAAF")
Final Report and Certification of Completion Costs

1. Project Name: MEDAAF—American Woodmark Conditional Grant
2. Recipient: American Woodmark Corporation
3. Period Covered: _____ to _____
4. Activity:

<u>Costs of Project</u>	<u>Costs Paid by MEDAAF</u>	<u>Other Source</u>	<u>Other Source</u>	<u>Other Source</u>
TOTAL:				

* (Please specify in parenthesis the entity which paid each particular cost.)

CERTIFICATION :

American Woodmark Corporation hereby certifies that: (1) the above costs have been incurred for work actually performed or equipment actually acquired and installed in accordance with a MEDAAF Grant for the above named Project, and (2) the information provided above is true and correct.

WITNESS:

/s/James L. Cooper
Name: James L. Cooper

AMERICAN WOODMARK CORPORATION

By: /s/Glenn Eanes (SEAL)
Name: Glenn Eanes
Title: Vice President and Treasurer

Date: 02/10/2005

GRANT AGREEMENT

EXHIBIT C

PRE-CLOSING AND CLOSING CHECKLIST

GRANT AGREEMENT

EXHIBIT D

FORM OF EMPLOYMENT CERTIFICATION

**DEED OF TRUST AND
ASSIGNMENT OF LEASES AND RENTS**

THIS DEED OF TRUST AND ASSIGNMENT OF LEASES AND RENTS (as it may be amended, this "Deed of Trust") is made as of this 9th day of February, 2005, by **AMERICAN WOODMARK CORPORATION**, a Virginia corporation (the "Recipient"), to Jerry L. Frantz and William M. Rudd (collectively, the "Trustees", and individually, a "Trustee"), as trustees for the benefit of the **COUNTY COMMISSIONERS OF ALLEGANY COUNTY**, a political subdivision of the State of Maryland (the "County").

RECITALS

1. The County has made a conditional grant to the Recipient in the amount of \$750,000 (the "County ReGrant").
2. The County ReGrant is evidenced by Grant Agreement dated the date hereof between the Recipient and the County (the "County ReGrant Agreement").
3. The proceeds of the County ReGrant will be used by the Recipient to finance a portion of the costs to develop and construct an approximately 250,000 square foot facility to be located in the Barton Business Park in Allegany County, Maryland (the "Facility").
4. As security for the Obligations (as defined below) the County has required, and the Recipient has agreed to, the granting of security interest in the real property being transferred as described in Recital 2 and certain additional contiguous acreage, all located in Allegany County, Maryland and more particularly described in Exhibit A attached to this Deed of Trust (the "Land").
5. It is a condition precedent to the making of the Loan that the payment and performance of the Recipient's obligations to the County be secured by this Deed of Trust.

NOW, THEREFORE, for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

ARTICLE I
DEFINITIONS

All accounting terms not specifically defined herein shall have the meanings determined by generally accepted accounting principles, consistently applied. All terms previously defined are incorporated in this Deed of Trust by reference. Capitalized terms used in this Deed of Trust have the meanings defined below:

"Accounts" means all accounts of the Recipient within the meaning of the Uniform Commercial Code of the State derived from or arising out of a Lease .

"Casualty" means any event that results in damage, loss, or destruction to any portion of the Property.

“Claim” means any action or other claim for liability, loss, expense, or other cost, including fees, costs and expenses of attorneys, consultants, contractors, and experts.

“Condemnation” means any temporary or permanent taking of title, use, or any other property interest under the exercise of the power of eminent domain by any Governmental Authority or by any person acting under Governmental Authority.

“Condemnation Awards” means any judgments, awards of damages (including severance and consequential damages), payments, proceeds, settlements, amounts paid for a taking in lieu of Condemnation, or other compensation, including any interest, and the right to receive any such payments, as a result of, or in connection with, any Condemnation or threatened Condemnation.

“County Loan Agreement” means the loan agreement dated the date of this Deed of Trust between the County and the Recipient, made in connection with the County Loan, as it may be amended.

“County Loan Documents” means all documents executed and delivered in connection with the County Loan and the Obligations, including the County Note, the County Loan Agreement, this Deed of Trust, and any other document, evidencing or securing the County Loan, as any of them may be amended.

“County Note” means the deed of trust note dated the date of this Deed of Trust, made by the Recipient for the benefit of the County, in the original principal amount of \$1,295,000, which evidences the County Loan, as it may be amended or replaced.

“Default” means any default under Article V of this Deed of Trust.

“Department” means the Department of Business and Economic Development, a principal department of the State.

“Encumbrance” means any Lien, easement, right-of-way, roadway (public and private), common area, condominium regime, cooperative housing regime, restrictive covenant, Lease, or other matter which would affect title to the Property.

“Environmental Assessment” means a report of an environmental assessment of the Property (including the taking of soil borings and air and groundwater samples and other above and below ground testing) in scope satisfactory to the County, prepared by a recognized environmental consulting firm acceptable to the County and sufficient in detail to comply with any requirements of the County or of any other appropriate Governmental Authority.

“Environmental Requirement” means any current or future Law or other restriction, whether public or private, that in any way pertains to human health, safety, or welfare, Hazardous Materials, Hazardous Materials Contamination or the environment (including any Law or restriction dealing with ground, air, water or noise pollution or contamination, and underground or above ground tanks).

“Equipment” means all building materials, fixtures, equipment, and other tangible personal property which is necessary for the operation of the Facility as shell building, now or hereafter located on, or attached to, the Property, whether now owned or hereafter acquired by the Recipient, together with all additions to the Equipment and Proceeds thereof. The term “Equipment” specifically excludes machinery, equipment, and furniture used specifically in connection with the Recipient’s operation of its business.

“Expenses” means all costs and expenses incurred by the County or the Trustees (whether before or after a Default) in connection with, or in exercising or enforcing any rights, powers and remedies provided in, any of the County Loan Documents, including attorneys’ fees, court costs, receivers’ fees, management fees, and costs incurred in the repair, maintenance and operation of, or taking possession of, or selling, the Property.

“Facility” means an approximately 150,000 square foot manufacturing facility to be constructed on the Land by the Recipient.

“Governmental Authority” means the United States, the State, or any of their political subdivisions, agencies, or instrumentalities, including any local authority having jurisdiction over any aspect of the Project.

“Hazardous Materials” means any hazardous or toxic substances, wastes or materials, including any substance that contains asbestos, radon, polychlorinated biphenyls, urea formaldehyde, explosives, radioactive materials, or petroleum products, that, because of their quantity, concentration, or physical, chemical, or infectious characteristics, may pose a present or potential hazard or nuisance to human health, safety or welfare or to the environment.

“Hazardous Materials Contamination” means the present or future contamination of (a) any part of the Property, including soil, ground water, and air, by Hazardous Materials, or (b) any part of any other property (including soil, ground water, and air) or improvement as a result of Hazardous Materials emanating from the Property.

“Hydric Soils” means any soil category upon which building could be prohibited or restricted under any applicable Law, including any restrictions imposed by the Army Corps of Engineers based upon its guidelines concerning soil, vegetation, and effect on the ecosystem.

“Improvements” means all buildings, improvements, fixtures, and replacements existing, or to be erected, on the Land, and all landscaping and related amenities.

“Laws” means any current or future federal, state and local laws, statutes, rules, ordinances, regulations, codes, decisions, interpretations, orders, or decrees of any court or other Governmental Authority having jurisdiction.

“Lease” means collectively, any current or future lease, sublease, or agreement for occupancy or use for any part of the Property, together with any amendments, extensions, or renewals thereof.

“Lien” means any mortgage, deed of trust, pledge, security interest, assignment, judgment, lien or charge of any kind, including any conditional sale or other title retention agreement, any lease in the nature thereof, any liens or claims for liens for materials supplied or for labor or services performed, and the filing of, or agreement to give, any financing statement under the Uniform Commercial Code of any jurisdiction.

“Loan Deed of Trust” means the Deed of Trust and Assignment of Leases and Rents dated _____, 2005, made by Recipient to James G. Davis and James Henry, as trustees for the benefit of the Maryland Economic Development Corporation, granting the Maryland Economic Development Corporation as security interest in the Project Land and to be recorded in the Land Records of Allegany County, and to be assigned to the Department, as it may be amended.

“Net Proceeds”, when used with respect to any Condemnation Awards or insurance proceeds allocable to the Property, means the gross proceeds from any Casualty or Condemnation remaining after payment of all expenses (including attorneys’ fees) incurred in the collection of such gross proceeds.

“Obligations” means all duties of payment, performance, and completion owed by the Recipient to the County under the County Loan Documents and by law, including the obligations to:

(a) Pay all sums of money secured by this Deed of Trust, including all funds and all amounts due or to become due, and past, present, and future advances under any of the County Loan Documents, all money advanced or expended by the County as provided for in any of the County Loan Documents, and all Expenses; and

(b) Strictly observe and perform all of the provisions of the County Loan Documents, time being of the essence.

“Permitted Encumbrances” means: (a) This Deed of Trust; (b) A lien granted to the primary lender of the Recipient so long as that lien is subordinate to the lien of this Deed of Trust, and (c) Any Encumbrance set forth in the Commitment for Title Insurance No. 5083 issued by Chicago Title Insurance Company, as updated to the date of this Deed of Trust.

“Personalty” means the Recipient’s interest in all (a) the Equipment, (b) the Accounts, (c) any franchise or license agreements and management agreements entered into in connection with the Property or the business conducted therein, (provided that all agreements are subordinate to this Deed of Trust and the County has no responsibility for the performance of the Recipient’s obligations thereunder), and (d) all plans and specifications, contracts, and subcontracts for the construction or repair of the Improvements, sewer and water taps, allocations and agreements for utilities, bonds, permits, licenses, guarantees, warranties, causes of action, judgments, Claims, profits, security deposits, utility deposits, refunds of fees or deposits paid to any Governmental Authority, letters of credit and policies of insurance, together with all additions to the Personalty and Proceeds thereof; provided, however, that all items listed in subsections (c) and (d) above are limited to items which are used in the operation of the Property as a shell building and which are not prohibited by their terms from being assigned or assumed.

“Proceeds” means all proceeds from any part of the Property within the meaning of the Uniform Commercial Code of the State, as well as the proceeds of any insurance policies.

“Property” has the meaning specified in Article II below.

“Rents” means all income of any kind and rights to payment arising out of any Lease, and any cash or securities deposited to secure the performance by a lessee, sublessee, or other occupier of the Property of its obligations under its Lease.

“State” means the State of Maryland.

“Taxes” means all taxes, water rents, sewer rents, assessments, utility charges (whether public or private), and other governmental or municipal or public dues, charges, and levies.

ARTICLE II **GRANTING CLAUSE**

In order to secure the prompt payment and performance of all of the Obligations, the Recipient hereby grants, assigns, and conveys to the Trustees, in trust for the County, the Land in fee simple, together with all of the Recipient’s right, title, and interest in and to the property described below:

1. Any other interest in the Land that the Recipient may acquire in the future;
2. All Improvements;
3. All Personalty, as to which the Recipient grants to the Trustees a continuing security interest under the Maryland Uniform Commercial Code, as it may be amended, as well as in any and all Proceeds and products thereof and all substitutions, renewals, and replacements thereof, whether now owned or hereafter acquired;
4. All roads, ways, streets, avenues, alleys, tenements, hereditaments, easements, appurtenances, passages, waters, water rights, water courses, riparian rights, liberties, advantages, accessions, and privileges now or hereafter appertaining to any part of the Property, including any homestead or other claim at law or in equity,
5. All reversions and remainders related to the Property, and any estate, property, claim, right, title, or interest acquired by the Recipient in or to any part of the Property after the date of this Deed of Trust;
6. All Rents, issues, and proceeds now or hereafter accruing from and/or affecting the Property;
7. All Leases; and

8. All Condemnation Awards and any insurance proceeds payable with respect to any Casualty occurring on or to the Property.

TO HAVE AND TO HOLD, the Land, all Improvements, and other property and rights described above (collectively, the "Property") unto the Trustees, and their successors, in trust for the benefit of the County, in fee simple forever.

PROVIDED, HOWEVER, that until the occurrence of a Default, and subject to the terms of this Deed of Trust, the Recipient shall have the right to remain in quiet and peaceful possession of the Property and a license to collect the Rents.

PROVIDED, FURTHER, that if the Recipient pays, or causes to be paid, the Obligations in full to the satisfaction of the County as provided in the County Loan Documents, then the estate granted in this Deed of Trust shall cease, and upon delivery of proof satisfactory to the County that the Obligations have been satisfied in full, the Trustees shall release the lien and security interest of this Deed of Trust of record upon payment to the County of a reasonable fee for the release and reconveyance of the Property or any partial release and reconveyance thereof.

ARTICLE III
REPRESENTATIONS, WARRANTIES, AND COVENANTS
OF THE RECIPIENT

Section 4.01. Representations and Warranties.

The Recipient represents and warrants as follows:

(a) Due Authorization. The Recipient has the full power and authority to enter into, execute, and deliver this Deed of Trust, and to comply with the terms set forth in this Deed of Trust, all of which have been duly authorized by all necessary action of the Recipient. No approval of any other person or public authority or regulatory body is required as a condition to the validity of this Deed of Trust, or, if required, the approval has been obtained.

(b) Validity of Deed of Trust. This Deed of Trust has been properly executed by the Recipient and will: (i) Not violate any Laws, or any provision of the Recipient's organizational documents; (ii) Not violate any provision, or result in a breach, of any document or agreement binding on the Recipient or affecting its property; or (iii) Constitutes the valid and legally binding obligation of the Recipient, fully enforceable against the Recipient, in accordance with its terms.

(c) Legal Actions. To the best of the Recipient's knowledge, there is no (1) Claim pending or threatened in any court or before any governmental agency, and (2) investigation by or before any Governmental Authority, that:

(i) Questions the validity or enforceability of this Deed of Trust, or any action taken, or to be taken, under it;

(ii) Is likely to result in any material adverse change in the authority, properties, assets, liabilities, or conditions (financial or otherwise) of the Recipient that would cause the Recipient's tangible net worth to fall below \$65,000,000 as of any quarterly financial statement; or

(iii) Affects the Property.

(d) Taxes . All Taxes imposed upon the Recipient in connection with the Property have been paid prior to the date when any interest or penalty would accrue for nonpayment, except for those Taxes being contested in good faith and by appropriate proceedings by the Recipient.

(e) Deed of Trust Default . There is no Default on the part of the Recipient under this Deed of Trust, and no event has occurred or is continuing that, with notice, or the passage of time, or both, would constitute a Default under this Deed of Trust.

(f) Warranty of Title . The Recipient is the owner of the legal title to, and is lawfully seized and possessed of a fee simple interest in the Property, free from all liens, charges, and encumbrances except for Permitted Encumbrances. The Recipient has the right and authority to convey the Property and warrants generally, and agrees to defend, the Property and the title thereto, whether now owned or hereafter acquired, against all Claims by any person or entity claiming through the Recipient.

(g) Utilities . The Recipient agrees to procure from the appropriate State, county, municipal, and other authorities and corporations, connection and discharge arrangements for the supply of water, gas, electricity, and other utilities and sewage and industrial waste disposal for the operation of the Property.

(h) Zoning . The intended use of the Property will not violate any zoning or other Law, or any restrictive covenant or agreement of the Recipient (now in existence or known by the Recipient to be proposed) applicable to the Property or its use, and all requirements for such use have been satisfied.

(i) Environmental Conditions . The Property, including the land, surface water, ground water, and all other Improvements: (i) Is free of any substantial amounts of waste or debris; (ii) Is free of any Hazardous Materials and Hazardous Materials Contamination; (iii) Has never been used as a manufacturing, storage, or dump site for Hazardous Materials; (iv) Is in compliance with all Environmental Requirements; and (v) Contains no Hydric Soils on any portion of the Land upon which any Improvements have been, or will be, constructed.

(j) Tax Assessment . As of the date the Recipient takes possession of the Property, the Property is assessed for purposes of taxes as a separate and distinct parcel from any other real property so that the Property shall never become subject to the lien of any taxes levied or assessed against any real property other than the Property.

(k) Independence of Land . As of the date the Recipient takes possession of the Property, no improvements on property not covered by this Deed of Trust rely on the Land, or any interest therein, to fulfill any requirement of a Governmental Authority for the existence of such property or

improvements; and no part of the Property relies, or will rely, on any property not covered by this Deed of Trust, or any interest therein, to fulfill any requirement of a Governmental Authority. The Land has been properly subdivided in accordance with the requirements of any applicable Governmental Authority.

Section 3.02. Recipient's Covenants.

The Recipient covenants as follows:

(a) Repairs, Correction of Defects. The Recipient will, upon demand by the County, promptly and diligently make any repairs to, and correct any structural defect in, the Property. The County shall determine in its discretion whether the Recipient is acting diligently.

(b) Maintenance of the Property. The Recipient shall, at its sole cost and expense:

(i) Keep, or cause to be kept, the Property in good condition, working order, and repair;

(ii) Make, or cause to be made, all replacements to any of the Property so that the Property will always be in good condition, fit and proper for the purposes for which it was originally erected or installed or for other manufacturing or assembly activities of the Recipient;

(iii) Operate, or cause to be operated, the Property in a manner which is similar to other property operated by the Recipient

(iv) Keep all portions of the Property and adjoining sidewalks, curbs, and passageways in a clean and orderly condition, free of dirt, rubbish, snow, ice and unlawful obstructions;

(v) Procure, or cause to be procured, all necessary permits, certificates, licenses or other authorizations required for the Property's use as set forth in the Application, and comply with all requirements necessary to preserve all rights, licenses, permits, privileges, franchises, and concessions that are now, or may be, applicable to the Property; and

(vi) Not use or occupy the Property, or permit the same to be used or occupied, in any manner which would cause structural injury to any of the Property or which would cause the value or the usefulness of any portion of the Property to diminish (ordinary wear and tear for its business excepted), or which would constitute a public or private nuisance, or waste.

(c) Insurance. The Recipient will maintain the insurance coverage required under the terms of the County Loan Agreement.

(i) In addition, during the term of this Deed of Trust the Recipient shall obtain and maintain, except as provided below, the following insurance coverages:

(1) During any period of construction on the Property, builder's all-risk

insurance of the type customarily carried in the case of similar construction for the full replacement cost of work in place and materials stored in connection with such construction;

(2) "All risk" coverage for the Property in amounts necessary to prevent the application of any co-insurance provisions up to the full replacement value of the Property but in no event less than the aggregate outstanding amount of the County Loan; and

(3) If the Property is, or is later found to be, in an area that has been identified by the Federal Insurance Administration as having special flood and mudslide hazards, and in which the sale of flood insurance is available under the National Flood Insurance Act of 1968, a flood insurance policy satisfactory to the County. If the Property is not in an area having special flood and mudslide hazards, the Recipient shall deliver to the County a certificate or letter issued by its insurance company stating that the Property is not in a special flood and mudslide hazard area.

(ii) All insurance policies shall be with responsible companies with an A. M. Best rating of "A-" or better and shall have attached to them standard non-contributing, non-reporting loss payee or mortgagee clauses (as appropriate) in favor of the County as its interest may appear.

(iii) Each insurance policy shall bear an endorsement that it shall not be canceled, terminated, endorsed, or amended without 30 days written notice to the County.

(iv) Annually, the Recipient shall file with the County a detailed list of the insurance then in effect covering the Property, stating the names of the insurance companies, the amounts and rates of insurance, dates of the expiration, and the properties and risks covered; and obtain any additional insurance requested by the County which is carried by a business of a similar size and risk.

(v) Prior to the expiration date of each policy for insurance required under this subsection, the Recipient shall pay all insurance premiums required to renew or replace any required insurance policy, and will deliver evidence of renewal of each required insurance policy to the County.

(vi) The Recipient shall give the County prompt notice of any loss covered by the builders all-risk or the all-risk insurance required under this Deed of Trust, and if a Default has occurred and is continuing beyond and applicable grace or cure period, the County shall have the right to adjust and compromise any such loss, to collect and receive the proceeds of such insurance and to endorse the Recipient's name upon any check in payment thereof, for which purpose the Recipient appoints the County, its successors and assigns, as the Recipient's attorney-in-fact, which appointment shall be deemed to be coupled with an interest and irrevocable. Net Proceeds received as payment for a Casualty covered by such insurance shall be applied as provided in Article VIII below.

(vii) The Recipient shall not take out separate builder's all-risk insurance or all-risk insurance concurrent in form or contributing in the event of loss with that required to be maintained above unless the County is included thereon as a mortgagee and loss payee.

(d) No Alterations. The Recipient shall not make, or cause to be made, any substantial alterations or additions to the Property which would materially lower the value of the Property without the prior written consent of the County.

(e) No Zoning Changes. Without the prior written consent of the County, the Recipient will not initiate, join in, or consent to, any change in any restrictive covenant, easement, zoning ordinance, or other public or private restriction, limiting or defining the uses that may be made of the Property. The County agrees to cooperate with the Recipient in obtaining easements required for the development of the Project, including easements for utilities and ingress and egress, and the County will, to the extent required, join in and execute necessary easements, so long as all costs are paid by the Recipient. The Recipient shall:

(i) Promptly perform and observe all of the terms of all agreements affecting the Property; and

(ii) Do all things necessary to preserve intact and unimpaired any easements, appurtenances and other interests in favor of, or constituting any portion of, the Property.

(f) Notification of Claims or Liens. The Recipient shall promptly notify the County of any (i) prospective change of zoning or other action affecting the Property, (ii) default in any lien, mortgage, security interest or encumbrance on the Property, and (iii) foreclosure or threat of foreclosure of any lien, mortgage, security interest or encumbrance on the Property.

(g) Access. Any duly authorized representative of the County shall, at all reasonable times, have access to all portions of the Property; provided, however, that if no Default has occurred and is continuing, the County shall provide the Recipient with reasonable notice of the County's desire to access the Facility and shall limit its access to normal business hours.

(h) Hazardous Materials.

(i) Any Hazardous Materials that are placed, manufactured, or stored on the Property, must be placed, manufactured, stored, removed, treated, or disposed of in compliance with all Environmental Requirements.

(ii) The Recipient shall (1) give written notice to the County immediately upon acquiring knowledge of the presence of any Hazardous Materials on the Property or of any Hazardous Materials Contamination, with a full description thereof, and (2) comply promptly with all Environmental Requirements requiring the removal, treatment or disposal of Hazardous Materials or Hazardous Materials Contamination and provide the County with satisfactory evidence of compliance. At the option of the County, compliance may include an Environmental Assessment. If the Recipient fails to cause any such action to be taken, the County may make advances or payments necessary to comply with Environmental Requirements, including any Environmental Assessments deemed necessary by the County, but shall be under no obligation to do so. All sums advanced, including all sums advanced in connection with any judicial or

administrative investigation or proceeding relating to Environmental Requirements, including attorneys' fees, fines or other penalty payments, shall be paid by the Recipient to the County upon demand, with interest thereon at a rate equal to 12% per annum from the date of advancement, and any such advances shall be a part of the Obligations secured by this Deed of Trust.

(iii) The Recipient shall indemnify, defend, and hold the State, the County, and the Trustees harmless against any Claim that may be asserted against the State, the County, or the Trustees as a result of the presence of any Hazardous Materials on the Property or Hazardous Materials Contamination, and against all Expenses. Upon the written demand of the County, the Recipient shall diligently defend any Claim subject to indemnification under this subsection at the Recipient's expense by counsel approved the County. Alternatively, the County may elect to conduct its own defense through counsel chosen by the County at the expense of the Recipient. The provisions of this Section 4.02(h) shall survive termination of this Deed of Trust and repayment of the County Loan and the County Note in full.

(i) Taxes. The Recipient shall promptly pay all Taxes imposed on the Recipient in connection with the Property prior to the date when any interest or penalty would accrue for non-payment, except for those Taxes being contested in good faith by appropriate proceedings by the Recipient. The Recipient shall, upon the request of the County, deliver receipts evidencing the payment of all Taxes arising in connection with the Property to the County. If the Recipient fails to pay any Taxes arising in connection with the Property as provided in this subsection, the County may, at its option, pay those Taxes and the Recipient shall pay to the County on demand the amount of any Taxes paid by the County, with interest thereon at a rate equal to 12% per annum from the date of payment, and the amount of Taxes paid by the County, together with interest, shall be a part of the Obligations.

(j) Condemnation.

(i) Immediately upon obtaining knowledge of the commencement or threatened commencement of any Condemnation, the Recipient shall immediately notify the County in writing, describing in detail the nature and extent of the proposed Condemnation. If a Default has occurred and is continuing beyond and applicable grace or cure period, the County may participate in any such proceedings and the Recipient shall deliver to the County all instruments requested by the County to permit its participation and copies of all documents received by the Recipient in connection with a proposed Condemnation. The County shall be under no obligation to question the amount of any Condemnation Award and may accept the Condemnation Award in the amount offered; provided, however, if the County has not instituted foreclosure procedures, the County will not accept any Condemnation Award if the Recipient institutes or is maintaining a legally justifiable protest. In any proceedings for Condemnation, the County may be represented by counsel selected by it, and the Recipient shall pay the attorneys' fees incurred by the County.

(ii) In addition, if a Default has occurred and is continuing beyond and applicable grace or cure period, the Recipient, for itself and its successors and assigns, appoints the County, its successors and assigns, as the Recipient's attorney-in-fact, which appointment is coupled with an interest, and empowers the County, at its option, on behalf of the Recipient to: (1) adjust or compromise any claims, (2) collect any proceeds, (3) execute in the Recipient's name any documents necessary to effect collection, and (4) endorse any checks for a Condemnation Award.

(iii) Net Proceeds received from any Condemnation Award shall be applied as provided in Article VIII below.

(k) Further Assurances . At any time, upon request by the County, the Recipient, at its sole expense, will make, execute, deliver, and record, or cause to be made, executed, delivered, and recorded, any additional documents that may, in the opinion of the County, be necessary or desirable to effectuate, complete, perfect, continue, or preserve the Obligations and the lien of this Deed of Trust.

(l) Indemnification . The Recipient releases the State, the County, and the Trustees from, and agrees to protect, indemnify and save each of them harmless against, any Claims and Expenses incurred by, or asserted against, any of them, arising in connection with the County Loan, the Project, or the Property. All money expended by the State, the County, or the Trustees as a result of such Claims and Expenses, together with interest at a rate equal to 12% per annum from the date of payment, shall constitute an additional indebtedness of the Recipient and shall be immediately due and payable by the Recipient to the State, the County, and the Trustees. Nothing contained in this Section 4.02(l) or in the County Loan Documents shall be construed as a limit on the Obligations. This Section 4.02(l) shall survive termination of this Deed of Trust and repayment of the County Loan and County Note in full. The State and the Department are third-party beneficiaries of the obligations under this subsection and may enforce the provisions of this subsection directly against the Recipient.

(m) Future Encumbrances . The Recipient shall not (i) permit any part of the Property to be subject to any Encumbrance other than Permitted Encumbrances, (ii) assign the rights to any Lease or rents to any other person or entity, or (iii) permit mechanics' liens which are being properly contested by the Recipient.

(n) Compliance With Laws . The Recipient will operate and maintain the Property in compliance with all Laws.

(o) Expenses . All Expenses incurred by the County or the Trustees shall become part of the Obligations and shall be repaid by the Recipient on demand, together with interest at a rate equal to 12% per annum from the date of incurrence.

ARTICLE IV **DEFAULT AND REMEDIES**

Section 4.01. Defaults .

The following events shall constitute a Default under this Deed of Trust:

(a) The Recipient fails to pay the principal amount of the County Loan and interest thereon according to the terms of the County Note or any other payment required by any of the County Loan Documents, including the Obligations;

(b) The Recipient breaches any covenant, representation, warranty, or other provision of this Deed of Trust, which breach is not cured within 30 calendar days from the date the Recipient receives (as provided in Section 5.01 below) written notice of the breach from the County; provided, however that the Recipient shall not receive a 30 calendar day cure period under this subsection for any breach for which there is a specific Default set forth in this Section;

(c) The Recipient breaches (i) any covenant, representation, warranty, or other provision in any other County Loan Document, which breach continues beyond any applicable grace or cure period, or (ii) the provisions of Sections 3.02(d), (e), and (f) of this Deed of Trust;

(d) Any portion of, or interest in, the Property is sold, leased, subleased, transferred, encumbered, or otherwise conveyed, without the prior written consent of the County;

(e) The Recipient fails to comply with any requirement of any Governmental Authority within 30 days after written notice of the requirement is made or within any other time period set by the Governmental Authority; or if any proceeding is commenced or action taken to enforce any remedy for a violation of any requirement of a Governmental Authority or any restrictive covenant affecting any part of the Property;

(f) An event of default occurs under any Encumbrance encumbering any portion of the Property regardless of whether or not the Encumbrance is a Permitted Encumbrance;

(g) A default or event of default occurs under the terms of any of the other County Loan Documents, which default is not cured within any applicable grace or cure period;

Section 4.02. Remedies .

(a) Upon the occurrence of any Default and after any applicable grace or cure period, prior to exercising any other remedy under this Deed of Trust the County shall require the immediate repayment of the entire County Loan, together with accrued interest thereon, and any Obligations.

(b) In the event the Recipient fails to repay the full amount of the Obligations as provided in subsection (a) above within 10 days after the County sends a written notice of default, acceleration, and demand for payment, the County may:

(i) At any time proceed to protect and enforce all rights and remedies available to the County under this Deed of Trust or by Law, by any other proceedings, whether for specific performance of any agreement contained in this Deed of Trust, damages, or other relief;

(ii) Enter into possession of the Property, take over and complete the Project and discharge and replace any of the contractors. The County, and its successors and assigns, are hereby authorized and irrevocably appointed (which appointment is coupled with an interest) to enter into contracts, incur obligations, enforce any contracts and agreements previously made by or on behalf of the Recipient and do all things necessary or proper to complete the Project, including the signing

of Recipient's name to any documents that the County deems necessary or desirable. The County shall not be required to expend its own funds to complete the Project, but may, at its option, advance those funds. Any funds advanced shall be paid to the County by the Recipient on demand, with interest at a rate equal to 12% per annum, and become a part of the Obligations secured by this Deed of Trust. Neither this Deed of Trust nor any action taken under it shall impose any obligation upon the County to complete the construction of the Project or fulfill any obligation of the Recipient in connection with the Project;

(iii) Enter upon, take possession of, lease and operate the Property, without becoming a mortgagee in possession; take possession of all Personalty, documents, books, records, papers and Accounts of the Recipient, exclude the Recipient, and its agents and servants, from the Property, and apply any Rents received as provided in Section 5.04; and

(iv) With respect to any Lease assigned under this Deed of Trust (1) perform any obligations of the Recipient, and exercise any rights of the Recipient, as fully as the Recipient could, with or without bringing any legal action or seeking the appointment of a receiver for the Recipient, (2) make, enforce, modify, or accept the surrender of any Lease, (3) retain or evict any tenant, (4) fix or modify rent with respect to any portion of the Property, and (5) sue for or otherwise collect any Rents, and apply the Rents in the manner provided in Section 5.03 below .

(c) All remedies provided for in this Deed of Trust or by Law are cumulative and are in addition to any other rights and remedies available to the County under any Law. The exercise of any right or remedy by the County shall not constitute a cure or waiver of any Default by the Recipient, nor invalidate any act done pursuant to any notice of Default, nor prejudice the County in the exercise of those rights, unless the Recipient repays the full amount of the Obligations to the County.

(d) The failure of the County to insist upon performance of any term of this Deed of Trust shall not constitute a waiver of any term of this Deed of Trust. No act of the County shall be construed as an election to proceed under any one provision in this Deed of Trust to the exclusion of any other provision, unless the Recipient repays the full amount of the Obligations to the County.

(e) If the County suspends or terminates this Deed of Trust, the rights and remedies available to the County shall survive the suspension or termination.

(f) If the County elects by a written notice to the Recipient it may exercise its right to receive the Rents and apply them to the County Loan as set forth in Section 4.04 below.

Section 4.03. Assent to Decree; Power of Sale .

(a) Upon the occurrence of any Default, the Recipient agrees to the passage of a decree for the sale of the Property and authorizes the County to sell the Property. Any sale of the Property under the authority of this Deed of Trust shall be conducted in accordance with the provisions of any applicable Law of the State relating to mortgages. Upon the sale of the Property, the proceeds shall be applied in the following order of priority:

(i) To pay all expenses incident to the sale, and a commission to the party making sale of the Property equal to the commission allowed trustees for making sale of property by virtue of a decree of a Court of equity having jurisdiction in the State;

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- (ii) To pay all Claims of, and Obligations owed to, the County, whether the same shall have matured or not; and
 - (iii) Any surplus shall be paid to the Recipient or to any person or entity entitled to payment.

(b) The Recipient may possess the Property until Default by the Recipient.

Section 4.04. Additional Security; Assignment of Leases and Rents.

In the event that the Recipient enters into a Lease the following provisions shall apply:

(a) Assignment. As additional security to assure the Recipient's payment and performance of the Obligations, the Recipient absolutely assigns to the Trustees, in trust for the County, and grants to the Trustees a continuing security interest under the Maryland Uniform Commercial Code in all of the Recipient's right, title, and interest in and to all Leases and Rents, together with any guarantees of the obligations of a lessee under any Lease.

(b) Recipient's Rights. As long as no Default has occurred, the Recipient shall have the right to (i) collect and receive the Rents, but not more than one month prior to accrual, and (ii) exercise the rights of the lessor under the Leases. The Recipient's right to collect Rents shall terminate automatically upon the occurrence of a Default.

(c) Application of Rents. Upon the occurrence of a Default, the Recipient grants to Trustees or the County the exclusive irrevocable power to act as agent, or to appoint a third person to act as agent for the Recipient, with power to take possession of, collect and apply the Rents, at the option of the County, to the payment of the County Loan, any Expenses, and any costs of operating or managing the Property, in the order of priority that the County determines in its sole discretion, and to turn any balance remaining over to the Recipient. The collection of the Rents shall not operate as the Trustees' or the County's approval of any lessee or Lease if the Recipient's title to the premises is acquired by the County. The Trustees or the County shall be liable to account only for Rents actually received by them.

(d) Power of Attorney. The Recipient hereby appoints the County as the Recipient's true and lawful attorney-in-fact, with full power of substitution, in its name or in the County's name, after the occurrence of a Default, to sue for or settle any Claims arising under any Lease, and to demand, collect, and receive any Rents. This power of attorney shall be deemed to be coupled with an interest, shall be irrevocable, and shall not terminate on the disability of the Recipient. It is the intention of the Recipient that all persons may rely upon this power of attorney until this Deed of Trust is terminated.

(e) Payment by Tenants to the Trustees or the County. The lessees under any Lease are authorized and directed, upon written demand by the Trustees or the County, to pay all amounts due to

the Recipient under a Lease to the Trustees or the County, or to any nominee designated by the County in writing to the lessees. Each lessee is expressly relieved of any obligation to the Recipient with respect to all payments so made.

(f) Trustees and County Not Liable for Performance under Leases. The Trustees and the County are under no obligation to exercise any of the rights assigned to them under this Deed of Trust, or to perform any of the obligations of the Recipient under any of the Leases. The Trustees and the County do not assume any liabilities of the Recipient arising out of the Leases. This assignment does not place any responsibility for the control, management, or repair of any part of the Property upon the Trustees or the County, or make the Trustees or the County liable for (i) any waste of the Property by any lessee or any other party, (ii) any dangerous or defective condition of the Property, or (iii) any negligence in the management, upkeep, repair or control of the Property.

(g) No Merger. The Recipient, without the prior written consent of the County, shall not cause or permit the leasehold estate under any Lease to merge with the Recipient's reversionary interest.

Section 4.05. Waivers and Agreements Regarding Remedies.

To the full extent permitted by Law, the Recipient:

(a) Agrees that it will not take advantage of any Laws for appraisal, valuation, stay, extension, or redemption, and waives all rights of redemption, valuation, appraisal, stay of execution, extension, and notice of election to accelerate the Obligations;

(b) Waives all rights to a marshaling of the assets of the Recipient, or to a sale in the inverse order of alienation in the event of a foreclosure of the Property, and shall not assert any right under any Law pertaining to the marshaling of assets, the sale in inverse order of alienation, the exemption of homestead, the administration of estates of decedents, or any other matters which would affect the rights of the County to sell the Property or to pay the Obligations out of the proceeds of the sale of the Property;

(c) Waives any right to assert any defense, counterclaim, or setoff, other than one that denies the existence or sufficiency of the facts upon which any foreclosure action is grounded. If any defense, counterclaim, or setoff is based on a Claim that could be tried in an action for money damages, that Claim may be brought in a separate action, which shall not be consolidated with the foreclosure action. The bringing of a separate action for money damages by the Recipient shall not grounds for staying the foreclosure action; and

(d) Waives any rights and remedies that the Recipient may have under any Laws pertaining to the rights and remedies of sureties.

Section 4.06. Uniform Commercial Code.

The Trustees may proceed under the Uniform Commercial Code of the State as to any part of the Personalty, and may exercise all of the rights, remedies, and powers of a secured creditor under the Uniform Commercial Code of the State. Upon the occurrence of any Default, the Recipient

shall assemble all of the Equipment and make the same available within the Improvements. Any notification required by Section 9-611 of the Uniform Commercial Code of the State shall be deemed reasonably and properly given if sent in accordance with the notice provision of this Deed of Trust at least 10 days before any sale or other disposition of the Personalty. Disposition of the Personalty shall be deemed commercially reasonable if made pursuant to a public sale advertised at least twice in a newspaper of general circulation in the community where the Property is located. Proceeds from any such sale shall be applied as follows: (a) first, to pay all Expenses incurred in connection with the sale, and (b) the balance, if any, to payment of the Obligations.

ARTICLE V
MISCELLANEOUS

Section 5.01. Notices.

(a) All communications between the parties made pursuant to this Deed of Trust shall be in writing.

(b) Any communication shall (a) when mailed, be effective three business days after it is deposited in the mail, (b) when mailed for next day delivery by a reputable overnight courier service, be effective one business day after mailing, and (c) when sent by fax, be effective when it is faxed and receipt of the communication is confirmed by return fax. Communications shall be delivered to the office of the addressee, as follows:

(i) Communications to the County shall be mailed to:

Allegany County Commissioners
701 Kelly Road
Cumberland, Maryland 21502

(ii) Communications to the Recipient shall be mailed to:

Glenn E. Eanes, Vice President and Treasurer
American Woodmark Corporation
3102 Shawnee Drive
Winchester, Virginia 22601
FAX Number: 540-665-9176

(c) The Recipient and the County may change their notice addresses by sending written notice to the other party.

Section 5.02. Assignment.

No benefit or burden imposed on the Recipient under this Deed of Trust may be assigned without the prior written consent of the County.

Section 5.03. Successors Bound .

This Deed of Trust shall inure to the benefit of, and shall be binding upon, each of the parties and their successors and permitted assigns. This Deed of Trust shall also benefit the Trustees and any substitute Trustees.

Section 5.04. Severability .

The invalidity of any part of this Deed of Trust shall not affect the validity of the remaining provisions of this Deed of Trust.

Section 5.05. Entire Agreement .

This Deed of Trust and the other County Loan Documents constitute the entire agreement between the Recipient and the County and supersede all prior oral and written agreements, representations, and negotiations between the parties concerning the County Loan and the Obligations. If there is any inconsistency between this Deed of Trust and the other County Loan Documents, on the one hand, and the Application, on the other hand, the provisions of this Deed of Trust and the other County Loan Documents shall prevail.

Section 5.06. Amendment of Deed of Trust .

This Deed of Trust may be amended only in writing executed by the County and the Recipient.

Section 5.07. Headings .

The headings used in this Deed of Trust are for convenience only and do not constitute a part of this Deed of Trust.

Section 5.08. Disclaimer of Relationships .

The Recipient acknowledges that the obligation of the County is limited to making the County Loan on the terms set forth in this Deed of Trust. Nothing in this Deed of Trust, and no act of the County or the Recipient, shall be deemed to create any relationship of third-party beneficiary, principal and agent, limited or general partnership, joint venture, or any other relationship between the Recipient and the County. In addition, by inspecting any part of the Property or by accepting or approving any action of the Recipient under any of the County Loan Documents, the County and the Trustees shall not be considered to warrant the condition, legality, or sufficiency of any part of the Property or any action taken or not taken by the Recipient.

Section 5.09. Governing Law .

This Deed of Trust shall be governed by the laws of the State.

Section 5.10. Term of Deed of Trust.

Except as otherwise provided in this Deed of Trust, unless sooner terminated by the mutual consent of the Recipient and the County, this Deed of Trust shall remain in full force and effect until the date the County cancels the County Note and the County Loan Agreement is terminated.

Section 5.11. Illegality.

If performance of any obligation in this Deed of Trust would require the performing party to violate the Law, then the performance shall be reduced to the level permitted by Law, and if (1) any provision of this Deed of Trust, other than provisions requiring the Recipient to pay interest, principal, principal and interest, or any other of the Obligations, operates, or would operate, to invalidate any part of this Deed of Trust, then such provision only shall be void as though not set forth in this Deed of Trust, and the remainder of this Deed of Trust shall remain in full force and effect, (2) any provision of this Deed of Trust requires the Recipient to pay interest, principal, principal and interest, or any other of the Obligations, then at the option of the County, the entire unpaid sum under the County Loan, with all unpaid interest accrued thereon, and all other unpaid Obligations shall become due and payable.

Section 5.12. WAIVER OF JURY TRIAL.

THE RECIPIENT HEREBY VOLUNTARILY AND INTENTIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER AND IN CONNECTION WITH THE COUNTY LOAN OR ANY OF THE COUNTY LOAN DOCUMENTS.

Section 5.13. Taxes.

The Recipient shall pay all transfer taxes, documentary stamp taxes, real estate taxes, recording fees, and other Taxes and Expenses in connection with the execution and delivery of the County Loan Documents.

ARTICLE VI
TRUSTEES

Section 6.01. Substitute or Successor Trustees .

The County has the irrevocable power to remove and substitute one or more of the Trustees named in this Deed of Trust, or substituted therefor, for any reason and without notice, by recording a deed of appointment among the land records where this Deed of Trust is recorded. Upon the filing of the deed of appointment all of the title, powers, rights, and duties of the superseded Trustee shall terminate and shall be vested in any successor Trustee. The Recipient and the Trustees, their substitutes, successors, and assigns, waive notice of the exercise of this power, the giving of a bond by any Trustee, and any requirement for application to any court for removal, substitution or

appointment of a Trustee under this Deed of Trust. In addition, the act of any one Trustee shall be effective for all purposes under this Deed of Trust, and any person may rely upon any document executed by one Trustee, as though it had been executed by all of the current Trustees.

Section 6.02. Liability of Trustees .

With respect to the Recipient, the Trustees (a) shall have no liability for, and make no warranties in connection with, the validity or enforceability of any of the County Loan Documents, or of the description, value, or status of title to the Property, (b) shall be protected in acting on any document believed by them to be genuine and to have been signed by the party or parties purporting to sign it, (c) shall not be liable for any error of judgment, for any act done or step taken or omitted, for any mistakes of law or fact, or for anything that they may do or refrain from doing in good faith, and generally shall have no accountability under this Deed of Trust except for willful misconduct or gross negligence, (d) may exercise their duties and powers under this Deed of Trust through any attorneys, agents, or servants as they may appoint, and shall have no liability or responsibility for any act, failure to act, negligence, or willful conduct of any such attorney, agent, or servant, so long as they were selected with reasonable care, (e) may consult with legal counsel selected by them and shall have no liability or responsibility by reason of any act or failure to act in accordance with the opinions of their counsel, (f) may act hereunder and may sell or otherwise dispose of any part of the Property as provided in this Deed of Trust, although the Trustees have been, may now be, or may be in the future, attorneys, officers, agents, or employees of the County, and (g) shall have no obligation to sell any part of the Property on the occurrence of a Default or take any other action authorized under this Deed of Trust, except upon demand of the County.

ARTICLE VII
NET PROCEEDS

Section 7.01. Application of Net Proceeds .

Net Proceeds must be applied to either (i) the payment of the Obligations, or (ii) the restoration, renovation, or replacement of any Improvements or any other Property. If a Default has occurred and is continuing, the County shall determine, in its sole discretion, the manner in which Net Proceeds are to be applied. If no Default has occurred or is continuing, the Recipient shall determine the manner in which Net Proceeds are to be applied. If any Net Proceeds are to be applied to the restoration, renovation, or replacement of effected Improvements, or any other Property, each of the following conditions must also be met:

(a) If a Default has occurred and is continuing, an escrow account shall be established with the County into which shall be deposited the Net Proceeds, and, if necessary, additional deposits by the Recipient, that, in the sole judgment of the County are sufficient to restore the Property to its use, value, and condition immediately prior to the Casualty or Condemnation. No interest will be paid on funds in the escrow account. If no Default has occurred or is continuing, then the Recipient shall deposit the Net Proceeds in a separate account. The Recipient assigns to, and grants the County a security interest in, the escrow account or separate account, and the funds therein to secure the payment and performance of the Obligations.

(b) All Leases shall continue in full force and effect (subject to any rent abatement during restoration provided for in the Leases) or, if terminated, the terminated Leases shall be replaced with Leases of equal quality in the judgment of the County. Any lessee that has the right to terminate its Lease due to Casualty or Condemnation, and has not exercised that right, shall confirm to the County in writing its irrevocable waiver of its termination right.

(c) Proceeds from any rental loss or business interruption insurance, or other funds of the Recipient, shall be available to the Recipient in amounts determined by the County to be sufficient to pay the debt service under the County Note, and all Property assessments, insurance premiums and other sums becoming due from the Recipient under any of the County Loan Documents during the time required for restoration.

(d) All restoration shall be conducted under the supervision of an architect or engineer, or both, selected and paid for by the Recipient.

(e) The restoration shall be performed pursuant to plans and specifications approved by appropriate Governmental Authorities and, if required, by the County.

(f) If required by the County in its sole discretion, all contractors responsible for the restoration shall obtain payment and performance bonds from a corporate surety acceptable to the County, naming the County as dual obligee.

(g) The Recipient shall keep the County informed on a timely basis of the progress of the any rehabilitation, renovation, or restoration of the Property.

Section 7.02. Failure to Meet Conditions .

If any of the foregoing conditions are not satisfied, the County may, in its sole discretion, apply Net Proceeds to the payment of the Obligations.

Section 7.03. Restoration .

If applied to restoration and the Recipient is required to deposit Net Proceeds in an escrow account under Section 7.01, Net Proceeds and any other funds required to be deposited with the County shall be disbursed in accordance with the terms of the construction loan agreement most commonly used by the County at the time of the Casualty or Condemnation for major commercial construction loans, and subject to the following conditions, which shall control if there is any conflict with the provisions of the construction loan agreement:

(a) Restoration shall begin within 30 days after receipt of the Net Proceeds by the County and shall be completed within a time period determined by the County in view of the extent of the Casualty or Condemnation.

(b) At the time of each disbursement, (i) no Leases shall be terminated that either singularly or in the aggregate affect more than 10% of the leasable area of the Property unless those

Leases have been replaced with Leases of equal quality, in the judgment of the County, and (ii) no Default shall have occurred.

(c) Accompanying each request for a disbursement, the County shall receive (i) a certificate addressed to the County from the architect or engineer supervising the restoration stating that the disbursement is to pay the cost of restoration not paid previously by any prior disbursement, that all restoration completed to the date of the certificate has been completed in accordance with applicable Laws and the approved plans and specifications, and that the amount of the requested disbursement, together with all other disbursements, does not exceed 90% of the aggregate of all costs incurred or paid on account of work, labor or services performed on, and material installed, in, the Property at the date of the certificate, and (ii) evidence that all Claims then existing for labor, services, and materials have been paid in full or will be paid in full from the proceeds of the disbursement requested.

(d) The final 10% holdback shall be disbursed only upon delivery to the County, in addition to the items required in paragraph (iv) above, of the following:

(i) Final waivers of Liens from all contractors and subcontractors;

(ii) A certificate of the architect or engineer stating that the restoration has been completed in a good and workmanlike manner, in accordance with the plans and specifications and all applicable Laws; and

(iii) An estoppel affidavit from each lessee occupying space in the Property stating that it's Lease is in full force and effect.

(e) Immediately on the occurrence of a Default, the County may apply Net Proceeds and any other sums deposited with the County to the repayment of the Obligations.

IN WITNESS WHEREOF , the Recipient has caused this Deed of Trust to be executed and delivered as of the date first above written.

WITNESS:

AMERICAN WOODMARK CORPORATION

/s/ James L. Cooper

Name: James L. Cooper

By: /s/ Glenn Eanes (SEAL)

Name: Glenn Eanes

Title: Vice President and Treasurer

STATE OF MARYLAND, CITY/COUNTY OF Frederick, TO WIT:

I HEREBY CERTIFY that on this 7th day of February, 2005, before me, a Notary Public in the State of Maryland, personally appeared Glenn Eanes, who acknowledged himself/herself to be the Vice President and Treasurer of the American Woodmark Corporation, known or satisfactorily proven to me to be the person whose name is subscribed to this document, and acknowledged that

she/he executed it on behalf of the American Woodmark Corporation, as its duly authorized _____.

AS WITNESS my hand and Notarial Seal.

/s/ Brenda Lee Clark
Notary Public

My Commission expires: 04/30/2007

This is to certify that the within instrument has been prepared by or under the supervision of the undersigned Maryland attorney, or by a party to this instrument.

/s/ W. David Rawle
W. David Rawle

RETURN TO:

**DEED OF TRUST AND
ASSIGNMENT OF LEASES AND RENTS**

EXHIBIT A

PROPERTY DESCRIPTION

All that piece or parcel of land situated between the B&O Railroad and U.S. Route 220, in Election District No. 7, near The Village of Pinto, Allegany County, Maryland and being more particularly described as follows; (Maryland Grid Meridian as taken from Minor Subdivision Plat No. 1626 and horizontal measurements) being used thru—out to wit:

Beginning for the same at a 1/2" iron pin with cap found at the end of the 13th line of a deed dated March 13, 2002, from First United Bank & Trust, Eva Mae Barton, John W. Barton, M. Colleen Nelson, and Eva H. Crist to the Maryland Economic Development Corporation, recorded in Deed Liber 702, Folio 712, thence with the entire 14th through the 21st lines of said deed;

1. South 41 degrees 40 minutes 43 seconds West for a distance of 165.02 feet to a 5/8" iron pin with cap found, thence;
2. South 50 degrees 53 minutes 00 seconds East for a distance of 1236.99 feet to a point, passing at 1227.73 feet a 5/8" iron pin with cap found, thence running with the westerly limit of The B&O Railroad 45 feet from said centerline;
3. South 21 degrees 54 minutes 10 seconds West for a distance of 357.68 feet to a 5/8" iron pin with cap set 45 feet from said centerline, thence around an existing cemetery;
4. North 68 degrees 14 minutes 04 seconds West for a distance of 67.06 feet to a 5/8" iron pin with cap set, thence;
5. South 21 degrees 46 minutes 17 seconds West for a distance of 123.67 feet to 5/8" iron pin with cap set, thence;
6. South 68 degrees 14 minutes 04 seconds East for a distance of 67.12 feet to a 5/8" iron pin with cap set on the westerly limit of the B&O Railroad 45 feet from said centerline, thence running with said limit;
7. South 21 degrees 44 minutes 33 seconds West for a distance of 324.54 feet to a 5/8" iron pin with cap set 45 feet from said centerline, thence;
8. South 26 degrees 56 minutes 57 seconds West for a distance of 183.94 feet to a 5/8" iron pin with cap set, thence leaving the railroad and running with a portion of the 22nd line of the aforesaid deed recorded in Liber 702, Folio 712;
9. North 51 degrees 02 minutes 45 seconds West for a distance of 756.03 feet to a 5/8" iron pin with cap set at the end of the 3rd line of a deed dated July 2, 2004, from William Harold Moran and Mary Ellen Moran to the Board of County Commissioners of Allegany County, Maryland, recorded in deed liber 732, folio 681, and running thence with the 4th and 5th lines of said deed as corrected, and with the line of a fence;
10. South 35 degrees 28 minutes 25 seconds East for a distance of 398.00 feet to a fence post, thence leaving the fence;
11. North 51 degrees 02 minutes 45 seconds West for a distance of 1113.09 feet to a 5/8" iron pin with cap set on the easterly limit of U.S. Route 220 and running with said right of way margin;
12. North 32 degrees 58 minutes 27 seconds East for a distance of 171.39 feet to a 5/8" iron pin with cap set, thence;

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13. North 30 degrees 53 minutes 17 seconds East for a distance of 133.51 feet to a 5/8" iron pin with cap set, thence;
 14. North 25 degrees 44 minutes 50 seconds East for a distance of 20.00 feet to a 5/8" iron pin with cap set, thence;
 15. North 25 degrees 44 minutes 50 seconds East for a distance of 80.00 feet to a 5/8" iron pin with cap set, thence;
 16. South 45 degrees 09 minutes 15 seconds East for a distance of 26.59 feet to a 1/2" iron pin with cap found, thence;
 17. North 23 degrees 15 minutes 51 seconds East for a distance of 472.34 feet to a point at the intersection of the easterly margin of U.S. Route 220 and the southerly margin of Barton Park Drive, thence leaving U.S. Route 220 and running with said Barton park Drive, 60 feet from the center thereof, and with new division lines through the whole tract of which this is a part;
 18. South 55 degrees 31 minutes 19 seconds East for a distance of 38.19 feet to a point, thence;
 19. South 62 degrees 22 minutes 02 seconds East for a distance of 36.20 feet to a point, thence;
 20. 467.80 feet along the arc of a curve to the left, having a radius of 355.00 feet and being subtended by a chord bearing North 79 degrees 52 minutes 57 seconds East for a distance of 434.68 feet to a point, thence;
 21. North 42 degrees 07 minutes 56 seconds East for a distance of 324.66 feet to a point, thence leaving Barton Park Drive;
 22. South 51 degrees 29 minutes 08 seconds East for a distance of 124.45 feet to the place of beginning, containing 47.371 acres more or less.

Together with and subject to covenants, easements, and restrictions of record and as shown on Minor Subdivision flat No. 1626.

All of the above described parcel being part of a deed dated March 13, 2002, from First United Bank & Trust, Eva Mae Barton, John W. Barton, M. Colleen Nelson, and Eva H. Crist to the Maryland Economic Development Corporation, recorded in Liber 702, Folio 712, and all of a deed dated July 2, 2004, from William Harold Moran and Mary Ellen Moran to the Board of Commissioners of Allegany County, Maryland, recorded in deed Liber 732, Folio 681, and all of a deed dated July 2, 2004 from Jack J. Duke to the Board of County Commissioners of Allegany County, Maryland, recorded in deed Liber 732, Folio 686, and all of a deed dated July 2, 2004 from Arden William Haycock and Vivian Elaine Haycock to the Board of County Commissioners of Allegany County, Maryland, recorded in deed Liber 732, Folio 678, all among the land records of Allegany County, Maryland.

The portion of the total tract described above being conveyed from Maryland Economic Development Corporation to the Grantor is 37.108 acres, more or less.

INDEMNITY AGREEMENT

THIS INDEMNITY AGREEMENT, made this 9th day of February 2005, by and between the **BOARD OF COUNTY COMMISSIONERS OF ALLEGANY COUNTY, MARYLAND**, a body corporate and politic of the State of Maryland, hereinafter referred to as "County", 701 Kelly Road, Cumberland, MD 21502; and **AMERICAN WOODMARK CORPORATION**, a body corporate, organized and existing under the laws of the State of Virginia, having an address of 3102 Shawnee Drive, Winchester, VA 22601-4208, hereinafter referred to as "American Woodmark".

WHEREAS, the parties on or about July 16, 2004, entered into an Agreement of Sale for certain real estate located in the Barton Industrial Park in Allegany County, Maryland, said property hereinafter referred to as "the Property"; and

WHEREAS, certain restrictive covenants have been discovered in the chain of title for the Property, which restrictive covenants are more fully detailed herein; and

WHEREAS, the County believes that said restrictive covenants should not be cloud upon the title or prevent American Woodmark's development of said Property; and

WHEREAS, American Woodmark wishes assurances from the County that said restrictive covenants will not adversely affect its development or use of the Property.

NOW, THEREFORE, the parties agree as follows:

THAT FOR AND IN CONSIDERATION of mutual covenants and agreements of the parties hereto, as are hereinafter set forth, and for other good and valuable consideration, receipt and adequacy of which are hereby acknowledged by each party hereto, the parties enter into this Agreement.

1. The Restrictions: In a Deed from Robert C. Wilson and Allie B. Wilson, his wife, to Willard L. Collins and Thelma W. Collins, his wife, dated November 14, 1940, and recorded in Liber 188, Folio 447, among the Land Records of Allegany County, Maryland, there are restrictions pertaining to the Property which restrict its use for residential purposes only and further state that no mercantile establishment shall be maintained thereon.

2. The County agrees to indemnify and hold harmless American Woodmark, as well as its title insurer, Chicago Title Company; its mortgagees, the Maryland Economic Development Corp., and the State of Maryland Department of Business & Economic Development, from any claims, lawsuits, or other demands which may be made upon them by any person, firms, entities, or insurers based upon the restrictions which challenge the right of American Woodmark to develop the property for its manufacturing facility in the Barton Industrial Park.

3. In the event that any challenge or claim as described in paragraph (b) should be brought, the County, at its expense, shall defend the right of American Woodmark to develop and use the Property despite said restrictions and the County shall reserve unto itself the right to select the attorneys at law to defend such challenges and the right to direct the defense thereof

4. The County's obligations undertaken herein are expressly contingent upon American Woodmark providing timely and appropriate notice to the County of any such claim or challenge to its rights to use or develop the Property as detailed herein.

5. Notices: Notice as to the County: Any notice called for herein shall be made to the:

Board of County Commissioners
of Allegany County Maryland
ATTENTION: Office of the County Attorney
701 Kelly Road
Cumberland, MD 21502
301/777-5823 FAX: 301/777-5819

6. Applicable Law: This Agreement shall be given effect and construed by application of the law of Maryland, and any action or proceeding arising hereunder shall be brought in the courts of Maryland. By its execution hereof, American Woodmark agrees that jurisdiction and venue shall be proper in the Courts of Maryland or the United States District Court for Maryland.

7. **Time of Essence** : Time shall be of the essence of this Agreement, except that, whenever the last day for a party's exercise of any right or discharge of any obligation hereunder is a Saturday, Sunday, or statutory holiday, such party shall have until the next day other than a Saturday, Sunday or statutory holiday to exercise such right or discharge such obligation.

IN WITNESS WHEREOF , each party has executed this Agreement the day and year set forth above.

ATTEST:

/s/ Carol A. Gaffney
Carol A. Gaffney, Clerk

WITNESS:

James L. Cooper

BOARD OF COUNTY COMMISSIONERS OF ALLEGANY COUNTY, MARYLAND

By: /s/ James J. Stakem
James J. Stakem, President

AMERICAN WOODMARK CORPORATION

By: /s/ Glenn Eanes

DEED OF TRUST NOTE

\$1,484,320
(Financed Amount)

_____, 2005
Baltimore, Maryland

FOR VALUE RECEIVED, **AMERICAN WOODMARK CORPORATION**, a Virginia corporation (the "Borrower"), promises to pay to the order of the **MARYLAND ECONOMIC DEVELOPMENT CORPORATION**, a body politic and corporate and a public instrumentality of the State of Maryland (the "Lender"), the principal sum of **ONE MILLION FOUR HUNDRED EIGHTY-FOUR THOUSAND THREE HUNDRED TWENTY DOLLARS** (\$1,484,320) (the "Loan"), together with interest thereon at the rate or rates hereafter specified and all other sums that may be payable to the Lender by the Borrower pursuant to this Deed of Trust Note (the "Note"). All capitalized terms used in this Note, if not defined in this Note, have the meanings given in the Deed of Trust and Assignment of Leases and Rents of even date herewith between the Borrower, James G. David and James Henry, as the trustees, and the Lender (the "Deed of Trust") or the Loan Agreement of even date herewith between the Borrower and the Lender (the "Loan Agreement") as the case may be. The following terms shall apply to this Note.

1. Interest.

(a) Interest Rate. Prior to a Default, as defined in Section 8 below, the unpaid principal balance outstanding pursuant to this Note shall bear interest at the rate of **3%** per annum.

(b) Default Rate. Upon the occurrence of a Default, the unpaid principal balance outstanding pursuant to this Note shall bear interest at the rate of **10%** per annum.

2. Calculation of Interest. All interest payable under the terms of this Note shall be calculated on the basis of a 360-day year and the actual number of days elapsed.

3. Repayment.

(a) Deferral. Interest shall accrue on the principal balance of the Loan from the date of this Note. Except for amounts of this Loan that are required to be repaid under the succeeding provisions of this Note, the Borrower's payment of principal and accrued interest shall be deferred.

(b) December 31, 2007. If as of December 31, 2007, the Borrower is required to repay any portion of the Loan under Article VI of the Loan Agreement, the Borrower shall make the required repayment of principal, together with accrued interest on that amount from the date of disbursement of the Loan proceeds through the date of repayment, within 30 days after the Borrower receives written demand for payment from the Lender.

(c) December 31, 2008. If as of December 31, 2008, the Borrower is required to repay any portion of the Loan under Article VI of the Loan Agreement, the Borrower shall make the required repayment of principal, together with accrued interest on that amount from the date of disbursement of the Loan proceeds through the date of repayment, within 30 days after the Borrower receives written demand for payment from the Lender.

(d) December 31, 2009. If as of December 31, 2009, the Borrower is required to repay any portion of the Loan under Article VI of the Loan Agreement, the Borrower shall make the required repayment of principal, together with accrued interest on that amount from the date of disbursement of the Loan proceeds through the date of repayment, within 30 days after the Borrower receives written demand for payment from the Lender.

(e) December 31, 2010. If as of December 31, 2010, the Borrower is required to repay any portion of the Loan under Article VI of the Loan Agreement, the Borrower shall make the required repayment of principal, together with accrued interest on that amount from the date of disbursement of the Loan proceeds through the date of repayment, within 30 days after the Borrower receives written demand for payment from the Lender.

(f) December 31, 2011. If as of December 31, 2011, the Borrower is required to repay any portion of the Loan under Article VI of the Loan Agreement, the Borrower shall make the required repayment of principal, together with accrued interest on that amount from the date of disbursement of the Loan proceeds through the date of repayment, within 30 days after the Borrower receives written demand for payment from the Lender.

(g) December 31, 2012. If as of December 31, 2012, the Borrower is required to repay any portion of the Loan under Article VI of the Loan Agreement, the Borrower shall make the required repayment of principal, together with accrued interest on that amount from the date of disbursement of the Loan proceeds through the date of repayment, within 30 days after the Borrower receives written demand for payment from the Lender.

(h) December 31, 2013. If as of December 31, 2013, the Borrower is required to repay any portion of the Loan under Article VI of the Loan Agreement, the Borrower shall make the required repayment of principal, together with accrued interest on that amount from the date of disbursement of the Loan proceeds through the date of repayment, within 30 days after the Borrower receives written demand for payment from the Lender.

(i) December 31, 2014. If as of December 31, 2014:

(i) The Borrower is required to repay any portion of the Loan under Article VI of the Loan Agreement, the Borrower shall make the required repayment of principal, together with accrued interest on that amount from the date of disbursement of the Loan proceeds through the date of repayment, within 30 days after the Borrower receives written demand for payment from the Lender.

(ii) There remains any outstanding principal balance of the Loan, after determining whether any repayment is required under subsection (k)(i) above, the Department will forgive the outstanding principal balance of the Loan which is not subject to repayment as provided in Section 6.03 of the Loan Agreement.

(j) This Note may be subject to multiple maturity dates. The date on which any payment of principal under this Note is due under the terms above shall be a "Maturity Date". On a Maturity Date, the Borrower shall pay any remaining principal balance that is subject to repayment, related accrued and unpaid interest and any other amounts outstanding under the Financing Documents (as defined in the Loan Agreement) that are related to the portion of principal which is due.

(k) The Lender shall have no obligation to defer any amounts due under this Note or to forgive any amounts if the Borrower is in Default under the terms of this Note or any of the other Financing Documents.

4. Late Payment Charge. If any payment due hereunder is not received by the Lender within 15 calendar days after its due date, the Department may require the Borrower to pay a late payment charge equal to five percent of the amount then due.

5. Application of Payments.

(a) Scheduled Payments. All scheduled payments made pursuant to this Note shall be applied first to accrued interest, then to principal, and then to late payments, charges or other sums owed to the Lender, or in any other manner that the Lender, in its sole discretion, may determine.

(b) Prepayments. The Lender may apply any prepayment, whether voluntary or involuntary, first to late charges and fees, then to accrued interest and default interest, and then to principal in the inverse order of scheduled maturities, or in any other manner that the Lender, in its sole discretion, may determine.

6. Prepayment. The Borrower may prepay all or part of this Note at any time without premium or penalty.

7. Place of Payment. All payments due under this Note, and all prepayments, shall be delivered to: Department of Business and Economic Development, P.O. Box 41438, Baltimore, MD 21203-6429, or to any other place that the Lender may designate in writing, and shall be made in immediately available funds in a manner acceptable to the Lender.

8. Default. The occurrence of any of the following events shall constitute a default (a "Default") under the terms of this Note:

(a) The failure of the Borrower to pay the Lender when due any amounts payable by the Borrower to the Lender under the terms of this Note; or

(b) The occurrence of a default under the terms of the Deed of Trust or any of the other Loan Documents (as defined in the Deed of Trust), which default remains uncured beyond any applicable grace or cure period.

9. Acceleration. Upon a Default, the Lender, in its sole discretion and without further notice or demand, may declare the entire unpaid principal balance of this Note plus accrued interest and all other sums due under this Note to be immediately due and payable and may exercise any rights and remedies available under any of the Loan Documents.

10. Consent to Jurisdiction. The Borrower irrevocably submits to the jurisdiction of any state or federal court sitting in the State of Maryland over any proceeding arising out of, or relating to, this Note. The Borrower irrevocably waives, to the fullest extent permitted by law, any objection that the Borrower may now or hereafter have to the setting of venue of any proceeding brought in any such court and any claim that any proceeding brought in any such court was brought in an inconvenient forum.

11. Service of Process. The Borrower hereby consents to process being served in any proceeding instituted in connection with this Note by (i) the mailing of a copy thereof by certified mail, postage prepaid, return receipt requested, to the Borrower at the address listed in Section 5.01 of the Deed of Trust and (ii) serving a copy thereof upon Glenn E. Eanes, the agent designated by the Borrower as its agent for service of process. The Borrower irrevocably agrees that the service specified herein shall be deemed to be service of process upon the Borrower in any proceeding. Nothing in this Note shall affect the Lender's right to serve process in any other manner permitted by law.

12. Notices. Any notice or other communication to the Borrower or the Lender shall be deemed properly given when delivered in accordance with Section 5.01 of the Deed of Trust.

13. Expenses of Collection. If this Note is referred to an attorney for collection after a Default, the Borrower shall pay all costs of collection, including attorneys' fees equal to 15% of the sum of the principal balance then outstanding and interest then due hereunder.

14. Subsequent Holder. The Lender may pledge, transfer, or assign this Note and its rights under the Loan Documents. Any pledge, transfer, or assignment of rights shall also apply to any renewals, extensions or modifications. A transferee, pledgee, or assignee shall have the same rights as the Lender hereunder with respect to this Note.

15. Waiver of Protest. The Borrower, and all parties to this Note, whether maker, endorser, or guarantor waive presentment, notice of dishonor and protest.

16. Choice of Law; Modifications; Cumulative Rights; Extensions of Maturity.

(a) The Borrower acknowledges that the Lender is a principal department of the State of Maryland, that final credit decisions with respect to the making of the Loan are made in Maryland and, that those credit decisions assume that the substantive laws of Maryland apply. Therefore, the Borrower agrees that this Note shall be governed by the laws of the State of Maryland.

(b) No modification or amendment of this Note shall be effective unless in writing signed by the Lender and the Borrower, and any modification or amendment shall apply only with respect to the specific instance involved.

(c) No waiver of any provision of this Note shall be effective unless in writing signed by the Lender. Any waiver shall apply only with respect to the specific instance involved.

(d) By accepting partial payment of any amount due and payable under this Note, the Lender does not waive the right either to require prompt payment when due of all other amounts due and payable under this Note or to exercise any rights and remedies available to it in order to collect all other amounts due and payable under this Note.

(e) Each right, power, and remedy of the Lender under this Note or under law shall be cumulative and concurrent, and the exercise of any one of them shall not preclude the simultaneous or later exercise by the Lender of any other.

(f) No failure or delay by the Lender to insist upon the strict performance of any provision of this Note or to exercise any right, power, or remedy consequent upon a breach thereof shall constitute a waiver thereof, or preclude the Lender from exercising any such right, power, or remedy.

17. Illegality. If any provision of this Note is found to be invalid, illegal, or unenforceable in any respect, the invalidity, illegality, or unenforceability shall not affect any other provision of this Note, but this Note shall be construed as if the invalid, illegal, or unenforceable provision had never been part of this Note, but only to the extent it is invalid, illegal, or unenforceable.

18. Security. The repayment of the Loan evidenced by this Note is secured by a lien on the Property as defined in the Deed of Trust.

IN WITNESS WHEREOF , and intending to be legally bound hereby, the undersigned executes this Note under seal as Borrower as of the date written at the beginning of this Note.

ATTEST:

/s/ James L. Cooper
Name: James L. Cooper

BORROWER :

AMERICAN WOODMARK CORPORATION

By: /s/ Glenn Eanes (SEAL)
Name: Glenn Eanes
Title: Vice President and Treasurer

COMMONWEALTH OF VIRGINIA, CITY/COUNTY OF Frederick, TO WIT:

I HEREBY CERTIFY that on this 7th day of February, 2005, before me, a Notary Public in the Commonwealth of Virginia, personally appeared Glenn, who acknowledged himself/herself to be the Vice President and Treasurer of the American Woodmark Corporation, known or satisfactorily proven to me to be the person whose name is subscribed to this document, and acknowledged that she/he executed it on behalf of the American Woodmark Corporation, as its duly authorized _____.

AS WITNESS my hand and Notarial Seal.

/s/ Brenda Lee Clark
Notary Public

My Commission expires: 04/30/2007

ASSIGNMENT

The **MARYLAND ECONOMIC DEVELOPMENT CORPORATION**, a body politic and corporate and a public instrumentality of the State of Maryland (the "Lender"), hereby transfers, endorses, assigns, delivers, and conveys this Deed of Trust Note to the **DEPARTMENT OF BUSINESS AND ECONOMIC DEVELOPMENT**, a principal department of the State of Maryland (the "Department"), without recourse and without any representation or warranty of any kind whatsoever except for those set forth in the Assignment of Loan Documents dated the same date as this Note, from the Lender to the Department.

WITNESS:

**MARYLAND ECONOMIC
DEVELOPMENT CORPORATION**

/s/ David Robinson

/s/ Robert C. Brennan (Seal)

By: Robert C. Brennan

Title: Executive Director

Date: 2/9/2005

STATE OF MARYLAND, CITY/COUNTY OF Baltimore, TO WIT:

I HEREBY CERTIFY that on this 9th day of January, 2005, before me, a Notary Public in the State of Maryland, personally appeared Robert C. Brennan, who acknowledged himself to be the Executive Director of the Maryland Economic Development Corporation, known or satisfactorily proven to me to be the person whose name is subscribed to this document, and acknowledged that he executed it on behalf of the Maryland Economic Development Corporation as its duly authorized Executive Director.

AS WITNESS my hand and Notarial Seal.

/s/ Charlotte Base Trainor

Notary Public

My Commission expires: 03/1/2007

**DEED OF TRUST AND
ASSIGNMENT OF LEASES AND RENTS**

THIS DEED OF TRUST AND ASSIGNMENT OF LEASES AND RENTS (as it may be amended, this “Deed of Trust”) is made as of this 9th day of February, 2005, by **AMERICAN WOODMARK CORPORATION**, a Virginia corporation (the “Borrower”), to **James G. Davis** and **James Henry** (collectively, the “Trustees”, and individually, a “Trustee”), as trustees for the benefit of the **MARYLAND ECONOMIC DEVELOPMENT CORPORATION**, a body politic and corporate and a public instrumentality of the State of Maryland (the “Lender”).

RECITALS

1. The Lender owns approximately 145 acres of real property located along Route 220 in Allegany County, Maryland (the “Park Property”).
2. The Lender has agreed to sell approximately 37 acres of the Park Property to the Borrower for a total sale price of \$1,484,320.
3. The Lender has agreed to finance the sale of the Land in the amount of \$1,484,320 (the “Loan”), which Loan is evidenced by a Deed of Trust Note dated the date hereof in the original principal amount of \$1,484,320 made by the Borrower and payable to the Lender (as it may be amended or replaced, the “Note”).
4. The Loan is subject to the terms of a Loan Agreement dated the same date as this Deed of Trust between the Lender and the Borrower (as amended, the “Loan Agreement”).
5. As security for the Obligations (as defined below) the Lender has required, and the Borrower has agreed to, the granting of a security interest in the real property being transferred as described in Recital 2 and certain additional contiguous acreage, all located in Allegany County, Maryland and more particularly described in Exhibit A attached to this Deed of Trust (the “Land”).
6. The Lender will assign, without recourse, all of its rights in the Note, the Loan Agreement, and this Deed of Trust to the Department of Business and Economic Development, a principal department of the State of Maryland (the “Department”).
7. It is a condition precedent to the making of the Loan that the payment and performance of the Borrower’s obligations to the Lender be secured by this Deed of Trust.

NOW, THEREFORE , for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

ARTICLE I
DEFINITIONS

All accounting terms not specifically defined herein shall have the meanings determined by generally accepted accounting principles, consistently applied. All terms previously defined are incorporated in this Deed of Trust by reference. Capitalized terms used in this Deed of Trust have the meanings defined below:

“ Accounts ” means all accounts of the Borrower within the meaning of the Uniform Commercial Code of the State derived from or arising out of a Lease.

“ Casualty ” means any event that results in damage, loss, or destruction to any portion of the Property.

“ Claim ” means any action or other claim for liability, loss, expense, or other cost, including fees, costs and expenses of attorneys, consultants, contractors, and experts.

“ Condemnation ” means any temporary or permanent taking of title, use, or any other property interest under the exercise of the power of eminent domain by any Governmental Authority or by any person acting under Governmental Authority.

“ Condemnation Awards ” means any judgments, awards of damages (including severance and consequential damages), payments, proceeds, settlements, amounts paid for a taking in lieu of Condemnation, or other compensation, including any interest, and the right to receive any such payments, as a result of, or in connection with, any Condemnation or threatened Condemnation.

“ Default ” means any default under Article V of this Deed of Trust.

“ Encumbrance ” means any Lien, easement, right-of-way, roadway (public and private), common area, condominium regime, cooperative housing regime, restrictive covenant, Lease, or other matter which would affect title to the Property.

“ Environmental Assessment ” means a report of an environmental assessment of the Property (including the taking of soil borings and air and groundwater samples and other above and below ground testing) in scope satisfactory to the Lender, prepared by a recognized environmental consulting firm acceptable to the Lender and sufficient in detail to comply with any requirements of the Lender or of any other appropriate Governmental Authority.

“ Environmental Requirement ” means any current or future Law or other restriction, whether public or private, that in any way pertains to human health, safety, or welfare, Hazardous Materials, Hazardous Materials Contamination or the environment (including any Law or restriction dealing with ground, air, water or noise pollution or contamination, and underground or above ground tanks).

“ Equipment ” means all building materials, fixtures, equipment, and other tangible personal property which is necessary for the operation of the Facility as shell building, now or hereafter

located on, or attached to, the Property, whether now owned or hereafter acquired by the Borrower, together with all additions to the Equipment and Proceeds thereof. The term “Equipment” specifically excludes machinery, equipment, and furniture used specifically in connection with the Borrower’s operation of its business.

“Expenses” means all costs and expenses incurred by the Lender or the Trustees (whether before or after a Default) in connection with, or in exercising or enforcing any rights, powers and remedies provided in, any of the Financing Documents, including attorneys’ fees, court costs, receivers’ fees, management fees, and costs incurred in the repair, maintenance and operation of, or taking possession of, or selling, the Property.

“Financing Documents” means all documents executed and delivered in connection with the Loan and the Obligations, including this Deed of Trust, the Note, the Loan Agreement, and any other document evidencing or securing the Loan, as any of them may be amended.

“Governmental Authority” means the United States, the State, or any of their political subdivisions, agencies, or instrumentalities, including any local authority having jurisdiction over any aspect of the Project.

“Grant Deed of Trust” means the Deed of Trust and Assignment of Leases and Rents dated the same date as this Deed of Trust, made by the Borrower to Jerry L. Frantz and William M. Rudd, as trustees for the benefit of the County Commissioners of Allegany County, granting the County Commissioners of Allegany County a security interest in the Land and to be recorded in the Land Records of Allegany County, as it may be amended.

“Hazardous Materials” means any hazardous or toxic substances, wastes or materials, including any substance that contains asbestos, radon, polychlorinated biphenyls, urea formaldehyde, explosives, radioactive materials, or petroleum products, that, because of their quantity, concentration, or physical, chemical, or infectious characteristics, may pose a present or potential hazard or nuisance to human health, safety or welfare or to the environment.

“Hazardous Materials Contamination” means the present or future contamination of (a) any part of the Property, including soil, ground water, and air, by Hazardous Materials, or (b) any part of any other property (including soil, ground water, and air) or improvement as a result of Hazardous Materials emanating from the Property.

“Hydric Soils” means any soil category upon which building could be prohibited or restricted under any applicable Law, including any restrictions imposed by the Army Corps of Engineers based upon its guidelines concerning soil, vegetation, and effect on the ecosystem.

“Improvements” means all buildings, improvements, fixtures, and replacements existing, or to be erected, on the Land, and all landscaping and related amenities.

“Laws” means any current or future federal, state and local laws, statutes, rules, ordinances, regulations, codes, decisions, interpretations, orders, or decrees of any court or other Governmental Authority having jurisdiction.

“Lease” means collectively, any current or future lease, sublease, or agreement for occupancy or use for any part of the Property, together with any amendments, extensions, or renewals thereof.

“Lien” means any mortgage, deed of trust, pledge, security interest, assignment, judgment, lien or charge of any kind, including any conditional sale or other title retention agreement, any lease in the nature thereof, any liens or claims for liens for materials supplied or for labor or services performed, and the filing of, or agreement to give, any financing statement under the Uniform Commercial Code of any jurisdiction.

“Net Proceeds”, when used with respect to any Condemnation Awards or insurance proceeds allocable to the Property, means the gross proceeds from any Casualty or Condemnation remaining after payment of all expenses (including attorneys’ fees) incurred in the collection of such gross proceeds.

“Obligations” means all duties of payment, performance, and completion owed by the Borrower to the Lender under the Financing Documents and by law, including the obligations to:

(a) Pay all sums of money secured by this Deed of Trust, including all funds and all sums of principal, interest, and premium, if any, due or to become due, and past, present, and future advances under any of the Financing Documents, all money advanced or expended by the Lender as provided for in any of the Financing Documents, and all Expenses; and

(b) Strictly observe and perform all of the provisions of the Financing Documents, time being of the essence.

“Permitted Encumbrances” means: (a) This Deed of Trust; (b) The Grant Deed of Trust, (c) A lien granted to the primary lender of the Borrower so long as that lien is subordinate to the lien of the Deed of Trust and the Grant Deed of Trust, and (d) Any Encumbrance set forth in the Commitment for Title Insurance No. 5084 issued by Chicago Title Insurance Company, as updated to the date of this Deed of Trust.

“Personalty” means the Borrower’s interest in all (a) the Equipment, (b) the Accounts, (c) any franchise or license agreements and management agreements entered into in connection with the Property or the business conducted therein, (provided that all agreements are subordinate to this Deed of Trust and the Lender has no responsibility for the performance of the Borrower’s obligations thereunder), and (d) all plans and specifications, contracts, and subcontracts for the construction or repair of the Improvements, sewer and water taps, allocations and agreements for utilities, bonds, permits, licenses, guarantees, warranties, causes of action, judgments, Claims, profits, security deposits, utility deposits, refunds of fees or deposits paid to any Governmental Authority, letters of credit and policies of insurance, together with all additions to the Personalty and Proceeds thereof; provided, however, that all items listed in subsections (c) and (d) above are limited to items which are used in the operation of the Property as a shell building and which are not prohibited by their terms from being assigned or assumed.

“Proceeds” means all proceeds from any part of the Property within the meaning of the Uniform Commercial Code of the State, as well as the proceeds of any insurance policies.

“Property” has the meaning specified in Article II below.

“Rents” means all income of any kind and rights to payment arising out of any Lease, and any cash or securities deposited to secure the performance by a lessee, sublessee, or other occupier of the Property of its obligations under its Lease.

“State” means the State of Maryland.

“Taxes” means all taxes, water rents, sewer rents, assessments, utility charges (whether public or private), and other governmental or municipal or public dues, charges, and levies.

ARTICLE II **GRANTING CLAUSE**

In order to secure the prompt payment and performance of all of the Obligations, the Borrower hereby grants, assigns, and conveys to the Trustees, in trust for the Lender, the Land in fee simple, together with all of the Borrower’s right, title, and interest in and to the property described below:

1. Any other interest in the Land that the Borrower may acquire in the future;
2. All Improvements;
3. All Personalty, as to which the Borrower grants to the Trustees a continuing security interest under the Maryland Uniform Commercial Code, as it may be amended, as well as in any and all Proceeds and products thereof and all substitutions, renewals, and replacements thereof, whether now owned or hereafter acquired;
4. All roads, ways, streets, avenues, alleys, tenements, hereditaments, easements, appurtenances, passages, waters, water rights, water courses, riparian rights, liberties, advantages, accessions, and privileges now or hereafter appertaining to any part of the Property, including any homestead or other claim at law or in equity,
5. All reversions and remainders related to the Property, and any estate, property, claim, right, title, or interest acquired by the Borrower in or to any part of the Property after the date of this Deed of Trust;
6. All Rents, issues, and proceeds now or hereafter accruing from and/or affecting the Property;
7. All Leases; and
8. All Condemnation Awards and any insurance proceeds related to the Improvements payable with respect to any Casualty occurring on or to the Property.

TO HAVE AND TO HOLD , the Land, all Improvements, and other property and rights described above (collectively, the “Property”) unto the Trustees, and their successors, in trust for the benefit of the Lender, in fee simple forever.

PROVIDED, HOWEVER, that until the occurrence of a Default, and subject to the terms of this Deed of Trust, the Borrower shall have the right to remain in quiet and peaceful possession of the Property and a license to collect the Rents.

PROVIDED, FURTHER, that if the Borrower pays, or causes to be paid, the Obligations in full to the satisfaction of the Lender as provided in the Financing Documents, then the estate granted in this Deed of Trust shall cease, and upon delivery of proof satisfactory to the Lender that the Obligations have been satisfied in full, the Trustees shall release the lien and security interest of this Deed of Trust of record upon payment to the Lender of a reasonable fee for the release and reconveyance of the Property or any partial release and reconveyance thereof.

ARTICLE III
REPRESENTATIONS, WARRANTIES, AND COVENANTS
OF THE BORROWER

Section 4.01. Representations and Warranties .

The Borrower represents and warrants as follows:

(a) Due Authorization . The Borrower has the full power and authority to enter into, execute, and deliver this Deed of Trust, and to comply with the terms set forth in this Deed of Trust, all of which have been duly authorized by all necessary action of the Borrower. No approval of any other person or public authority or regulatory body is required as a condition to the validity of this Deed of Trust, or, if required, the approval has been obtained.

(b) Validity of Deed of Trust . This Deed of Trust has been properly executed by the Borrower and will: (i) Not violate any Laws, or any provision of the Borrower’s organizational documents; (ii) Not violate any provision, or result in a breach, of any document or agreement binding on the Borrower or affecting its property; or (iii) Constitutes the valid and legally binding obligation of the Borrower, fully enforceable against the Borrower, in accordance with its terms.

(c) Legal Actions . To the best of the Borrower’s knowledge there is no (1) Claim pending or threatened in any court or before any governmental agency, and (2) investigation by or before any Governmental Authority, that:

(i) Questions the validity or enforceability of this Deed of Trust, or any action taken, or to be taken, under it;

(ii) Is likely to result in any material adverse change in the authority, properties, assets, liabilities, or conditions (financial or otherwise) of the Borrower that would cause the Borrower’s tangible net worth to fall below \$65,000,000 as of any quarterly financial statement; or

(iii) Affects the Property.

(d) Taxes . All Taxes imposed upon the Borrower in connection with the Property have been paid prior to the date when any interest or penalty would accrue for nonpayment, except for those Taxes being contested in good faith and by appropriate proceedings by the Borrower.

(e) Deed of Trust Default . There is no Default on the part of the Borrower under this Deed of Trust, and no event has occurred or is continuing that, with notice, or the passage of time, or both, would constitute a Default under this Deed of Trust.

(f) Compliance With Laws . The Borrower has complied with all Laws.

(g) Warranty of Title . The Borrower is the owner of the legal title to, and is lawfully seized and possessed of a fee simple interest in the Property, free from all liens, charges, and encumbrances except for Permitted Encumbrances. The Borrower has the right and authority to convey the Property and warrants generally, and agrees to defend, the Property and the title thereto, whether now owned or hereafter acquired, against all Claims by any person or entity claiming through the Borrower.

(h) Utilities . The Borrower agrees to procure from the appropriate State, county, municipal, and other authorities and corporations, connection and discharge arrangements for the supply of water, gas, electricity, and other utilities and sewage and industrial waste disposal for the operation of the Property.

(i) Zoning . The intended use of the Property will not violate any zoning or other Law, or any restrictive covenant or agreement of the Borrower (now in existence or known by the Borrower to be proposed) applicable to the Property or its use, and all requirements for such use have been satisfied.

(j) Environmental Conditions . The Property, including the land, surface water, ground water, and all other Improvements: (i) Is free of any substantial amounts of waste or debris; (ii) Is free of any Hazardous Materials and Hazardous Materials Contamination; (iii) Has never been used as a manufacturing, storage, or dump site for Hazardous Materials; (iv) Is in compliance with all Environmental Requirements; and (v) Contains no Hydric Soils on any portion of the Land upon which any Improvements have been, or will be, constructed.

(k) Tax Assessment . As of the date the Borrower takes possession of the Property, the Borrower represents and warrants that the Property is assessed for purposes of taxes as a separate and distinct parcel from any other real property so that the Property shall never become subject to the lien of any taxes levied or assessed against any real property other than the Property.

(l) Independence of Land . As of the date the Borrower takes possession of the Property, the Borrower represents and warrants that no improvements on property not covered by this Deed of Trust rely on the Land, or any interest therein, to fulfill any requirement of a Governmental

Authority for the existence of such property or improvements; and no part of the Property relies, or will rely, on any property not covered by this Deed of Trust, or any interest therein, to fulfill any requirement of a Governmental Authority. The Land has been properly subdivided in accordance with the requirements of any applicable Governmental Authority.

Section 3.02. Borrower's Covenants.

The Borrower covenants as follows:

(a) Repairs, Correction of Defects. The Borrower will, upon demand by the Lender, promptly and diligently make any repairs to, and correct any structural defect in, the Property. The Lender shall determine in its discretion whether the Borrower is acting diligently; and the disbursement of any portion of the proceeds of the Loan shall not constitute a waiver of the Lender's right to require compliance with this covenant with respect to any repairs, or defects.

(b) Maintenance of the Project. The Borrower shall, at its sole cost and expense:

- (i) Keep, or cause to be kept, the Property in good condition, working order, and repair;
- (ii) Make, or cause to be made, all replacements to any of the Property so that the Property will always be in good condition, fit and proper for the purposes for which it was originally erected or installed or for other manufacturing or assembly activities of the Borrower;
- (iii) Operate, or cause to be operated, the Property in a manner which is similar to other property operated by the Borrower;
- (iv) Keep all portions of the Property and adjoining sidewalks, curbs, and passageways in a clean and orderly condition, free of dirt, rubbish, snow, ice and unlawful obstructions;
- (v) Procure, or cause to be procured, all necessary permits, certificates, licenses or other authorizations required for the Property's use as set forth in the Application, and comply with all requirements necessary to preserve all rights, licenses, permits, privileges, franchises, and concessions that are now, or may be, applicable to the Property; and
- (vi) Not use or occupy the Property, or permit the same to be used or occupied, in any manner which would cause structural injury to any of the Property or which would cause the value or the usefulness of any portion of the Property to diminish (ordinary wear and tear for its business excepted), or which would constitute a public or private nuisance, or waste.

(c) Insurance. The Borrower will maintain the insurance coverage required under the terms of the Loan Agreement.

(i) During the term of this Deed of Trust the Borrower shall obtain and maintain, except as provided below, the following insurance coverages:

- (1) During any period of construction on the Property, builder's all-risk insurance of the type customarily carried in the case of similar construction for the full replacement cost of work in place and materials stored in connection with such construction;

(2) "All risk" coverage for the Property in amounts necessary to prevent the application of any co-insurance provisions up to the full replacement value of the Property but in no event less than the aggregate outstanding amount of the Loan; and

(3) If the Property is, or is later found to be, in an area that has been identified by the Federal Insurance Administration as having special flood and mudslide hazards, and in which the sale of flood insurance is available under the National Flood Insurance Act of 1968, a flood insurance policy satisfactory to the Lender. If the Property is not in an area having special flood and mudslide hazards, the Borrower shall deliver to the Lender a certificate or letter issued by its insurance company stating that the Property is not in a special flood and mudslide hazard area.

(ii) All insurance policies shall be with responsible companies with an A. M. Best rating of "A-" or better and shall have attached to them standard non-contributing, non-reporting loss payee or mortgagee clauses (as appropriate) in favor of the Lender as its interest may appear.

(iii) Each insurance policy shall bear an endorsement that it shall not be canceled, terminated, endorsed, or amended without 30 days written notice to the Lender.

(iv) Annually, the Borrower shall file with the Lender a detailed list of the insurance then in effect covering the Property, stating the names of the insurance companies, the amounts and rates of insurance, dates of the expiration, and the properties and risks covered; and obtain any additional insurance requested by the Lender which is carried by a business of a similar size and risk.

(v) Prior to the expiration date of each policy for insurance required under this subsection, the Borrower shall pay all insurance premiums required to renew or replace any required insurance policy, and will deliver evidence of renewal of each required insurance policy to the Lender.

(vi) The Borrower shall give the Lender prompt notice of any loss covered by the builders all-risk or the all-risk insurance required under this Deed of Trust, and if a Default has occurred and is continuing beyond and applicable grace or cure period, the Lender shall have the right to adjust and compromise any such loss, to collect and receive the proceeds of such insurance and to endorse the Borrower's name upon any check in payment thereof, for which purpose the Borrower appoints the Lender, its successors and assigns, as the Borrower's attorney-in-fact, which appointment shall be deemed to be coupled with an interest and irrevocable. Net Proceeds received as payment for a Casualty covered by such insurance shall be applied as provided in Article VIII below.

(vii) The Borrower shall not take out separate builder's all-risk insurance or all-risk insurance concurrent in form or contributing in the event of loss with that required to be maintained above unless the Lender is included thereon as a mortgagee and loss payee.

(d) No Alterations . The Borrower shall not make, or cause to be made, any substantial alterations or additions to the Property which would materially lower the value of the Property without the prior written consent of the Lender.

(e) No Zoning Changes . Without the prior written consent of the Lender, the Borrower will not initiate, join in, or consent to, any change in any restrictive covenant, easement, zoning ordinance, or other public or private restriction, limiting or defining the uses that may be made of the Property. The Lender agrees to cooperate with the Borrower in obtaining easements required for the development of the Project, including easements for utilities and ingress and egress, and the Lender will, to the extent required, join in and execute necessary easements, so long as all costs are paid by the Borrower. The Borrower shall:

(i) Promptly perform and observe all of the terms of all agreements affecting the Property; and

(ii) Do all things necessary to preserve intact and unimpaired any easements, appurtenances and other interests in favor of, or constituting any portion of, the Property.

(f) Notification of Claims or Liens . The Borrower shall promptly notify the Lender of any (i) prospective change of zoning or other action affecting the Property, (ii) default in any lien, mortgage, security interest or encumbrance on the Property, and (iii) foreclosure or threat of foreclosure of any lien, mortgage, security interest or encumbrance on the Property.

(g) Access . Any duly authorized representative of the Lender shall, at all reasonable times, have access to all portions of the Property; provided, however, that if no Default has occurred and is continuing, the Lender shall provide the Borrower with reasonable notice of the Lender's desire to access the Facility and shall limit its access to normal business hours.

(h) Hazardous Materials .

(i) Any Hazardous Materials that are placed, manufactured, or stored on the Property, must be placed, manufactured, stored, removed, treated, or disposed of in compliance with all Environmental Requirements.

(ii) The Borrower shall (1) give written notice to the Lender immediately upon acquiring knowledge of the presence of any Hazardous Materials on the Property or of any Hazardous Materials Contamination, with a full description thereof, and (2) comply promptly with all Environmental Requirements requiring the removal, treatment or disposal of Hazardous Materials or Hazardous Materials Contamination and provide the Lender with satisfactory evidence of compliance. At the option of the Lender, compliance may include an Environmental Assessment. If the Borrower fails to cause any such action to be taken, the Lender may make advances or payments necessary to comply with Environmental Requirements, including any Environmental

Assessments deemed necessary by the Lender, but shall be under no obligation to do so. All sums advanced, including all sums advanced in connection with any judicial or administrative investigation or proceeding relating to Environmental Requirements, including attorneys' fees, fines or other penalty payments, shall be paid by the Borrower to the Lender upon demand, with interest thereon at a rate equal to 12% per annum from the date of advancement, and any such advances shall be a part of the Obligations secured by this Deed of Trust.

(iii) The Borrower shall indemnify, defend, and hold the State, the Lender, and the Trustees harmless against any Claim that may be asserted against the State, the Lender, or the Trustees as a result of the presence of any Hazardous Materials on the Property or Hazardous Materials Contamination, and against all Expenses. Upon the written demand of the Lender, the Borrower shall diligently defend any Claim subject to indemnification under this subsection at the Borrower's expense by counsel approved by the Lender. Alternatively, the Lender may elect to conduct its own defense through counsel chosen by the Lender at the expense of the Borrower. The provisions of this Section 4.02(h) shall survive termination of this Deed of Trust and repayment of the Loan and the Note in full.

(i) Taxes. The Borrower shall promptly pay all Taxes imposed on the Borrower in connection with the Property prior to the date when any interest or penalty would accrue for non-payment, except for those Taxes being contested in good faith by appropriate proceedings by the Borrower. The Borrower shall, upon the request of the Lender, deliver receipts evidencing the payment of all Taxes arising in connection with the Property to the Lender. If the Borrower fails to pay any Taxes arising in connection with the Property as provided in this subsection, the Lender may, at its option, pay those Taxes and the Borrower shall pay to the Lender on demand the amount of any Taxes paid by the Lender, with interest thereon at a rate equal to 12% per annum from the date of payment, and the amount of Taxes paid by the Lender, together with interest, shall be a part of the Obligations.

(j) Condemnation.

(i) Immediately upon obtaining knowledge of the commencement or threatened commencement of any Condemnation, the Borrower shall immediately notify the Lender in writing, describing in detail the nature and extent of the proposed Condemnation. If a Default has occurred and is continuing beyond and applicable grace or cure period, the Lender may participate in any such proceedings and the Borrower shall deliver to the Lender all instruments requested by the Lender to permit its participation and copies of all documents received by the Borrower in connection with a proposed Condemnation. The Lender shall be under no obligation to question the amount of any Condemnation Award and may accept the Condemnation Award in the amount offered; provided, however, if the Lender has not instituted foreclosure procedures, the Lender will not accept any Condemnation Award if the Borrower institutes or is maintaining a legally justifiable protest. In any proceedings for Condemnation, the Lender may be represented by counsel selected by it, and the Borrower shall pay the attorneys' fees incurred by the Lender.

(ii) In addition, if a Default has occurred and is continuing beyond and applicable grace or cure period, the Borrower, for itself and its successors and assigns, appoints the Lender, its successors and assigns, as the Borrower's attorney-in-fact, which appointment is coupled with an

interest, and empowers the Lender, at its option, on behalf of the Borrower to: (1) adjust or compromise any claims, (2) collect any proceeds, (3) execute in the Borrower's name any documents necessary to effect collection, and (4) endorse any checks for a Condemnation Award.

(iii) Net Proceeds received from any Condemnation Award shall be applied as provided in Article VIII below.

(k) Further Assurances . At any time, upon request by the Lender, the Borrower, at its sole expense, will make, execute, deliver, and record, or cause to be made, executed, delivered, and recorded, any additional documents that may, in the opinion of the Lender, be necessary or desirable to effectuate, complete, perfect, continue, or preserve the Obligations and the lien of this Deed of Trust.

(l) Indemnification . The Borrower releases the State, the Lender, and the Trustees from, and agrees to protect, indemnify and save each of them harmless against, any Claims and Expenses incurred by, or asserted against, any of them, arising in connection with the Loan, the Project, or the Property. All money expended by the State, the Lender, or the Trustees as a result of such Claims and Expenses, together with interest at a rate equal to 12% per annum from the date of payment, shall constitute an additional indebtedness of the Borrower and shall be immediately due and payable by the Borrower to the State, the Lender, and the Trustees. Nothing contained in this Section 4.02(l) or in the Financing Documents shall be construed as a limit on the Obligations. This Section 4.02(l) shall survive termination of this Deed of Trust and repayment of the Loan and Note in full.

(m) Future Encumbrances . The Borrower shall not (i) permit any part of the Property to be subject to any Encumbrance other than Permitted Encumbrances, (ii) assign the rights to any Lease or rents to any other person or entity, or (iii) permit mechanics' liens which are being properly contested by the Borrower.

(n) Compliance With Laws . The Borrower will operate and maintain the Property in compliance with all Laws.

(o) Expenses . All Expenses incurred by the Lender or the Trustees shall become part of the Obligations and shall be repaid by the Borrower on demand, together with interest at a rate equal to 12% per annum from the date of incurrence.

ARTICLE IV **DEFAULT AND REMEDIES**

Section 4.01. Defaults .

The following events shall constitute a Default under this Deed of Trust:

(a) The Borrower fails to pay the principal amount of the Loan and interest thereon according to the terms of the Note or any other payment required by any of the Financing Documents, including the Obligations;

(b) The Borrower breaches any covenant, representation, warranty, or other provision of this Deed of Trust, which breach is not cured within 30 calendar days from the date the Borrower receives (as provided in Section 5.01 below) written notice of the breach from the Lender; provided, however that the Borrower shall not receive a 30 calendar day cure period under this subsection for any breach for which there is a specific Default set forth in this Section;

(c) The Borrower breaches (i) any covenant, representation, warranty, or other provision in any other Financing Document, which breach continues beyond any applicable grace or cure period, or (ii) the provisions of Sections 3.02(d), (e), and (f) of this Deed of Trust;

(d) Any portion of, or interest in, the Property is sold, leased, subleased, transferred, encumbered, or otherwise conveyed, without the prior written consent of the Lender;

(e) The Borrower fails to comply with any requirement of any Governmental Authority within 30 days after written notice of the requirement is made or within any other time period set by the Governmental Authority; or if any proceeding is commenced or action taken to enforce any remedy for a violation of any requirement of a Governmental Authority or any restrictive covenant affecting any part of the Property;

(f) An event of default occurs under any Encumbrance encumbering any portion of the Property regardless of whether or not the Encumbrance is a Permitted Encumbrance; or

(g) A default or event of default occurs under the terms of any of the other Financing Documents, which default is not cured within any applicable grace or cure period.

Section 4.02. Remedies .

(a) Upon the occurrence of any Default and after any applicable grace or cure period, prior to exercising any other remedy under this Deed of Trust the Lender shall require the immediate repayment of the entire outstanding principal indebtedness, together with all accrued interest, under the Note and any Obligations.

(b) In the event the Borrower fails to repay the full amount of the Obligations as provided in subsection (a) above within 10 days after the Lender sends a written notice of default, acceleration, and demand for payment, the Lender may:

(i) At any time proceed to protect and enforce all rights and remedies available to the Lender under this Deed of Trust or by Law, by any other proceedings, whether for specific performance of any agreement contained in this Deed of Trust, damages, or other relief;

(ii) Enter into possession of the Property, take over and complete the Project and discharge and replace any of the contractors. The Lender, and its successors and assigns, are hereby authorized and irrevocably appointed (which appointment is coupled with an interest) to enter into contracts, incur obligations, enforce any contracts and agreements previously made by or on behalf of the Borrower and do all things necessary or proper to complete the Project, including the signing

of Borrower's name to any documents that the Lender deems necessary or desirable. The Lender shall not be required to expend its own funds to complete the Project, but may, at its option, advance those funds. Any funds advanced shall be paid to the Lender by the Borrower on demand, with interest at a rate equal to 12% per annum, and become a part of the Obligations secured by this Deed of Trust. Neither this Deed of Trust nor any action taken under it shall impose any obligation upon the Lender to complete the construction of the Project or fulfill any obligation of the Borrower in connection with the Project;

(iii) Enter upon, take possession of, lease and operate the Property, without becoming a mortgagee in possession; take possession of all Personalty, documents, books, records, papers and Accounts of the Borrower, exclude the Borrower, and its agents and servants, from the Property, and apply any Rents received as provided in Section 5.04; and

(iv) With respect to any Lease assigned under this Deed of Trust (1) perform any obligations of the Borrower, and exercise any rights of the Borrower, as fully as the Borrower could, with or without bringing any legal action or seeking the appointment of a receiver for the Borrower, (2) make, enforce, modify, or accept the surrender of any Lease, (3) retain or evict any tenant, (4) fix or modify rent with respect to any portion of the Property, and (5) sue for or otherwise collect any Rents, and apply the Rents in the manner provided in Section 5.03 below .

(c) All remedies provided for in this Deed of Trust or by Law are cumulative and are in addition to any other rights and remedies available to the Lender under any Law. The exercise of any right or remedy by the Lender shall not constitute a cure or waiver of any Default by the Borrower, nor invalidate any act done pursuant to any notice of Default, nor prejudice the Lender in the exercise of those rights, unless the Borrower repays the full amount of the Obligations to the Lender.

(d) The failure of the Lender to insist upon performance of any term of this Deed of Trust shall not constitute a waiver of any term of this Deed of Trust. No act of the Lender shall be construed as an election to proceed under any one provision in this Deed of Trust to the exclusion of any other provision, unless the Borrower repays the full amount of the Obligations to the Lender.

(e) If the Lender suspends or terminates this Deed of Trust, the rights and remedies available to the Lender shall survive the suspension or termination.

(f) If the Lender elects by a written notice to the Borrower it may exercise its right to receive the Rents and apply them to the Loan as set forth in Section 4.04 below.

Section 4.03. Assent to Decree; Power of Sale .

(a) Upon the occurrence of any Default, the Borrower agrees to the passage of a decree for the sale of the Property and authorizes the Trustees to sell the Property. Any sale of the Property under the authority of this Deed of Trust shall be conducted in accordance with the provisions of any applicable Law of the State relating to mortgages. Upon the sale of the Property, the proceeds shall be applied in the following order of priority:

(i) To pay all expenses incident to the sale, and a commission to the party making sale of the Property equal to the commission allowed trustees for making sale of property by virtue of a decree of a Court of equity having jurisdiction in the State;

-
- (ii) To pay all Claims of, and Obligations owed to, the Lender, whether the same shall have matured or not; and
 - (iii) Any surplus shall be paid to the Borrower or to any person or entity entitled to payment.

(b) The Borrower may possess the Property until Default by the Borrower.

Section 4.04. Additional Security; Assignment of Leases and Rents.

In the event that the Borrower enters into a Lease the following provisions shall apply:

(a) Assignment. As additional security to assure the Borrower's payment and performance of the Obligations, the Borrower absolutely assigns to the Trustees, in trust for the Lender, and grants to the Trustees a continuing security interest under the Maryland Uniform Commercial Code in all of the Borrower's right, title, and interest in and to all Leases and Rents, together with any guarantees of the obligations of a lessee under any Lease.

(b) Borrower's Rights. As long as no Default has occurred, the Borrower shall have the right to (i) collect and receive the Rents, but not more than one month prior to accrual, and (ii) exercise the rights of the lessor under the Leases. The Borrower's right to collect Rents shall terminate automatically upon the occurrence of a Default.

(c) Application of Rents. Upon the occurrence of a Default, the Borrower grants to Trustees or the Lender the exclusive irrevocable power to act as agent, or to appoint a third person to act as agent for the Borrower, with power to take possession of, collect and apply the Rents, at the option of the Lender, to the payment of the Loan, any Expenses, and any costs of operating or managing the Property, in the order of priority that the Lender determines in its sole discretion, and to turn any balance remaining over to the Borrower. The collection of the Rents shall not operate as the Trustees' or the Lender's approval of any lessee or Lease if the Borrower's title to the premises is acquired by the Lender. The Trustees or the Lender shall be liable to account only for Rents actually received by them.

(d) Power of Attorney. The Borrower hereby appoints the Lender as the Borrower's true and lawful attorney-in-fact, with full power of substitution, in its name or in the Lender's name, after the occurrence of a Default, to sue for or settle any Claims arising under any Lease, and to demand, collect, and receive any Rents. This power of attorney shall be deemed to be coupled with an interest, shall be irrevocable, and shall not terminate on the disability of the Borrower. It is the intention of the Borrower that all persons may rely upon this power of attorney until this Deed of Trust is terminated.

(e) Payment by Tenants to the Trustees or the Lender. The lessees under any Lease are authorized and directed, upon written demand by the Trustees or the Lender, to pay all amounts due to

the Borrower under a Lease to the Trustees or the Lender, or to any nominee designated by the Lender in writing to the lessees. Each lessee is expressly relieved of any obligation to the Borrower with respect to all payments so made.

(f) Trustees and Lender Not Liable for Performance under Leases. The Trustees and the Lender are under no obligation to exercise any of the rights assigned to them under this Deed of Trust, or to perform any of the obligations of the Borrower under any of the Leases. The Trustees and the Lender do not assume any liabilities of the Borrower arising out of the Leases. This assignment does not place any responsibility for the control, management, or repair of any part of the Property upon the Trustees or the Lender, or make the Trustees or the Lender liable for (i) any waste of the Property by any lessee or any other party, (ii) any dangerous or defective condition of the Property, or (iii) any negligence in the management, upkeep, repair or control of the Property.

(g) No Merger. The Borrower, without the prior written consent of the Lender, shall not cause or permit the leasehold estate under any Lease to merge with the Borrower's reversionary interest.

Section 4.05. Waivers and Agreements Regarding Remedies.

To the full extent permitted by Law, the Borrower:

(a) Agrees that it will not take advantage of any Laws for appraisal, valuation, stay, extension, or redemption, and waives all rights of redemption, valuation, appraisal, stay of execution, extension, and notice of election to accelerate the Obligations;

(b) Waives all rights to a marshaling of the assets of the Borrower, or to a sale in the inverse order of alienation in the event of a foreclosure of the Property, and shall not assert any right under any Law pertaining to the marshaling of assets, the sale in inverse order of alienation, the exemption of homestead, the administration of estates of decedents, or any other matters which would affect the rights of the Lender to sell the Property or to pay the Obligations out of the proceeds of the sale of the Property;

(c) Waives any right to assert any defense, counterclaim, or setoff, other than one that denies the existence or sufficiency of the facts upon which any foreclosure action is grounded. If any defense, counterclaim, or setoff is based on a Claim that could be tried in an action for money damages, that Claim may be brought in a separate action, which shall not be consolidated with the foreclosure action. The bringing of a separate action for money damages by the Borrower shall not grounds for staying the foreclosure action; and

(d) Waives any rights and remedies that the Borrower may have under any Laws pertaining to the rights and remedies of sureties.

Section 4.06. Uniform Commercial Code.

The Trustees may proceed under the Uniform Commercial Code of the State as to any part of the Personalty, and may exercise all of the rights, remedies, and powers of a secured creditor under the Uniform Commercial Code of the State. Upon the occurrence of any Default, the Borrower

shall assemble all of the Equipment and make the same available within the Improvements. Any notification required by Section 9-611 of the Uniform Commercial Code of the State shall be deemed reasonably and properly given if sent in accordance with the notice provision of this Deed of Trust at least 10 days before any sale or other disposition of the Personalty. Disposition of the Personalty shall be deemed commercially reasonable if made pursuant to a public sale advertised at least twice in a newspaper of general circulation in the community where the Property is located. Proceeds from any such sale shall be applied as follows: (a) first, to pay all Expenses incurred in connection with the sale, and (b) the balance, if any, to payment of the Obligations.

ARTICLE V
MISCELLANEOUS

Section 5.01. Notices.

(a) All communications between the parties made pursuant to this Deed of Trust shall be in writing.

(b) Any communication shall (a) when mailed, be effective three business days after it is deposited in the mail, (b) when mailed for next day delivery by a reputable overnight courier service, be effective one business day after mailing, and (c) when sent by fax, be effective when it is faxed and receipt of the communication is confirmed by return fax. Communications shall be delivered to the office of the addressee, as follows:

- (i) Communications to the Lender shall be mailed to:
Department of Business and Economic Development
217 East Redwood Street, 22nd Floor
Baltimore, Maryland 21202
Attention: Financing Programs Accounting and Administration
FAX Number: (410) 333-6931

With a copy to the Counsel to the Lender, on the 11th Floor at the same address, or if by fax, to 410-333-8298.

- (ii) Communications to the Borrower shall be mailed to:
Glenn E. Eanes, Vice President and Treasurer
American Woodmark Corporation
3102 Shawnee Drive
Winchester, Virginia 22601
FAX Number: 540-665-9176

(c) The Borrower and the Lender may change their notice addresses by sending written notice to the other party.

Section 5.02. Assignment.

(a) No benefit or burden imposed on the Borrower under this Deed of Trust may be assigned without the prior written consent of the Lender.

(b) The Borrower acknowledges that immediately following the execution of this Deed of Trust, the Lender will assign all of its rights and interest in this Deed of Trust and all of the other Financing Documents to the Department. Immediately following the assignment of the Financing Documents to the Department shall accede to the rights of the Lender under the Financing Documents and all references to the “Lender” in the Financing Documents shall be deemed to mean the Department. Following the assignment of the Financing Documents to the Department, the Lender shall have no further liability to the Borrower in connection with the Loan or the Financing Documents. In addition, all representations and warranties made by the Borrower in the Financing Documents, and all instruments, certification, or documents delivered by the Borrower in connection with the Financing Documents, shall be deemed to run to the benefit of, and be enforceable by, the Department.

Section 5.03. Successors Bound.

This Deed of Trust shall inure to the benefit of, and shall be binding upon, each of the parties and their successors and permitted assigns. This Deed of Trust shall also benefit the Trustees and any substitute Trustees.

Section 5.04. Severability.

The invalidity of any part of this Deed of Trust shall not affect the validity of the remaining provisions of this Deed of Trust.

Section 5.05. Entire Agreement.

This Deed of Trust and the other Financing Documents constitute the entire agreement between the Borrower and the Lender and supersede all prior oral and written agreements, representations, and negotiations between the parties concerning the Loan and the Obligations. If there is any inconsistency between this Deed of Trust and the other Financing Documents, on the one hand, and the Application or the Commitment Letter, on the other hand, the provisions of this Deed of Trust and the other Financing Documents shall prevail.

Section 5.06. Amendment of Deed of Trust.

This Deed of Trust may be amended only in writing executed by the Lender and the Borrower.

Section 5.07. Headings.

The headings used in this Deed of Trust are for convenience only and do not constitute a part of this Deed of Trust.

Section 5.08. Disclaimer of Relationships .

The Borrower acknowledges that the obligation of the Lender is limited to making the Loan on the terms set forth in this Deed of Trust. Nothing in this Deed of Trust, and no act of the Lender or the Borrower, shall be deemed to create any relationship of third-party beneficiary, principal and agent, limited or general partnership, joint venture, or any other relationship between the Borrower and the Lender. In addition, by inspecting any part of the Property or by accepting or approving any action of the Borrower under any of the Financing Documents, the Lender and the Trustees shall not be considered to warrant the condition, legality, or sufficiency of any part of the Property or any action taken or not taken by the Borrower.

Section 5.09. Governing Law .

This Deed of Trust shall be governed by the laws of the State.

Section 5.10. Term of Deed of Trust .

Except as otherwise provided in this Deed of Trust, unless sooner terminated by the mutual consent of the Borrower and the Lender, this Deed of Trust shall remain in full force and effect until the date the Department cancels the Note and the Loan Agreement is terminated.

Section 5.11. Illegality .

If performance of any obligation in this Deed of Trust would require the performing party to violate the Law, then the performance shall be reduced to the level permitted by Law, and if (1) any provision of this Deed of Trust, other than provisions requiring the Borrower to pay interest, principal, principal and interest, or any other of the Obligations, operates, or would operate, to invalidate any part of this Deed of Trust, then such provision only shall be void as though not set forth in this Deed of Trust, and the remainder of this Deed of Trust shall remain in full force and effect, (2) any provision of this Deed of Trust requires the Borrower to pay interest, principal, principal and interest, or any other of the Obligations, then at the option of the Lender, the entire unpaid sum under the Loan, with all unpaid interest accrued thereon, and all other unpaid Obligations shall become due and payable.

Section 5.12. WAIVER OF JURY TRIAL .

THE BORROWER HEREBY VOLUNTARILY AND INTENTIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER AND IN CONNECTION WITH THE LOAN OR ANY OF THE FINANCING DOCUMENTS.

Section 5.13. Taxes .

The Borrower shall pay all transfer taxes, documentary stamp taxes, real estate taxes, recording fees, and other Taxes and Expenses in connection with the execution and delivery of the Financing Documents.

ARTICLE VI
TRUSTEES

Section 6.01. Substitute or Successor Trustees .

The Lender has the irrevocable power to remove and substitute one or more of the Trustees named in this Deed of Trust, or substituted therefor, for any reason and without notice, by recording a deed of appointment among the land records where this Deed of Trust is recorded. Upon the filing of the deed of appointment all of the title, powers, rights, and duties of the superseded Trustee shall terminate and shall be vested in any successor Trustee. The Borrower and the Trustees, their substitutes, successors, and assigns, waive notice of the exercise of this power, the giving of a bond by any Trustee, and any requirement for application to any court for removal, substitution or appointment of a Trustee under this Deed of Trust. In addition, the act of any one Trustee shall be effective for all purposes under this Deed of Trust, and any person may rely upon any document executed by one Trustee, as though it had been executed by all of the current Trustees.

Section 6.02. Liability of Trustees .

With respect to the Borrower, the Trustees (a) shall have no liability for, and make no warranties in connection with, the validity or enforceability of any of the Financing Documents, or of the description, value, or status of title to the Property, (b) shall be protected in acting on any document believed by them to be genuine and to have been signed by the party or parties purporting to sign it, (c) shall not be liable for any error of judgment, for any act done or step taken or omitted, for any mistakes of law or fact, or for anything that they may do or refrain from doing in good faith, and generally shall have no accountability under this Deed of Trust except for willful misconduct or gross negligence, (d) may exercise their duties and powers under this Deed of Trust through any attorneys, agents, or servants as they may appoint, and shall have no liability or responsibility for any act, failure to act, negligence, or willful conduct of any such attorney, agent, or servant, so long as they were selected with reasonable care, (e) may consult with legal counsel selected by them and shall have no liability or responsibility by reason of any act or failure to act in accordance with the opinions of their counsel, (f) may act hereunder and may sell or otherwise dispose of any part of the Property as provided in this Deed of Trust, although the Trustees have been, may now be, or may be in the future, attorneys, officers, agents, or employees of the Lender, and (g) shall have no obligation to sell any part of the Property on the occurrence of a Default or take any other action authorized under this Deed of Trust, except upon demand of the Lender.

ARTICLE VII
NET PROCEEDS

Section 7.01. Application of Net Proceeds .

Net Proceeds must be applied to either (i) the payment of the Obligations, or (ii) the restoration, renovation, or replacement of any Improvements or any other Property. If a Default has occurred and is continuing, the Lender shall determine, in its sole discretion, the manner in which

Net Proceeds are to be applied. If no Default has occurred or is continuing, the Borrower shall determine the manner in which Net Proceeds are to be applied. If any Net Proceeds are to be applied to the restoration, renovation, or replacement of effected Improvements, or any other Property, each of the following conditions must also be met:

(a) If a Default has occurred and is continuing, an escrow account shall be established with the Lender into which shall be deposited the Net Proceeds, and, if necessary, additional deposits by the Borrower, that, in the sole judgment of the Lender are sufficient to restore the Property to its use, value, and condition immediately prior to the Casualty or Condemnation. No interest will be paid on funds in the escrow account. If no Default has occurred or is continuing, then the Borrower shall deposit the Net Proceeds in a separate account. The Borrower assigns to, and grants the Lender a security interest in, the escrow account or separate account, and the funds therein to secure the payment and performance of the Obligations.

(b) All Leases shall continue in full force and effect (subject to any rent abatement during restoration provided for in the Leases) or, if terminated, the terminated Leases shall be replaced with Leases of equal quality in the judgment of the Lender. Any lessee that has the right to terminate its Lease due to Casualty or Condemnation, and has not exercised that right, shall confirm to the Lender in writing its irrevocable waiver of its termination right.

(c) Proceeds from any rental loss or business interruption insurance, or other funds of the Borrower, shall be available to the Borrower in amounts determined by the Lender to be sufficient to pay the debt service under the Note, and all Property assessments, insurance premiums and other sums becoming due from the Borrower under any of the Financing Documents during the time required for restoration.

(d) All restoration shall be conducted under the supervision of an architect or engineer, or both, selected and paid for by the Borrower.

(e) The restoration shall be performed pursuant to plans and specifications approved by appropriate Governmental Authorities and, if required, by the Lender.

(f) If required by the Lender in its sole discretion, all contractors responsible for the restoration shall obtain payment and performance bonds from a corporate surety acceptable to the Lender, naming the Lender as dual obligee.

(g) The Borrower shall keep the Lender informed on a timely basis of the progress of the any rehabilitation, renovation, or restoration of the Property.

Section 7.02. Failure to Meet Conditions .

If any of the foregoing conditions are not satisfied, the Lender may, in its sole discretion, apply Net Proceeds to the payment of the Obligations.

Section 7.03. Restoration.

If applied to restoration and the Borrower is required to deposit Net Proceeds in an escrow account under Section 7.01, Net Proceeds and any other funds required to be deposited with the Lender shall be disbursed in accordance with the terms of the construction loan agreement most commonly used by the Lender at the time of the Casualty or Condemnation for major commercial construction loans, and subject to the following conditions, which shall control if there is any conflict with the provisions of the construction loan agreement:

(a) Restoration shall begin within 30 days after receipt of the Net Proceeds by the Lender and shall be completed within a time period determined by the Lender in view of the extent of the Casualty or Condemnation.

(b) At the time of each disbursement, (i) no Leases shall be terminated that either singularly or in the aggregate affect more than 10% of the leasable area of the Property unless those Leases have been replaced with Leases of equal quality, in the judgment of the Lender, and (ii) no Default shall have occurred.

(c) Accompanying each request for a disbursement, the Lender shall receive (i) a certificate addressed to the Lender from the architect or engineer supervising the restoration stating that the disbursement is to pay the cost of restoration not paid previously by any prior disbursement, that all restoration completed to the date of the certificate has been completed in accordance with applicable Laws and the approved plans and specifications, and that the amount of the requested disbursement, together with all other disbursements, does not exceed 90% of the aggregate of all costs incurred or paid on account of work, labor or services performed on, and material installed, in, the Property at the date of the certificate, and (ii) evidence that all Claims then existing for labor, services, and materials have been paid in full or will be paid in full from the proceeds of the disbursement requested.

(d) The final 10% holdback shall be disbursed only upon delivery to the Lender, in addition to the items required in paragraph (iv) above, of the following:

(i) Final waivers of Liens from all contractors and subcontractors;

(ii) A certificate of the architect or engineer stating that the restoration has been completed in a good and workmanlike manner, in accordance with the plans and specifications and all applicable Laws; and

(iii) An estoppel affidavit from each lessee occupying space in the Property stating that it's Lease is in full force and effect.

(e) Immediately on the occurrence of a Default, the Lender may apply Net Proceeds and any other sums deposited with the Lender to the repayment of the Obligations.

IN WITNESS WHEREOF , the Borrower has caused this Deed of Trust to be executed and delivered as of the date first above written.

WITNESS:

AMERICAN WOODMARK CORPORATION

/s/ James L. Cooper
Name: James L. Cooper

By: /s/ Glenn Eanes (SEAL)
Name: Glenn Eanes
Title: Vice President and Treasurer

COMMONWEALTH OF VIRGINIA, CITY/COUNTY OF Frederick, TO WIT:

I HEREBY CERTIFY that on this 7th day of February, 2005, before me, a Notary Public in the Commonwealth of Virginia, personally appeared Glenn Eanes, who acknowledged himself/herself to be the Vice President and Treasurer of the American Woodmark Corporation, known or satisfactorily proven to me to be the person whose name is subscribed to this document, and acknowledged that she/he executed it on behalf of the American Woodmark Corporation, as its duly authorized _____.

AS WITNESS my hand and Notarial Seal.

Brenda Lee Clark
Notary Public

My Commission expires: 04/30/2007

This is to certify that the within instrument has been prepared by or under the supervision of the undersigned Maryland attorney, or by a party to this instrument.

/s/ W. David Rawle
W. David Rawle
Assistant Attorney General

RETURN TO:

DEED OF TRUST AND
ASSIGNMENT OF LEASES AND RENTS

EXHIBIT A

PROPERTY DESCRIPTION

All that piece or parcel of land situated between the B&O Railroad and U.S. Route 220, in Election District No. 7, near The Village of Pinto, Allegany County, Maryland and being more particularly described as follows; (Maryland Grid Meridian as taken from Minor Subdivision Plat No. 1626 and horizontal measurements) being used thru—out to wit:

Beginning for the same at a 1/2" iron pin with cap found at the end of the 13th line of a deed dated March 13, 2002, from First United Bank & Trust, Eva Mae Barton, John W. Barton, M. Colleen Nelson, and Eva H. Crist to the Maryland Economic Development Corporation, recorded in Deed Liber 702, Folio 712, thence with the entire 14th through the 21st lines of said deed;

1. South 41 degrees 40 minutes 43 seconds West for a distance of 165.02 feet to a 5/8" iron pin with cap found, thence;
2. South 50 degrees 53 minutes 00 seconds East for a distance of 1236.99 feet to a point, passing at 1227.73 feet a 5/8" iron pin with cap found, thence running with the westerly limit of The B&O Railroad 45 feet from said centerline;
3. South 21 degrees 54 minutes 10 seconds West for a distance of 357.68 feet to a 5/8" iron pin with cap set 45 feet from said centerline, thence around an existing cemetery;
4. North 68 degrees 14 minutes 04 seconds West for a distance of 67.06 feet to a 5/8" iron pin with cap set, thence;
5. South 21 degrees 46 minutes 17 seconds West for a distance of 123.67 feet to 5/8" iron pin with cap set, thence;
6. South 68 degrees 14 minutes 04 seconds East for a distance of 67.12 feet to a 5/8" iron pin with cap set on the westerly limit of the B&O Railroad 45 feet from said centerline, thence running with said limit;
7. South 21 degrees 44 minutes 33 seconds West for a distance of 324.54 feet to a 5/8" iron pin with cap set 45 feet from said centerline, thence;
8. South 26 degrees 56 minutes 57 seconds West for a distance of 183.94 feet to a 5/8" iron pin with cap set, thence leaving the railroad and running with a portion of the 22nd line of the aforesaid deed recorded in Liber 702, Folio 712;
9. North 51 degrees 02 minutes 45 seconds West for a distance of 756.03 feet to a 5/8" iron pin with cap set at the end of the 3rd line of a deed dated July 2, 2004, from William Harold Moran and Mary Ellen Moran to the Board of County Commissioners of Allegany County, Maryland, recorded in deed liber 732, folio 681, and running thence with the 4th and 5th lines of said deed as corrected, and with the line of a fence;
10. South 35 degrees 28 minutes 25 seconds East for a distance of 398.00 feet to a fence post, thence leaving the fence;
11. North 51 degrees 02 minutes 45 seconds West for a distance of 1113.09 feet to a 5/8" iron pin with cap set on the easterly limit of U.S. Route 220 and running with said right of way margin;
12. North 32 degrees 58 minutes 27 seconds East for a distance of 171.39 feet to a 5/8" iron pin with cap set, thence;

13. North 30 degrees 53 minutes 17 seconds East for a distance of 133.51 feet to a 5/8" iron pin with cap set, thence;
14. North 25 degrees 44 minutes 50 seconds East for a distance of 20.00 feet to a 5/8" iron pin with cap set, thence;
15. North 25 degrees 44 minutes 50 seconds East for a distance of 80.00 feet to a 5/8" iron pin with cap set, thence;
16. South 45 degrees 09 minutes 15 seconds East for a distance of 26.59 feet to a 1/2" iron pin with cap found, thence;
17. North 23 degrees 15 minutes 51 seconds East for a distance of 472.34 feet to a point at the intersection of the easterly margin of U.S. Route 220 and the southerly margin of Barton Park Drive, thence leaving U.S. Route 220 and running with said Barton park Drive, 60 feet from the center thereof, and with new division lines through the whole tract of which this is a part;
18. South 55 degrees 31 minutes 19 seconds East for a distance of 38.19 feet to a point, thence;
19. South 62 degrees 22 minutes 02 seconds East for a distance of 36.20 feet to a point, thence;
20. 467.80 feet along the arc of a curve to the left, having a radius of 355.00 feet and being subtended by a chord bearing North 79 degrees 52 minutes 57 seconds East for a distance of 434.68 feet to a point, thence;
21. North 42 degrees 07 minutes 56 seconds East for a distance of 324.66 feet to a point, thence leaving Barton Park Drive;
22. South 51 degrees 29 minutes 08 seconds East for a distance of 124.45 feet to the place of beginning, containing 47.371 acres more or less.

Together with and subject to covenants, easements, and restrictions of record and as shown on Minor Subdivision flat No. 1626.

All of the above described parcel being part of a deed dated March 13, 2002, from First United Bank & Trust, Eva Mae Barton, John W. Barton, M. Colleen Nelson, and Eva H. Crist to the Maryland Economic Development Corporation, recorded in Liber 702, Folio 712, and all of a deed dated July 2, 2004, from William Harold Moran and Mary Ellen Moran to the Board of Commissioners of Allegany County, Maryland, recorded in deed Liber 732, Folio 681, and all of a deed dated July 2, 2004 from Jack J. Duke to the Board of County Commissioners of Allegany County, Maryland, recorded in deed Liber 732, Folio 686, and all of a deed dated July 2, 2004 from Arden William Haycock and Vivian Elaine Haycock to the Board of County Commissioners of Allegany County, Maryland, recorded in deed Liber 732, Folio 678, all among the land records of Allegany County, Maryland.

The portion of the total tract described above being conveyed from Maryland Economic Development Corporation to the Grantor is 37.108 acres, more or less.

AGREEMENT OF SALE

THIS AGREEMENT OF SALE (this "Agreement"), is entered into as of this 15th of December, 2004 (the "Effective Date") between the **BOARD OF COUNTY COMMISSIONERS OF GARRETT COUNTY**, a political subdivision of the State of Maryland (the "Seller"), having an address at 203 South 4th Street, Courthouse Room 208, Oakland, Maryland 21550, Attention: Mr. James Hinebaugh, and **AMERICAN WOODMARK CORPORATION**, a body corporate organized and existing under the law of the State of Virginia having an address at 3102 Shawnee Drive, Winchester, Virginia 22601-4208, Attention: Mr. Glenn Eanes, Vice President & Treasurer (the "Buyer").

Recitals

1. The Seller owns a parcel of real property (as described below), which the Buyer desires to purchase and Seller desires to sell, and

WITNESSETH, THAT FOR AND IN CONSIDERATION of the mutual covenants and agreements of the parties hereto, as are set forth below, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged by each party hereto, the Seller hereby agrees to sell to the Buyer and the Buyer hereby agrees to purchase from the Seller all of that parcel of land in Garrett County, Maryland, containing 37 acres of land, more or less, which is more fully described on Exhibit A attached hereto,

TOGETHER WITH any improvements thereon, and any rights, alleys, ways, waters, privileges, appurtenances and advantages, to the same belonging or in any way appertaining (all of which land, improvements and appurtenances are referred to collectively as the "Property"), but reserving unto the Seller title to all streets and roads adjoining the Property.

ON THE TERMS AND SUBJECT TO THE CONDITIONS set forth in this Agreement:

Section 1. Purchase Price. The Buyer shall pay to the Seller (i) as the purchase price for the Property an amount equal to One Million Two Hundred Ninety-Five Thousand Dollars (\$1,295,000.00) (the "Purchase Price"), except that the Purchase Price shall be adjusted at Closing to equal the product obtained by multiplying \$35,000 by the acreage of the Property (computed to three decimal places) as shown on a survey of the Property obtained by the Seller prior to Closing. At Closing, the Buyer shall pay to the Seller the entire Purchase Price for the Property by executing and delivering to the Seller a Deed of Trust Note, Loan Agreement, and Deed of Trust in forms acceptable to the parties and to the Department of Business and Economic Development, a principal department of the State of Maryland ("DBED"), and in the amount of the Purchase Price.

Section 2. Conditions Precedent; Title.

2.1. Conditions Precedent. The Buyer's obligation under the terms of this Agreement to complete Closing shall be conditioned on the satisfaction (or the Buyer's written waiver thereof) of each of the following conditions precedent:

2.1.1. Representations. Each of the Seller's representations in Section 4 of this Agreement shall be true and accurate in all material respects.

2.1.2 Feasibility Period. The Buyer shall have until 5:00 p.m. on the twenty-eighth (28th) day after the Effective Date (as it may be extended, the “Feasibility Period”), during which time the Buyer may determine, in its sole and absolute discretion, the feasibility of its acquisition and development of the Property by conducting, at its own expense, any investigations, studies, and surveys as it deems appropriate. If the Buyer gives notice to the Seller at any time during the Feasibility Period that it has decided, in its sole and absolute discretion, not to purchase the Property, this Agreement shall terminate and neither party shall have any further obligation to the other under this Agreement, except for the Seller’s and the Buyer’s respective obligations under Sections 6.2 and 9 (the “Surviving Obligations”), which shall survive termination. If the Buyer does not give such notice of termination prior to the end of the Feasibility Period, the Buyer shall be deemed to have conclusively waived its right to terminate this Agreement under the foregoing provisions. The Feasibility Period may be extended in the sole discretion of the Seller.

2.2. Title Commitment. Within five (5) days following the Effective Date, the Buyer, at the Buyer’s expense, shall order a title commitment for the Property (the “Commitment”), together with a copy of all documents of record and all exceptions to title to the Property as indicated in the Commitment from a title company of the Buyer’s choosing (the “Title Company”). If the Commitment discloses defects in title or other adverse matters other than (a) utility easements, setback restrictions and other easements, covenants and restrictions required in connection with the development of the Property which do not materially, adversely affect the Buyer’s intended development of the Property, (b) non-delinquent real estate taxes, or (c) any other title or survey defect not objected to by the Buyer set forth in the Commitment (the “Permitted Title Exceptions”), the Buyer shall notify the Seller of these defects on or before the fifteenth (15th) day after the Effective Date. If the Buyer does not give notice within such time, the Buyer shall be conclusively deemed to have accepted all title matters with respect to the Property. Upon receipt of notice from the Buyer that any title defects or other matters shall exist with respect to the Property, other than a Permitted Title Exception, the Seller, within ten (10) days after receipt of the Buyer’s notice, shall notify the Buyer in writing whether the Seller will remedy any or all such title defects or other objectionable matters prior to Closing. If the Seller does not agree to cure all such title defects and other objectionable matters prior to Closing, the Buyer may, by written notice to the Seller given within five (5) days after receipt of the Seller’s notice, (x) waive any such title defects or other objectionable matters that the Seller has not agreed to cure in which case such defects, or matters shall be deemed to be Permitted Title Exceptions, or (y) terminate this Agreement, whereupon neither party shall have any further rights or obligations under this Agreement except for the Surviving Obligations.

Section 3. Closing, Title and Possession

3.1. Closing. The settlement of the purchase and sale of the Property (the “Closing”) shall take place at 10:00 a.m. on or before the sixtieth (60th) day after the Effective Date (the “Outside Closing Date”), at a location acceptable to the Buyer and the Seller (or on any earlier date designated by the Buyer by a notice given to the Seller at least 10 days prior thereto).

3.2. Title. At Closing, the Seller shall convey to the Buyer the title to the Property in fee simple, by a special warranty deed, subject only to the Permitted Title Exceptions.

3.3. Possession and Burden of Risk. At Closing, the Seller shall deliver to the Buyer possession of the Property, free of any tenancies and other rights or claims of right to its use or occupancy. Until Closing, the Seller shall bear the risk of any damage to or destruction of any improvements on the Property.

3.4. Closing Costs; Adjustments.

3.4.1. Recordation Costs. The Buyer shall pay all state and county recordation taxes, documentary stamp taxes and transfer taxes, including all agricultural land transfer taxes. The Buyer shall pay any recording fees, lien certificate charges, survey costs, title examination fees, title insurance premiums, and all other costs incurred in recording the deed among the Land Records of Garrett County, Maryland. The Seller hereby notifies the Buyer that the conveyance of the Property to the Buyer may be subject to the agricultural land transfer tax imposed under subtitle 3, title 13 of the Maryland Tax-Property Code.

3.4.2. Taxes. All general and special real property taxes and metropolitan district, front-foot benefit, water rent or other charges levied or assessed against the Property by any public or quasi-public authority before, at or as a result of Closing, (collectively, the "Taxes"), shall be (a) apportioned between the parties hereto as of Closing, based upon the Taxes or (if payable in installments) installment thereof for the entire year or other period during which Closing occurs (except for any penalty for post payment thereof, which shall be paid by the Seller at or before Closing), and any adjustment required to accomplish the same may be made after Closing, if necessary, and (b) paid thereafter by the Buyer.

3.4.3. Legal Fees. Each party shall pay its own legal fees in connection with the transactions contemplated under this Agreement and the Closing.

Section 4. Representations.

4.1. To induce the Buyer to enter into this Agreement, the Seller hereby represents and warrants to the Buyer that, on the date hereof and as of the date of Closing:

4.1.1. To the best of the Seller's knowledge, information, and belief, there are no leases of or other rights of possession, use or occupancy in, on or through the Property;

4.1.2. To the best of the Seller's knowledge, information, and belief, there are no threatened or pending annexation or condemnation proceedings, or other litigation or proceedings against or affecting any part of the Property; and

4.1.3. To the best of the Seller's knowledge, information, and belief, the Seller has not entered into any other contract of sale for any part of the Property, other than such as have previously been terminated and are no longer binding on the Seller, nor does any other party have a right of first refusal or option to purchase any portion of the Property.

4.2. To induce each other to enter into this Agreement, each person executing this Agreement on behalf of a party hereto hereby represents to the other that it has been duly authorized and empowered to execute this Agreement on behalf of such party, and has the full power and

authority to bind such party and that this Agreement constitutes the valid and binding obligation of such party.

4.3. At Closing, each party shall be deemed to have represented and warranted to the other party hereto that its respective warranties and representations under this Section 4 are true and accurate as of Closing (or, if any representation or warranty expressly provides that it is made to the best of such party's knowledge, then such party shall be deemed to have represented and warranted that such representation or warranty is, to the best of such party's knowledge, true and accurate as of Closing). The representations and warranties made in this Agreement, and the respective rights and obligations of the parties under this Section, shall survive Closing for a period of one year.

Section 5. Cooperation and Improvements.

5.1. Cooperation. The Seller shall, at the Buyer's request and expense before and after Closing, cooperate with the Buyer's efforts with regard to developing the Property, including joining in all applications for building permits and site and development plan approvals and amendments, the granting of or entry into which by any federal, state or local governmental or quasi-governmental authority having jurisdiction over the Property is necessary to permit the development and improvement of the Property for the purposes contemplated by the Buyer, and any other documents reasonably deemed necessary by the Buyer in connection therewith, and shall fully support and cooperate with the Buyer's efforts with respect to all of the foregoing. The Seller shall not incur any expense in cooperating with the Buyer, and any fees or other governmental charges required to be paid in connection with the execution of any of the foregoing documents requested by the Buyer shall be paid by the Buyer. Notwithstanding the foregoing, the Seller shall not be required to cooperate with or join in any approval which would not be permitted by law or impose any obligation, liability or expense on the Seller or that would burden any other property other than the Property. The Buyer agrees, in connection with all of the foregoing efforts of the Buyer, that the Buyer will provide to the Seller copies of all plans submitted to governmental authorities.

5.2. Improvements. The Buyer understands, acknowledges, and agrees that the Property is being sold and conveyed absolutely **AS IS** and the Seller makes no representations or warranties whatsoever as to the condition of the Property, its fitness or suitability for any purpose intended by the Buyer, the availability or adequacy of any utilities or facilities serving the Property, the presence of burial grounds or archaeological sites on the Property, or whether the Buyer will be able to obtain any permits or approvals to develop the Property.

Section 6. Right of Entry.

6.1. During the period beginning on the Effective Date and ending on the Closing Date, the Buyer and its employees, agents, contractors and subcontractors may at any time or times enter the Property and, while thereon, (a) make surveys and appraisals, take measurements, test borings, other tests of surface and subsurface conditions and soil tests, make structural and engineering studies, (b) inspect the Property, (c) secure and fence the Property, set up a construction trailer, bring construction equipment onto the Property, stake and utility mark the Property and install sediment control fencing, and (d) conduct other site development work approved by the Seller in writing (collectively, the "Pre-Construction Work") all at the Buyer's sole risk and expense, provided, however, that prior to entering the Property, the Buyer shall obtain and thereafter maintain in effect a commercial general liability insurance policy covering the Property in

the amount of Three Million Dollars (\$3,000,000) combined single limit per occurrence and Five Million Dollars (\$5,000,000) in the aggregate, and shall provide the Seller with an insurance certificate naming the Seller as additional insured under such policy. In addition, prior to performing any Pre-Construction Work, the Buyer shall obtain all governmental permits and approvals required therefor and shall provide copies thereof to the Seller. All Pre-Construction Work shall be performed only in accordance with all applicable laws, order, rules, and regulations of governmental authorities. No footings, foundations, utilities or other improvements may be placed, installed or constructed upon the Property by the Buyer prior to Closing without the prior written consent of the Seller, which consent may be made or withheld in the sole and absolute discretion the Seller.

6.2. If the Buyer exercises its rights under the foregoing provisions of this Section, it shall (a) keep the Property free and clear of any and all liens or claims resulting therefrom; (b) indemnify, defend, and hold harmless the Seller against any and all loss, liability, claims, damages or expenses (including reasonable attorneys' fees) incurred by the Seller for loss or damage to property and/or injuries to or death of persons arising therefrom; and (c) if Closing does not occur for any reason, promptly repair any damage to the Property caused by such exercise and in a condition equal to or better than before the exercise of said right of entry. The rights and obligations of the parties hereto under this Section 6.2 shall survive Closing or any earlier termination of this Agreement.

Section 7. Default.

7.1. At or Before Closing. Upon a default by either party in performing its obligations under this Agreement to complete Closing or in a timely fashion to take any action which it is required to take before Closing, the non-defaulting party may, by notifying the defaulting party, declare such default and exercise its rights under the following provisions of this Section.

7.1.1. If the Buyer is the defaulting party, the Seller shall be entitled to exercise any rights and remedies which are available to the Seller at law or in equity. The provisions of this Section 7.1.1 shall not limit the Buyer's liability under the Surviving Obligations.

7.1.2. If the Seller is the defaulting party, the Buyer shall be entitled, as its sole remedies at law or in equity, after such declaration of default to (a) seek specific performance of the Seller's obligation to convey the Property pursuant to this Agreement, the Buyer expressly waiving any right to recover damages against the Seller, or (b) terminate this Agreement. If the Buyer terminates this Agreement pursuant to the foregoing provisions of this paragraph, (i) this Agreement shall automatically terminate, and (ii) neither party shall thereafter have any further obligation to the other under this Agreement, except for the Surviving Obligations.

7.1.3. Notwithstanding anything in this Section to the contrary, neither party shall be entitled to exercise any right under this Agreement, or at law or in equity, on account of any default by the other party (other than a failure by such party to complete Closing in accordance with the provisions of this Agreement) unless it gives the defaulting party written notice of its intention to take such action by at least ten (10) days prior thereto, and unless during such period the defaulting party has not cured such default.

7.2. After Closing or Termination of Agreement. If either party defaults under the terms of this Agreement after Closing, the non defaulting party may exercise all rights or remedies which it has at law or in equity.

Section 8. Notices. Any notice, demand, consent, approval, request or other communication or document to be provided under this Agreement to a party (each of which is referred to as a "Notice") (a) shall be in writing, (b) shall be deemed to have been provided (1) on the third business day after being sent as certified or registered mail in the United States mails, postage prepaid, return receipt requested, or (2) on the next business day after being deposited (in time for delivery by such service on such business day) with Federal Express or another national overnight courier service, or (3) on the date of delivery, if delivered by hand with written receipt thereof, in each case to the address of such party set forth above or to any other address in the United States of America as a party may designate from time to time by Notice to the other party, and (c) (i) if provided to the Seller, shall also be provided to its attorney _____ N/A _____, Maryland _____ N/A _____, or (ii) if provided to the Buyer, shall also be provided to its attorney _____ N/A _____.

Section 9. Commissions. Each party represents and warrants to the other that, in connection with the sale and purchase of the Property, the party so representing and warranting has not dealt with any real estate broker, agent or finder. Each party shall indemnify and hold harmless the other against and from any inaccuracy in such party's representation. The rights, obligations, warranties, and representations of the parties under this Section shall survive Closing or any termination of this Agreement before Closing.

Section 10. General.

10.1. Effect. This Agreement (a) shall become effective on and only on its execution and delivery by both parties; and (b) represents the complete understanding between the parties as to its subject matter, and supersedes all prior written or oral negotiations, representations, guaranties, warranties, promises, statements, or agreements between the parties as to the same. No determination by any court, governmental body or otherwise that any provision of this Agreement is invalid or unenforceable in any instance shall affect the validity or enforceability of (a) any other provision, or (b) such provision in any circumstance not controlled by the determination. Each such provision shall be valid and enforceable to the fullest extent allowed by, and be construed wherever possible as being consistent with, applicable law.

10.2. Amendment. This Agreement may be amended by and only by an instrument executed and delivered by each party.

10.3. Applicable Law. This Agreement shall be given effect and construed by application of the law of Maryland, and any action or proceeding arising under this Agreement shall be brought in the courts of Maryland. By its execution hereof, the Buyer hereby agrees that jurisdiction and venue shall be proper in the Courts of Maryland or the United States District Court for Maryland.

10.4. Construction. As used in this Agreement, (a) the term "person" means a natural person, a trustee, a corporation, a partnership, a limited liability company and any other

form of legal entity; and (b) all references made (i) in the neuter, masculine or feminine gender shall be deemed made in all such genders, (ii) in the singular or plural number shall be deemed made, respectively, in the plural or singular number as well, (iii) to the Seller or the Buyer shall be deemed to refer to each person so named above and, subject to the provisions of Section 10.7, its respective successors and assigns, and (iv) to any Section or subsection shall, unless expressly stated to the contrary therein, be deemed made to such Section or subsection of this Agreement. The headings of all Sections, subsections, paragraphs, and subparagraphs are provided only for convenience of reference, and shall not be considered in construing their contents. Any writing or plat referred to in this Agreement as being attached as an exhibit or otherwise designated as an exhibit to this Agreement is made a part of this Agreement. This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which when taken together, shall constitute one and the same instrument.

10.5. Binding Effect. This Agreement shall be binding on and inure to the benefit of the parties hereto and, subject to the provisions of Section 10.7, their respective successors and assigns in interest hereunder.

10.6. Time of Essence. Time shall be of the essence of this Agreement, except that, whenever the last day for a party's exercise of any right or discharge of any obligation hereunder is a Saturday, Sunday or statutory holiday, such party shall have until the next day other than a Saturday, Sunday or statutory holiday to exercise such right or discharge such obligation.

10.7. Assignment. The Buyer shall not assign any or all of its rights under this Agreement without first obtaining the Seller's express, written consent thereto, which consent may be given or withheld in the sole and absolute discretion of the Seller.

10.8. Recordation. This Agreement may not be recorded by either party.

10.9 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be an original, but all of which, when taken together, shall constitute one document.

IN WITNESS WHEREOF , each party hereto has executed this Agreement the day and year set forth below such party's signature.

WITNESS:

/s/ CM Wellis
Name: CM Wellis

BOARD OF COUNTY COMMISSIONERS OF GARRETT COUNTY

By: /s/ Ernest J. Gregg
Name: Ernest J. Gregg
Title: Chairman

WITNESS:

Name: _____

AMERICAN WOODMARK CORPORATION

By: /s/ Glenn Eanes
Name: Glenn Eanes
Title: Vice President & Treasurer

The Department of Business and Economic Development ("DBED") joins in this Agreement for the sole purpose of acknowledging that it has agreed to make a \$1,750,000 Maryland Economic Development Assistance Authority and Fund grant (the "Grant") to the Seller, the proceeds of which are to be regranted to the Buyer to assist with the development of the Property. Further, DBED acknowledges that it has agreed to disburse up to \$1,000,000 of the Grant to the Seller to reimburse the Buyer for up to \$1,000,000 of general development costs incurred by the Buyer during the right of entry period specified in Section 6 of this Agreement regardless of whether the Buyer ultimately acquires the Property under the terms of this Agreement.

DEPARTMENT OF BUSINESS AND ECONOMIC DEVELOPMENT

By: /s/ Aris Melissaratos
Name: Aris Melissaratos
Title: Secretary

CONTRACT OF SALE

EXHIBIT A

Description of Land

HIGHLAND ENGINEERING & SURVEYING, INC.

1426 MEMORIAL DRIVE
OAKLAND, MARYLAND 21550
301-334-6185
(FAX) 301-334-8317

Description For Deed
November 2004

...all that certain tract, piece or parcel of lands and premises situate, lying and being in Election District 3 of Garrett County, Maryland, which is more particularly described as follows:

Beginning for the same at a ⁵/_s" rebar found marking the northeastern corner of lands of Robert Oester (Liber 250, page 75) thence with said lands

South 76°35'S1" West 256.90 feet to a ⁵/_g" rebar found, thence

North 1°18'42" West 676.14 feet with lands of Herbert W. Butler (Liber 383, page 457) to a concrete monument found, thence two courses with lands of the State of Maryland (Liber 187, page 553)

North 0°36'35" West 1226.90 feet to a 2" pipe found,

South 83°59'26" East 724.30 feet to a 1/2" rebar set, thence eight courses through lands of Board of County Commissioners of Garrett County, Maryland

South 15°07'SB" East 240.24 feet to a 1/2" rebar set,

South 81°51'44" East 138.37 feet to a 1/2" rebar set,

South 34°41'18" East 150.78 feet to a 1/2" rebar set,

South 5°37'50" West 129.31 feet to a 1/2" rebar set,

South 46°49'31" West 116.78 feet to a 1/2" rebar set,

South 0°09'40" West 1175.42 feet to a 1/2" rebar set,

South 86°34'48" West 465.45 feet to a 1/2" rebar set,

North 83°00'09" West 162.84 feet to the beginning, containing 36.873 acres, more or less. As shown on a plat recorded among the Land Records of Garrett County, Maryland in Plat Case DKM 2, file 351.

Being part of the lands described in a conveyance from the State of Maryland to the Board of County Commissioners of Garrett County, Maryland by deed recorded October 28, 2003 among the Land Records of Garrett County, Maryland in Liber 1007 at page 279.

Richard E. Skipper, Property Line Surveyor #351

EMPLOYMENT AGREEMENT

THIS AGREEMENT, made as of June 13, 2005, between Mr. James Gosa, (the "Employee") and American Woodmark Corporation, a Virginia corporation (the "Company").

WHEREAS, the Company desires to assure that it will have the benefit of the continued service and experience of the Employee, who is an integral part of the Company's senior management, and the Employee is willing to enter into an agreement to such end upon the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the foregoing and the mutual agreements herein contained, the parties agree as follows:

1. Employment. The Company hereby employs the Employee and the Employee hereby accepts employment upon and agrees to the terms and conditions set forth herein.

2. Term. The term of employment under this Agreement (the "Term") shall commence upon execution of this Agreement by both parties and end on December 31, 2006; provided, however, that beginning on January 1, 2006, and each January 1 thereafter, the Term of this Agreement shall automatically be extended for one additional calendar year unless, on or before November 1 of the preceding year, either party gives notice that employment under this Agreement will not be so extended; and further provided that if a Change of Control (as defined below) occurs during the original or extended term of this Agreement, this Agreement shall continue in effect for a period of 24 months beyond the month in which the Change of Control occurred.

Notwithstanding the foregoing, as provided in Section 7(c), this Agreement shall terminate immediately upon the Employee's death,

disability or retirement, or if the Employee voluntarily terminates his employment under circumstances to which Section 7(d) does not apply.

3. Compensation.

a. Salary. During the Employee's employment hereunder, the Company shall pay the Employee for all services rendered by the Employee a base salary at an annual rate of at least \$610,000, with upward annual adjustments as the Company shall deem appropriate from time to time and as approved according to the general practices of and under the authority levels required by the Company. Such salary shall be payable to the Employee in accordance with the Company's usual payroll practices for salaried employees.

b. Annual Cash Bonus. In addition to base salary, the Employee shall be eligible to participate in the Company's annual incentive program with a bonus opportunity of between 0% and 150% of the Employee's base salary. The actual amount of such bonus for any fiscal year shall be related to the achievement of certain performance objectives to be set at the

beginning of each fiscal year by the Board of Directors of the Company (the "Board"). Nothing in this Agreement, however, shall be construed as a guarantee of an annual payment of the annual cash bonus.

c. Other Executive Compensation Benefits . The Employee shall also be covered by any other executive compensation policies, benefits, plans, or programs as are afforded generally by the Company from time to time to its senior personnel, including but not limited to grants of stock options and shareholder value units and participation in the American Woodmark Corporation Pension Restoration Plan. Nothing in this Agreement, however, shall be construed as a guarantee that the Board or the Compensation Committee of the Board (the "Committee") will approve any level of such benefits that are at the sole discretion of the Board or the Committee.

d. Other Salaried Benefits . The Employee shall also be covered by any employee benefit plans, policies, or programs as are generally available from time to time to other salaried employees of the Company.

4. Duties . The Employee shall continue to perform his duties as President and Chief Executive Officer of the Company and shall faithfully and to the best of his ability perform such duties and responsibilities as may be reasonably assigned by the Board.

5. Extent of Services . During the Employee's employment hereunder, the Company expects and the Employee agrees that the Employee shall devote sufficient time, attention and energy to the business of the Company so as to adequately fulfill his assigned duties and responsibilities. Furthermore, the Company and the Employee agree that the business of the Company shall take reasonable priority over any other active business engaged in by the Employee.

6. Restrictive Covenants .

a. Non-competition Restriction . Except with the prior written consent of the Company, the Employee shall not, either during his employment hereunder or for the period of time after termination of his employment hereunder during which the Employee accepts severance payments pursuant to Section 7(b) (if applicable), directly or indirectly manage, operate, control, be employed by, participate in, consult with, render services to, or be connected in any manner with the management, operation, ownership or control of any business or venture in competition in the United States with the business of the Company. For purposes of this Section 6(a), a business or venture shall be deemed to be in competition with the business of the Company if that business or venture or any of its affiliates manufactures, distributes, or otherwise engages in the design, sale, or transportation of cabinets for residential use, including but not limited to, such cabinet products intended for primary use in the kitchen or bathroom. Nothing in this Section 6(a), however, shall prohibit the Employee from owning securities of the Company or from owning as an inactive investor up to 5% of the outstanding voting securities of any issuer which is listed on the New York or American Stock Exchange or as to which trading is reported or quoted on the NASDAQ system. If the Employee elects to directly or indirectly manage, operate, control, be employed by, participate in, consult with, render services to, or be

connected in any manner with the management, operation, ownership or control of any business or venture which is in competition in the United States with the business of the Company, the Employee acknowledges that the Company is entitled to immediately terminate any and all severance payments being made pursuant to Section 7(b), if any, and other benefits payable under this Agreement as a result of the Employee's termination of employment under the conditions set forth in Section 7(b).

b. Non-solicitation Agreement. Except with the prior written consent of the Company, the Employee shall not directly or indirectly hire or employ in any capacity or solicit the employment of or offer employment to or entice away or in any other manner persuade or attempt to persuade any person employed by the Company or any of its subsidiaries to leave the employ of any of them. This Agreement shall remain in full force and effect for a period of 18 months after the end of the Term.

c. Confidential Information. The Employee further agrees to keep confidential, and not to use for his personal benefit or for any other person's benefit, any and all proprietary information received by the Employee relating to inventions, products, production methods, financial matters, sources of supply, markets, marketing methods and customers of the Company in existence on the date hereof or developed by or for the Company during the Term. This Section 6(c) shall remain in full force and effect after the Term without limit in point of time, but shall cease to apply to information that legitimately comes into the public domain.

d. Specific Enforcement. It is agreed and understood by the parties hereto that, in view of the nature of the business of the Company, the restrictions in Sections 6(a), (b) and (c) above are reasonable and necessary to protect the legitimate interests of the Company, monetary damages alone are not an adequate remedy for any breach of such provisions, and any violation thereof would result in irreparable injuries to the Company. The Employee therefore acknowledges that, in the event of his violation of any of such restrictions, the Company shall be entitled to obtain from any court of competent jurisdiction preliminary and permanent injunctive relief as well as damages and an equitable accounting of all earnings, profits and other benefits arising from such violation, which rights shall be cumulative and in addition to any other rights or remedies to which the Company may be entitled.

e. Severability and Extension. If the period of time or the area specified in Section 7(a) above is determined to be unreasonable in any proceeding, such period shall be reduced by such number of months or the area shall be reduced by the elimination of such portion thereof, or both, so that such restrictions may be enforced for such time and in such area as is determined to be reasonable. If the Employee violates any of the restrictions contained in Section 7(a) above, the restrictive period shall not run in favor of the Employee from the time of the commencement of any such violation until such time as such violation shall cease.

7. Termination of Employment and Severance Payments.

a. Termination for Cause. During the Term, the Company may terminate the Employee's employment under this Agreement at any time for Cause (as hereinafter defined) upon written notice specifying the Cause and the date of termination. Payments under this

Agreement shall cease as of the date of termination for Cause. For purposes of this Agreement, "Cause" means neglect of duty which is not corrected after 90 days' written notice thereof; misconduct, malfeasance, fraud, or dishonesty which materially and adversely affects the Company or its reputation in the industry; or the conviction for, or the entering of a plea of Nolo Contendere to, a felony or a crime involving moral turpitude.

b. Termination without Cause. During the Term, the Company may terminate the Employee's employment under this Agreement at any time for any reason other than Cause upon written notice specifying the date of termination. If on an effective date that is during the Term, the Company terminates the Employee's employment for reasons other than Cause (which includes but is not limited to termination by the Company for what the Company believes to be Cause when it is ultimately determined that the Employee was terminated without Cause), then the Company shall pay the Employee severance payments equal to his base salary for a period of 18 months. For purposes of the preceding sentence, the Employee's base salary shall be equal to the greater of (i) the base salary in effect on the date of termination or (ii) the Employee's highest base salary rate in effect during the Term of this Agreement. Severance payments shall be made in accordance with the Company's usual payroll practices for salaried employees over a period consistent with the period of severance as defined above.

c. Termination in Event of Death, Disability, Retirement or Voluntary Quit. If the Employee dies, becomes disabled, or retires during the Term, or if the Employee voluntarily terminates his employment during the Term under circumstances to which Section 7(d) does not apply, his employment under this Agreement shall terminate immediately and payment of his base salary hereunder shall cease as of the date of termination; provided, however, that the Company shall remain liable for payment of any compensation owing but not paid as of the date of termination for services rendered before termination of employment. For purposes of this Agreement, the Employee shall be deemed to be disabled if the Company determines, with the assistance of independent experts selected by the Company, that the Employee is unable to perform his duties hereunder for any period of three consecutive months or for six months in any twelve-month period.

d. Termination on Change of Control. By delivering 15 days' written notice to the Company, the Employee may terminate his employment under this Agreement for any reason at any time within two years after a Change of Control. For purposes of this Agreement, "Change of Control" means an event described in (i), (ii), (iii), or (iv):

(i) The acquisition by a Group of Beneficial Ownership of 20% or more of the Stock or the Voting Power of the Company, but excluding for this purpose: (A) any acquisition of Stock by the Company (or a subsidiary), or an employee benefit plan of the Company; (B) any acquisition of Stock by management employees of the Company; or (C) the ownership of Stock by a Group that owns 10% or more of the Stock or Voting Power of the Company on the date of this Agreement; provided, however, that the acquisition of additional Stock by any such Group other than management employees in an amount greater than 5% of the then outstanding Stock shall not be excluded and shall constitute a Change of Control.

(ii) Individuals who constitute the Board of Directors of the Company on the date of this Agreement (the “Incumbent Board”) cease to constitute at least a majority of the Board of Directors of the Company, provided that any director whose nomination was approved by a majority of the Incumbent Board shall be considered a member of the Incumbent Board unless such individual’s initial assumption of office is in connection with an actual or threatened election contest.

(iii) Approval by the shareholders of the Company of a reorganization, merger or consolidation, in each case, in which the owners of 100% of the Stock or Voting Power of the Company do not, following such reorganization, merger or consolidation, beneficially own, directly or indirectly, more than 50% of the Stock or Voting Power of the corporation resulting from such reorganization, merger or consolidation.

(iv) A complete liquidation or dissolution of the Company or the sale or other disposition of all or substantially all of the assets of the Company.

(v) For purposes of this Agreement, “Group” means any individual, entity or group within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the “Act”); “Beneficial Ownership” has the meaning in Rule 13d-3 promulgated under the Act; “Stock” means the then outstanding shares of common stock of the Company; and “Voting Power” means the combined voting power of the outstanding voting securities entitled to vote generally in the election of directors.

e. Severance Payments. If the Employee terminates his employment within two years after a Change of Control pursuant to Section 7(d), or if the Company terminates the Employee’s employment for any reason other than Cause (as defined in Section 7(a)) either within three months before or within two years after a Change of Control, the Employee shall be entitled to a severance payment under this Section 7(e) equal to 2.99 times the sum of (i) the Employee’s annual base salary in effect at the termination of employment or, if greater, the Employee’s largest annual base salary rate in effect during the term of this Agreement, plus (ii) an amount equal to the greater of the average of the bonuses paid to the Employee for the three fiscal years preceding the year in which employment is terminated or 60% of the maximum eligible annual cash bonus for the year of termination. This severance payment shall be made to the Employee in a single lump sum within 10 business days of the date of the Employee’s termination of employment. Notwithstanding the preceding sentence, if the independent accountants acting as auditors for the Company on the date of the Change of Control determine that such single payment, together with other compensation received by the Employee that is contingent on a Change of Control, would constitute “excess parachute payments” within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended, and regulations thereunder, the single payment to the Employee shall be reduced to the maximum amount which may be paid without such payments in the aggregate constituting “excess parachute payments.”

8. Vacation. During the Term, the Employee shall be entitled to a vacation in each calendar year in accordance with the Company’s policy; during this vacation, his compensation shall be paid in full.

9. Insurance. In accordance with Section 3(d), while he is employed by the Company, the Employee and his eligible dependents as insureds shall be covered under existing insurance policies on the same terms and conditions as offered to all full-time salaried employees. In accordance with Company policy, coverage under the Company's insurance policies terminates on the date that employment terminates. If the Company terminates the Employee's employment during the Term of this Agreement for any reason except Cause, or if the Employee terminates his employment within two years following a Change of Control as contemplated by Section 7(d), the Company shall reimburse the Employee for the required COBRA premiums to the extent the Company subsidizes the premium for active salaried employees for a period not to exceed 18 months so long as the Employee is not eligible for coverage under any other group medical plan. If the Employee becomes eligible for coverage under another group medical plan, the Company shall cease reimbursement for COBRA premiums on the date the Employee first becomes eligible for coverage under the other plan. The Company's reimbursement for COBRA premiums shall include a gross-up amount for tax liability at the Employee's incremental tax rate. Nothing in this Section 9 shall be interpreted to prohibit the Company from changing or terminating any benefit package or program at any time and from time to time so long as the benefits hereunder, considered in the aggregate, are comparable at any given time to the benefits provided to similarly situated employees of the Company at that time.

10. Notice. All notices, requests, demands and other communications hereunder shall be in writing and shall be effective upon the mailing thereof by registered or certified mail, postage prepaid, and addressed as set forth below:

- a. If to the Company:
Mr. Kent Guichard
Senior Vice President
American Woodmark Corporation
3102 Shawnee Drive
Winchester, VA 22601
- b. If to the Employee:
Mr. James Gosa
325 Windsor Lane
Winchester, VA 22601

Any party may change the address to which notices are to be sent by giving the other party written notice in the manner herein set forth.

11. Waiver of Breach. Waiver by either party of a breach of any provision of this Agreement by the other shall not operate as a waiver of any subsequent breach by such other party.

12. Entire Agreement. This Agreement contains the entire agreement of the parties in this matter and supersedes any other agreement, oral or written, concerning the employment or compensation of the Employee by the Company. It may be changed only by an agreement in writing signed by both parties hereto.

13. Governing Law. This Agreement shall be governed by the laws of the Commonwealth of Virginia, without regard to its choice of law provisions.

14. Benefit. This Agreement shall inure to the benefit of, and shall be binding upon, and shall be enforceable by and against the Company, its successors and assigns, and the Employee, his heirs, beneficiaries and legal representatives.

IN WITNESS WHEREOF, the Employee and the Company have executed this Agreement as of the day and year above written.

AMERICAN WOODMARK CORPORATION

By: /s/ Jonathan Wolk
Mr. Jonathan Wolk
Chief Financial Officer and Corporate Secretary

EMPLOYEE

/s/ James Gosa
Mr. James Gosa
President and Chief Executive Officer

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Exhibit 10.8 (i)

EMPLOYMENT AGREEMENT

THIS AGREEMENT, made as of June 13, 2005, between Mr. Kent Guichard, (the "Employee") and American Woodmark Corporation, a Virginia corporation (the "Company").

WHEREAS, the Company desires to assure that it will have the benefit of the continued service and experience of the Employee, who is an integral part of the Company's senior management, and the Employee is willing to enter into an agreement to such end upon the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the foregoing and the mutual agreements herein contained, the parties agree as follows:

1. Employment. The Company hereby employs the Employee and the Employee hereby accepts employment upon and agrees to the terms and conditions set forth herein.

2. Term. The term of employment under this Agreement (the "Term") shall commence upon execution of this Agreement by both parties and end on December 31, 2006; provided, however, that beginning on January 1, 2006, and each January 1 thereafter, the Term of this Agreement shall automatically be extended for one additional calendar year unless, on or before November 1 of the preceding year, either party gives notice that employment under this Agreement will not be so extended; and further provided that if a Change of Control (as defined below) occurs during the original or extended term of this Agreement, this Agreement shall continue in effect for a period of 24 months beyond the month in which the Change of Control occurred.

Notwithstanding the foregoing, as provided in Section 7(c), this Agreement shall terminate immediately upon the Employee's death, disability or retirement, or if the Employee voluntarily terminates his employment under circumstances to which Section 7(d) does not apply.

3. Compensation.

a. Salary. During the Employee's employment hereunder, the Company shall pay the Employee for all services rendered by the Employee a base salary at an annual rate of at least \$359,000, with upward annual adjustments as the Company shall deem appropriate from time to time and as approved according to the general practices of and under the authority levels required by the Company. Such salary shall be payable to the Employee in accordance with the Company's usual payroll practices for salaried employees.

b. Annual Cash Bonus. In addition to base salary, the Employee shall be eligible to participate in the Company's annual incentive program with a bonus opportunity of between 0% and 120% of the Employee's base salary. The actual amount of such bonus for any

fiscal year shall be related to the achievement of certain performance objectives to be set at the beginning of each fiscal year by the Board of Directors of the Company (the "Board"). Nothing in this Agreement, however, shall be construed as a guarantee of an annual payment of the annual cash bonus.

c. Other Executive Compensation Benefits. The Employee shall also be covered by any other executive compensation policies, benefits, plans, or programs as are afforded generally by the Company from time to time to its senior personnel, including but not limited to grants of stock options and shareholder value units and participation in the American Woodmark Corporation Pension Restoration Plan. Nothing in this Agreement, however, shall be construed as a guarantee that the Board or the Compensation Committee of the Board (the "Committee") will approve any level of such benefits that are at the sole discretion of the Board or the Committee.

d. Other Salaried Benefits. The Employee shall also be covered by any employee benefit plans, policies, or programs as are generally available from time to time to other salaried employees of the Company.

4. Duties. The Employee shall continue to perform his duties as Executive Vice President of the Company and shall faithfully and to the best of his ability perform such duties and responsibilities as may be reasonably assigned by the Board.

5. Extent of Services. During the Employee's employment hereunder, the Company expects and the Employee agrees that the Employee shall devote sufficient time, attention and energy to the business of the Company so as to adequately fulfill his assigned duties and responsibilities. Furthermore, the Company and the Employee agree that the business of the Company shall take reasonable priority over any other active business engaged in by the Employee.

6. Restrictive Covenants.

a. Non-competition Restriction. Except with the prior written consent of the Company, the Employee shall not, either during his employment hereunder or for the period of time after termination of his employment hereunder during which the Employee accepts severance payments pursuant to Section 7(b) (if applicable), directly or indirectly manage, operate, control, be employed by, participate in, consult with, render services to, or be connected in any manner with the management, operation, ownership or control of any business or venture in competition in the United States with the business of the Company. For purposes of this Section 6(a), a business or venture shall be deemed to be in competition with the business of the Company if that business or venture or any of its affiliates manufactures, distributes, or otherwise engages in the design, sale, or transportation of cabinets for residential use, including but not limited to, such cabinet products intended for primary use in the kitchen or bathroom. Nothing in this Section 6(a), however, shall prohibit the Employee from owning securities of the Company or from owning as an inactive investor up to 5% of the outstanding voting securities of any issuer which is listed on the New York or American Stock Exchange or as to which trading is reported or quoted on the NASDAQ system. If the Employee elects to directly or indirectly

manage, operate, control, be employed by, participate in, consult with, render services to, or be connected in any manner with the management, operation, ownership or control of any business or venture which is in competition in the United States with the business of the Company, the Employee acknowledges that the Company is entitled to immediately terminate any and all severance payments being made pursuant to Section 7(b), if any, and other benefits payable under this Agreement as a result of the Employee's termination of employment under the conditions set forth in Section 7(b).

b. Non-solicitation Agreement. Except with the prior written consent of the Company, the Employee shall not directly or indirectly hire or employ in any capacity or solicit the employment of or offer employment to or entice away or in any other manner persuade or attempt to persuade any person employed by the Company or any of its subsidiaries to leave the employ of any of them. This Agreement shall remain in full force and effect for a period of 18 months after the end of the Term.

c. Confidential Information. The Employee further agrees to keep confidential, and not to use for his personal benefit or for any other person's benefit, any and all proprietary information received by the Employee relating to inventions, products, production methods, financial matters, sources of supply, markets, marketing methods and customers of the Company in existence on the date hereof or developed by or for the Company during the Term. This Section 6(c) shall remain in full force and effect after the Term without limit in point of time, but shall cease to apply to information that legitimately comes into the public domain.

d. Specific Enforcement. It is agreed and understood by the parties hereto that, in view of the nature of the business of the Company, the restrictions in Sections 6(a), (b) and (c) above are reasonable and necessary to protect the legitimate interests of the Company, monetary damages alone are not an adequate remedy for any breach of such provisions, and any violation thereof would result in irreparable injuries to the Company. The Employee therefore acknowledges that, in the event of his violation of any of such restrictions, the Company shall be entitled to obtain from any court of competent jurisdiction preliminary and permanent injunctive relief as well as damages and an equitable accounting of all earnings, profits and other benefits arising from such violation, which rights shall be cumulative and in addition to any other rights or remedies to which the Company may be entitled.

e. Severability and Extension. If the period of time or the area specified in Section 7(a) above is determined to be unreasonable in any proceeding, such period shall be reduced by such number of months or the area shall be reduced by the elimination of such portion thereof, or both, so that such restrictions may be enforced for such time and in such area as is determined to be reasonable. If the Employee violates any of the restrictions contained in Section 7(a) above, the restrictive period shall not run in favor of the Employee from the time of the commencement of any such violation until such time as such violation shall cease.

7. Termination of Employment and Severance Payments.

a. Termination for Cause. During the Term, the Company may terminate the Employee's employment under this Agreement at any time for Cause (as hereinafter defined)

upon written notice specifying the Cause and the date of termination. Payments under this Agreement shall cease as of the date of termination for Cause. For purposes of this Agreement, "Cause" means neglect of duty which is not corrected after 90 days' written notice thereof; misconduct, malfeasance, fraud, or dishonesty which materially and adversely affects the Company or its reputation in the industry; or the conviction for, or the entering of a plea of Nolo Contendere to, a felony or a crime involving moral turpitude.

b. Termination without Cause. During the Term, the Company may terminate the Employee's employment under this Agreement at any time for any reason other than Cause upon written notice specifying the date of termination. If on an effective date that is during the Term, the Company terminates the Employee's employment for reasons other than Cause (which includes but is not limited to termination by the Company for what the Company believes to be Cause when it is ultimately determined that the Employee was terminated without Cause), then the Company shall pay the Employee severance payments equal to his base salary for a period of 18 months. For purposes of the preceding sentence, the Employee's base salary shall be equal to the greater of (i) the base salary in effect on the date of termination or (ii) the Employee's highest base salary rate in effect during the Term of this Agreement. Severance payments shall be made in accordance with the Company's usual payroll practices for salaried employees over a period consistent with the period of severance as defined above.

c. Termination in Event of Death, Disability, Retirement or Voluntary Quit. If the Employee dies, becomes disabled, or retires during the Term, or if the Employee voluntarily terminates his employment during the Term under circumstances to which Section 7(d) does not apply, his employment under this Agreement shall terminate immediately and payment of his base salary hereunder shall cease as of the date of termination; provided, however, that the Company shall remain liable for payment of any compensation owing but not paid as of the date of termination for services rendered before termination of employment. For purposes of this Agreement, the Employee shall be deemed to be disabled if the Company determines, with the assistance of independent experts selected by the Company, that the Employee is unable to perform his duties hereunder for any period of three consecutive months or for six months in any twelve-month period.

d. Termination on Change of Control. By delivering 15 days' written notice to the Company, the Employee may terminate his employment under this Agreement for any reason at any time within two years after a Change of Control. For purposes of this Agreement, "Change of Control" means an event described in (i), (ii), (iii), or (iv):

(i) The acquisition by a Group of Beneficial Ownership of 20% or more of the Stock or the Voting Power of the Company, but excluding for this purpose: (A) any acquisition of Stock by the Company (or a subsidiary), or an employee benefit plan of the Company; (B) any acquisition of Stock by management employees of the Company; or (C) the ownership of Stock by a Group that owns 10% or more of the Stock or Voting Power of the Company on the date of this Agreement; provided, however, that the acquisition of additional Stock by any such Group other than management

employees in an amount greater than 5% of the then outstanding Stock shall not be excluded and shall constitute a Change of Control.

(ii) Individuals who constitute the Board of Directors of the Company on the date of this Agreement (the “Incumbent Board”) cease to constitute at least a majority of the Board of Directors of the Company, provided that any director whose nomination was approved by a majority of the Incumbent Board shall be considered a member of the Incumbent Board unless such individual’s initial assumption of office is in connection with an actual or threatened election contest.

(iii) Approval by the shareholders of the Company of a reorganization, merger or consolidation, in each case, in which the owners of 100% of the Stock or Voting Power of the Company do not, following such reorganization, merger or consolidation, beneficially own, directly or indirectly, more than 50% of the Stock or Voting Power of the corporation resulting from such reorganization, merger or consolidation.

(iv) A complete liquidation or dissolution of the Company or the sale or other disposition of all or substantially all of the assets of the Company.

(v) For purposes of this Agreement, “Group” means any individual, entity or group within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the “Act”); “Beneficial Ownership” has the meaning in Rule 13d-3 promulgated under the Act; “Stock” means the then outstanding shares of common stock of the Company; and “Voting Power” means the combined voting power of the outstanding voting securities entitled to vote generally in the election of directors.

e. Severance Payments. If the Employee terminates his employment within two years after a Change of Control pursuant to Section 7(d), or if the Company terminates the Employee’s employment for any reason other than Cause (as defined in Section 7(a)) either within three months before or within two years after a Change of Control, the Employee shall be entitled to a severance payment under this Section 7(e) equal to 2.99 times the sum of (i) the Employee’s annual base salary in effect at the termination of employment or, if greater, the Employee’s largest annual base salary rate in effect during the term of this Agreement, plus (ii) an amount equal to the greater of the average of the bonuses paid to the Employee for the three fiscal years preceding the year in which employment is terminated or 60% of the maximum eligible annual cash bonus for the year of termination. This severance payment shall be made to the Employee in a single lump sum within 10 business days of the date of the Employee’s termination of employment. Notwithstanding the preceding sentence, if the independent accountants acting as auditors for the Company on the date of the Change of Control determine that such single payment, together with other compensation received by the Employee that is contingent on a Change of Control, would constitute “excess parachute payments” within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended, and regulations

thereunder, the single payment to the Employee shall be reduced to the maximum amount which may be paid without such payments in the aggregate constituting "excess parachute payments."

8. Vacation. During the Term, the Employee shall be entitled to a vacation in each calendar year in accordance with the Company's policy; during this vacation, his compensation shall be paid in full.

9. Insurance. In accordance with Section 3(d), while he is employed by the Company, the Employee and his eligible dependents as insureds shall be covered under existing insurance policies on the same terms and conditions as offered to all full-time salaried employees. In accordance with Company policy, coverage under the Company's insurance policies terminates on the date that employment terminates. If the Company terminates the Employee's employment during the Term of this Agreement for any reason except Cause, or if the Employee terminates his employment within two years following a Change of Control as contemplated by Section 7(d), the Company shall reimburse the Employee for the required COBRA premiums to the extent the Company subsidizes the premium for active salaried employees for a period not to exceed 18 months so long as the Employee is not eligible for coverage under any other group medical plan. If the Employee becomes eligible for coverage under another group medical plan, the Company shall cease reimbursement for COBRA premiums on the date the Employee first becomes eligible for coverage under the other plan. The Company's reimbursement for COBRA premiums shall include a gross-up amount for tax liability at the Employee's incremental tax rate. Nothing in this Section 9 shall be interpreted to prohibit the Company from changing or terminating any benefit package or program at any time and from time to time so long as the benefits hereunder, considered in the aggregate, are comparable at any given time to the benefits provided to similarly situated employees of the Company at that time.

10. Notice. All notices, requests, demands and other communications hereunder shall be in writing and shall be effective upon the mailing thereof by registered or certified mail, postage prepaid, and addressed as set forth below:

a. If to the Company:

Mr. Jake Gosa
President & CEO
American Woodmark Corporation
3102 Shawnee Drive
Winchester, VA 22601

b. If to the Employee:

Mr. Kent Guichard
104 Katie Lane
Winchester, VA 22602

Any party may change the address to which notices are to be sent by giving the other party written notice in the manner herein set forth.

11. Waiver of Breach. Waiver by either party of a breach of any provision of this Agreement by the other shall not operate as a waiver of any subsequent breach by such other party.

12. Entire Agreement. This Agreement contains the entire agreement of the parties in this matter and supersedes any other agreement, oral or written, concerning the employment or compensation of the Employee by the Company. It may be changed only by an agreement in writing signed by both parties hereto.

13. Governing Law. This Agreement shall be governed by the laws of the Commonwealth of Virginia, without regard to its choice of law provisions.

14. Benefit. This Agreement shall inure to the benefit of, and shall be binding upon, and shall be enforceable by and against the Company, its successors and assigns, and the Employee, his heirs, beneficiaries and legal representatives.

IN WITNESS WHEREOF, the Employee and the Company have executed this Agreement as of the day and year above written.

AMERICAN WOODMARK CORPORATION

By: /s/ James Gosa
Mr. James Gosa
President and Chief Executive Officer

EMPLOYEE

/s/ Kent Guichard
Mr. Kent Guichard
Executive Vice President

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mission statement**creating value through people****WHO WE ARE**

American Woodmark is an organization of employees and shareholders who have combined their resources to pursue a common goal.

WHAT WE DO

Our common goal is to create value by providing kitchens and baths “of pride” for the American family.

WHY WE DO IT

We pursue this goal to earn a profit, which allows us to reward our shareholders and employees and to make a contribution to our society.

HOW WE DO IT

Four principles guide our actions:

CUSTOMER SATISFACTION Providing the best possible quality, service and value to the greatest number of people. Doing whatever is reasonable, and sometimes unreasonable, to make certain that each customer’s needs are met each and every day.

INTEGRITY Doing what is right. Caring about the dignity and rights of each individual. Acting fairly and responsibly with all parties. Being a good citizen in the communities in which we operate.

TEAMWORK Understanding that we must all work together if we are to be successful. Realizing that each individual must contribute to the team to remain a member of the team.

EXCELLENCE Striving to perform every job or action in a superior way. Being innovative, seeking new and better ways to get things done. Helping all individuals to become the best that they can be in their jobs and careers.

ONCE WE’VE DONE IT

When we achieve our goal good things happen: sales increase, profits are made, shareholders and employees are rewarded, jobs are created, our communities benefit, we have fun, and our customers are happy and proud—with a new kitchen or bath from American Woodmark.

company profile

American Woodmark Corporation manufactures and distributes kitchen cabinets and vanities for the remodeling and new home construction markets. The Company operates 15 manufacturing facilities located in Arizona, Georgia, Indiana, Kentucky, Maryland, Minnesota, Oklahoma, Tennessee, Virginia, and West Virginia and 10 service centers across the country.

American Woodmark Corporation was formed in 1980 and became a public company through a common stock offering in July, 1986.

The Company offers approximately 320 cabinet lines in a wide variety of designs, materials, and finishes. Products are sold across the United States through a network of independent distributors and directly to home centers and major builders. Approximately 63% of sales during fiscal year 2005 were to the remodeling market and 37% to the new home market.

The Company believes it is one of the three largest manufacturers of kitchen cabinets in the United States.

[Cabinet Photo]

[Cabinet Photo 2]
financial highlights

(in thousands, except per share data)	FISCAL YEARS ENDED APRIL 30		
	2005	2004	2003
OPERATIONS			
Net sales	\$776,990	\$667,547	\$563,466
Operating income	58,367	52,404	54,261
Income before income taxes	58,345	51,996	53,893
Net income	35,591	31,707	32,704
Earnings per share			
Basic	\$ 2.16	\$ 1.96	\$ 2.00
Diluted	2.11	1.90	1.95
Average shares outstanding			
Basic	16,473	16,188	16,346
Diluted	16,880	16,668	16,800
FINANCIAL POSITION			
Working capital	\$ 74,112	\$ 69,338	\$ 48,554
Total assets	361,168	307,051	262,728
Long-term debt	29,217	18,028	19,016
Shareholders' equity	215,191	193,145	160,099
Long-term debt to capital ratio	12%	9%	11%

market information

American Woodmark Corporation common stock, no par value, is quoted on The NASDAQ National Market under the "AMWD" symbol. Common stock per share market prices and cash dividends declared during the last two fiscal years were as follows:

(in dollars)	MARKET PRICE		DIVIDENDS
	High	Low	DECLARED
FISCAL 2005			
First quarter	\$32.68	\$26.56	\$ 0.025
Second quarter	40.00	27.36	0.03
Third quarter	48.75	37.00	0.03
Fourth quarter	43.55	31.13	0.03
FISCAL 2004			
First quarter	\$26.09	\$21.75	\$ 0.025
Second quarter	29.68	21.25	0.025
Third quarter	32.19	24.50	0.025
Fourth quarter	34.59	29.80	0.025

As of April 30, 2005, there were approximately 11,300 shareholders of record of the Company's common stock. Included are approximately 74% of the Company's employees, who are shareholders through the American Woodmark Stock Ownership Plan.

[Cabinet Photo 3]**to our shareholders**

In this letter last year, I outlined many of the challenges faced by our Company during fiscal 2004. One of those challenges, the rising cost of raw materials, prevented us from achieving our financial targets for gross profit and net income. As we entered the new fiscal year, our primary focus was to regain our earnings momentum.

[Photo 4]

We began fiscal 2005 on our plan to recover margins and profitability. Efforts taken to recover rising raw material costs through pricing, to gain efficiency and productivity through capital investment and employee training, and to generate leverage on our fixed and semi-fixed expenses through cost management efforts were yielding favorable results. Gross profit margins improved from 19.6% in the fourth quarter of fiscal 2004 to 20.7% and then to 21.4% in the first and second quarters of fiscal 2005, respectively. Net income reached a record \$21.1 million for the first half of the year.

As we entered the third fiscal quarter, a combination of events unfolded that resulted in gross profit margin declining from 21.1% during the first half of the year to 18.8%. Inflationary pressure on raw material and other costs continued to rise, reducing margins. Significant cost increases in hardwood lumber, hardware, transportation rates and fuel surcharges effectively consumed and then surpassed the recovery achieved from our price increases. In addition, the expansion of capacity and production output combined with lower than projected order rates, due to a severe Atlantic hurricane season, resulted in a reduced level of backlog entering the traditionally slower winter season.

[Cabinet Photo 5]

As a result, we were unable, as in prior years, to maintain level production through late December and early January. The loss of volume significantly reduced our ability to generate financial leverage on certain costs. Finally, the start-up of two new facilities added a layer of fixed cost and underutilized capacity. While we continue to believe that these are sound investments that will provide a strong return in future periods, the timing of these additions had a negative impact on quarterly results.

As we entered the fourth fiscal quarter, we were optimistic that higher volume in the spring selling season would provide the opportunity to generate favorable leverage and begin to utilize the new facilities. While inflationary pressures persisted, our forecasts indicated that the additional volume would provide some offset. As we progressed through the quarter, it became apparent that we had a significant problem in our internal planning system. In retrospect, the start-up of our new component facility in Hardy County, West Virginia had a greater impact on the mix of production than we had anticipated. The result was an imbalance in our material flows that rolled through our just-in-time manufacturing process, generating shortages and backorders. Adding to the challenge, we were forced to transition a significant portion of our delivery platform to new carriers to avoid a rate increase that was well above the competitive market. As a result of the operational difficulties, and with continued inflationary pressure on raw material purchases, financial results for the fourth quarter deteriorated. Gross profit margin dropped to 17.6%.

[Cabinet Photo 6]

[Cabinet Photo 7]

For the full year, financial performance was a record with net sales of \$777 million and net income of \$35.6 million, increases of 16% and 12% over the prior year, respectively. While a record for the year, your management team is not satisfied with the level of performance. The current operating results are simply unacceptable.

As we begin fiscal 2006, we have two basic challenges as we rebuild the margin structure of the Company. First, we must continue to support the transition from a non-inflationary to an inflationary environment. For several years, the industry operated with relatively flat raw material prices. Vendors, manufacturers, customers and consumers became conditioned to this price and cost stability. We are no longer in that environment and the industry, if it is to remain healthy and vibrant, must make the transition with all our primary constituents to the acknowledgement that the cost of basic materials has increased. Our second challenge is to reclaim our previous levels of operating performance, isolating our material planning issues to a limited short-term event. The size and reach of our Company brings ever-increasing complexity. We must adapt to this latest reality by developing new tools, creating innovative solutions and investing in the development of even more advanced employee skills.

As we disclosed in our latest earnings release, we anticipate that results for the first quarter of fiscal 2006 will not meet our, or your, expectations. We are aggressively implementing a broad range of initiatives to limit recovery costs associated with our operating issues to the first quarter and to recover legitimate raw material and related price increases. As we progress through this coming year, our goals have not changed. We will continue to pursue a long-term return for shareholders based on growth and superior operating performance.

Despite the issues discussed above, we must recognize that much was accomplished during the year. Our sales and marketing organization led the effort to introduce several new products that were instrumental in once again generating double-digit top line growth. Our manufacturing group increased total output by 10% while building and initiating production at our two newest facilities, a component facility in Hardy County, West Virginia, and an assembly plant in Allegany County, Maryland. Our finance, information technology, and human resource staff effectively supported the operating groups in the pursuit of their goals.

[Cabinet Photo 8]

I want to personally thank the over six thousand employees at American Woodmark for their energy, enthusiasm, and commitment. It is during difficult times that individuals and organizations often step forward and do their best work. Our Company is fortunate to have outstanding individuals who consistently rise to the occasion. I am confident that these dedicated men and women will not only make it through this challenging period, but will emerge a stronger, better organization.

I would also like to recognize and thank Dave Blount, our Senior Vice President of Manufacturing. At the end of the fiscal year, Dave adopted a new role working with the executive team on special projects as he begins his transition towards retirement. The Company has benefited in countless ways from his contributions over twenty-nine years of service in manufacturing. We all wish Dave the best in his new role and planned retirement.

As we close fiscal 2005 and look forward to FY06, I remain both optimistic and excited about the future of our Company. The industry remains strong with both new construction and remodeling activity at record levels. Our product line, market position, and service platform position American Woodmark to participate in this continued growth. The fundamentals of the Company are outstanding including strong cash flow and a solid balance sheet. Most importantly, we are an organization of exceptional people, committed to working together, and focused on creating a great company.

/s/ James J. Gosa

James J. Gosa

Chairman and Chief Executive Officer

AMERICAN WOODMARK CORPORATION®

2005 Annual Report

[Cabinet Photo 9]

FIVE-YEAR SELECTED FINANCIAL INFORMATION

(in millions, except per share data)	FISCAL YEARS ENDED APRIL 30				
	2005	2004	2003	2002	2001
FINANCIAL STATEMENT DATA					
Net sales ¹	\$777.0	\$667.5	\$563.5	\$499.0	\$404.1
Income before income taxes and cumulative effect of accounting changes ²	58.3	52.0	53.9	53.1	30.8
Net income	35.6	31.7	32.7	32.2	17.4
Earnings per share: ³					
Before cumulative effect of change in accounting principle					
Basic	2.16	1.96	2.00	1.97	1.18
Diluted	2.11	1.90	1.95	1.90	1.17
After cumulative effect of change in accounting principle					
Basic	2.16	1.96	2.00	1.97	1.08
Diluted	2.11	1.90	1.95	1.90	1.07
Depreciation and amortization expense	33.4	27.7	27.7	23.8	19.6
Total assets	361.2	307.1	262.7	234.2	180.4
Long-term debt	29.2	18.0	19.0	14.4	16.8
Shareholders' equity	215.2	193.1	160.1	145.2	109.5
Cash dividends declared per share	.115	.10	.10	.10	.10
Average shares outstanding ³					
Basic	16.5	16.2	16.3	16.4	16.2
Diluted	16.9	16.7	16.8	16.8	16.2
PERCENT OF SALES					
Gross profit	19.6%	20.6%	23.6%	25.8%	22.0%
Selling, general and administrative expenses ¹	12.1	12.7	13.9	15.0	14.0
Income before income taxes and cumulative effect of accounting change	7.5	7.8	9.6	10.6	7.6
Net income	4.6	4.7	5.8	6.4	4.3
RATIO ANALYSIS					
Current ratio	1.9	1.9	1.8	1.4	1.5
Inventory turnover ⁴	10.4	10.6	10.8	11.4	11.7
Collection period—days ⁵	32.2	32.6	31.3	31.8	34.6
Percentage of capital (long-term debt plus equity):					
Long-term debt	12.0%	8.5%	10.6%	9.0%	13.3%
Equity	88.0	91.5	89.4	91.0	86.7
Return on equity (average%)	17.4	18.0	21.4	25.3	17.7

¹ All amounts have been reclassified effective fiscal 2002 to conform to EITF 01-9, "Accounting for Consideration Given by a Vendor to a Customer or a Reseller of the Vendor's Products."

² Effective May 1, 2000, the Company changed its accounting for revenue recognition in accordance with Securities and Exchange Commission Staff Accounting Bulletin No. 101, Revenue Recognition in Financial Statements ("SAB 101"). The cumulative effect of the change on retained earnings as of the beginning of fiscal year 2001 resulted in a charge to fiscal year 2001 net income of \$1.6 million.

³ All share and per share information has been restated to reflect a two-for-one stock split, effective September 24, 2004.

⁴ Based on average of beginning and ending inventory.

⁵ Based on ratio of monthly average customer receivables to average sales per day.

management's discussion and analysis

RESULTS OF OPERATIONS

The following table sets forth certain income and expense items as a percentage of net sales.

	PERCENTAGE OF NET SALES		
	Years Ended April 30		
	2005	2004	2003
Net sales	100.0%	100.0%	100.0%
Cost of sales and distribution	80.4	79.4	76.4
Gross profit	19.6	20.6	23.6
Selling and marketing expenses	8.7	8.9	9.8
General and administrative expenses	3.4	3.8	4.1
Operating income	7.5	7.9	9.7
Interest expense/other (income) expense	0.0	0.1	0.1
Income before income taxes	7.5	7.8	9.6
Provision for income taxes	2.9	3.0	3.8
Net income	4.6	4.7	5.8

The following discussion should be read in conjunction with the Selected Financial Data and the Consolidated Financial Statements and the related notes contained elsewhere herein.

FORWARD-LOOKING STATEMENTS

This report contains statements concerning the Company's expectations, plans, objectives, future financial performance, and other statements that are not historical facts. These statements are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. In most cases, the reader can identify these forward-looking statements by words such as "anticipate," "estimate," "forecast," "expect," "believe," "should," "could," "plan," "may" or other similar words. Forward-looking statements contained in this Management's Discussion and Analysis are based on current expectations and our actual results may differ materially from those projected in any forward-looking statements. In addition, we participate in an industry that is subject to rapidly changing conditions and there are numerous factors that could cause the Company to experience a decline in sales and/or earnings. These include (1) overall industry demand at reduced levels, (2) economic weakness in a specific channel of distribution, (3) the loss of sales from specific customers due to their loss of market share, bankruptcy or switching to a competitor, (4) a sudden and significant rise in basic raw material costs, (5) a dramatic increase to the cost of diesel fuel and/or transportation related services, (6) the need to respond to price or product initiatives launched by a competitor, and (7) sales growth at a rate that outpaces the Company's ability to install new capacity. While the Company believes that these risks are manageable and will not adversely impact the long-term performance of the Company, these risks could, under certain circumstances, have a materially adverse impact on operating results.

OVERVIEW

During fiscal 2005, the Company experienced growth in net sales driven by continued strength in both the new construction and remodeling markets. New construction markets serviced by the Company exhibited strong growth, aided by the favorable mortgage rate environment. Demand for the Company's products in the remodeling market was also strong, driven by growing existing home sales and a correspondingly high level of home improvement activity. During fiscal 2006, the Company expects that solid growth will continue in each of these markets.

Gross profit for fiscal year 2005 was 19.6%, down from 20.6% in fiscal year 2004. The decline in gross profit was driven principally by higher material and freight costs. Net income for fiscal year 2005 was \$35.6 million compared to \$31.7 for fiscal year 2004.

FISCAL YEAR 2005 COMPARED TO FISCAL YEAR 2004

(in thousands)	FISCAL YEARS ENDED APRIL 30		
	2005	2004	PERCENT CHANGE
Net Sales	\$776,990	\$667,547	16.4%
Gross Profit	152,380	137,509	10.8
Selling & Marketing Expenses	67,225	59,653	12.7
G&A Expenses	26,788	25,452	5.2
Interest Expense	515	869	(40.7)

NET SALES

Net sales for fiscal 2005 increased 16.4% to \$777.0 million from \$667.5 million in fiscal 2004. Higher sales were the result of the growth in shipments to both the remodeling and new home construction markets. Unit volume increased 9% over the prior year. Unit growth in the remodeling market was driven by strong home improvement spending and new products. New home construction unit growth was the result of high demand for housing and new products. In fiscal 2005, our average selling price per unit increased 6% due to shifts in product mix and improved pricing.

GROSS PROFIT

Gross profit as a percent of sales decreased in fiscal 2005 to 19.6% from 20.6% in fiscal 2004. The decrease in gross profit was the result of higher materials and freight costs.

Material costs increased by 0.3% of sales from fiscal 2004 to fiscal 2005 due to increases in hardwood lumber, particleboard, paint, and packaging materials. Cost increases were experienced as a result of higher commodity costs which were partially offset by materials substitutions.

Freight costs increased by 0.5% of sales from the prior year as the result of general industry conditions, which included higher fuel costs and increased operating expenses associated with new government requirements. To avoid significant proposed rate increases, the Company changed several of its carriers in fiscal 2005.

Labor costs decreased as a percentage of sales in fiscal 2005 from the prior fiscal year, as an increase in productivity and decreased costs associated with the Company's pay-for-performance employee incentive plan were somewhat offset by increased premium hours worked and increased health care and pension costs. Offsetting this net reduction as a percentage of sales, other manufacturing costs increased slightly as a percentage of sales, as the Company commenced operations at two new manufacturing plants and added to its overhead cost.

SELLING & MARKETING EXPENSES

Selling and marketing expenses were \$67.2 million or 8.7% of sales in fiscal 2005 compared to \$59.7 million or 8.9% in fiscal 2004. The decrease as a percent of sales was due to the favorable impact of cost containment efforts and leverage gained on higher sales.

GENERAL & ADMINISTRATIVE EXPENSES

General and administrative expenses in fiscal year 2005 were \$26.8 million or 3.4% of sales compared to \$25.5 million or 3.8% in fiscal 2004. The decrease was primarily due to lower costs associated with the Company's pay-for-performance employee incentive plan.

INTEREST AND OTHER EXPENSE

Net interest expense decreased \$354 thousand in fiscal 2005 compared to fiscal 2004. The decrease was due to an increase in capitalized interest as the Company expended more resources for capital projects in fiscal 2005 compared to fiscal 2004.

EFFECTIVE INCOME TAX RATES

The Company's combined federal and state effective tax rate in fiscal 2005 was 39.0%, consistent with fiscal 2004.

LIQUIDITY AND CAPITAL RESOURCES

On April 30, 2005, cash and short-term investments totaled \$24.4 million, down from \$29.4 million at April 30, 2004. At fiscal year end April 30, 2005, total short-term and long-term debt was \$30.3 million compared to total debt of \$19.0 million at fiscal year end 2004. Total debt to capital was 12.0% and 8.5% at fiscal year end 2005 and 2004, respectively.

The Company's operating activities generated \$65.7 million in net cash during fiscal 2005 compared to \$57.0 million in 2004. The increase in cash generated from operations was primarily due to increases in net income, depreciation and amortization, and accounts payable, which were partially offset by increases in inventories, prepaid expenses, and decreases in accrued compensation and other accrued expenses.

Depreciation and amortization increased \$5.7 million from fiscal 2004. The increase was the result of higher depreciation on property, plant, and equipment combined with increased promotional display amortization versus the prior year. Accounts payable increases for fiscal 2005 compared to fiscal 2004 were due to timing, as the Company made no changes in its payment practices. Inventory balances increased for fiscal 2005 versus fiscal 2004 in support of new manufacturing facilities. Accrued compensation and other accrued expenses decreased due to lower costs associated with the Company's pay-for-performance employee incentive plan.

Net cash used in investing activities increased to \$73.8 million in fiscal 2005 compared to \$38.8 million in fiscal 2004. Spending on property, plant and equipment (capital expenditures) increased by \$38.3 million from \$22.8 million in fiscal 2004 to \$61.1 million in fiscal 2005. During fiscal 2005, the Company completed capital expansion programs at several manufacturing facilities. These expenditures were primarily for construction of a new component facility in Hardy County, West Virginia, a new assembly facility in Allegany County, Maryland, equipment deposits for expanded capacity, and other equipment and tooling related to cost savings projects. Additionally, the Company acquired land to build a new lumber processing facility. The Company invested \$13.1 million in fiscal 2005 in promotional displays in order to promote the sale of its products. Spending on promotional displays decreased from \$16.1 million in fiscal 2004, due primarily to the Company's exit from producing the Thomasville brand. The Company expects that continued sales growth will require additional investments in plant, property, and equipment. Capital expenditures in fiscal 2006 are expected to be between \$55 and \$60 million. Investment in promotional displays is expected to be between \$14 and \$16 million in fiscal 2006.

Net cash provided by financing activities for fiscal 2005 was \$3.1 million compared to a use of \$4.3 million in fiscal 2004. The Company increased long-term borrowings by \$15.7 million, taking advantage of local economic incentives received to help fund the Company's capital investment program.

The due dates of the Company's contractual obligations and other commercial commitments are summarized in the following table. For more information see Notes E and I in the Notes to Consolidated Financial Statements.

(in thousands)	FISCAL YEARS ENDING APRIL 30			
	Total Amounts	2006	2007-2010	2011 and Thereafter
Term credit facility	\$10,000	\$ —	\$ 10,000	\$ —
Term loans	6,567	335	1,485	4,747
Other term loans	2,234	—	—	2,234
Operating leases	9,903	4,028	5,875	—
Capital lease obligations	11,461	711	2,548	8,202
Total	\$40,165	\$5,074	\$ 19,908	\$ 15,183

The Company received cash flow of \$2.5 million from common stock issued from exercises of stock options in fiscal 2005.

The Company had cash repurchases of \$11.5 million in common stock during fiscal 2005, compared to \$2.2 million in fiscal 2004. All share repurchases were conducted in accordance with authorizations issued by its Board of Directors in August 2002 and August 2004. Each authorization was for the repurchase of up to \$10 million of company stock. At April 30, 2005, approximately \$2.7 million remained authorized to repurchase shares of the Company's common stock. The Company contributed \$1.3 million in common stock to fund a portion of its employee benefit plan in fiscal 2005.

Cash dividends of \$1.9 million were paid on common stock during fiscal 2005.

Cash flow from operations combined with cash on hand and available borrowing capacity under the Company's \$35 million line of credit is expected to be sufficient to meet forecasted capital requirements, payments of accrued expenses, and service existing debt obligations for fiscal 2006.

FISCAL YEAR 2004 COMPARED TO FISCAL YEAR 2003

(in thousands)	FISCAL YEARS ENDED APRIL 30		
	2004	2003	PERCENT CHANGE
Net Sales	\$667,547	\$563,466	18.5%
Gross Profit	137,509	132,741	3.6
Selling & Marketing Expenses	59,653	55,157	8.2
G&A Expenses	25,452	23,323	9.1
Interest Expense	869	519	67.4

NET SALES

Net sales for fiscal 2004 increased 18.5% to \$667.5 million from \$563.5 million in fiscal 2003. Higher sales were the result of the growth in shipments to both the remodeling and new home construction markets. Unit volume increased 22% over the prior year. Unit growth in the remodeling market was driven by strong home improvement spending and new products. New home construction unit growth was the result of high demand for housing and new products. In fiscal 2004, the average selling price per unit decreased 3% due to shifts in product mix as the rate of unit growth in certain lower price points exceeded the rate of growth in higher price points.

GROSS PROFIT

Gross profit decreased as a percent of sales in fiscal 2004 to 20.6% from 23.6% in fiscal 2003. The decrease in gross profit was the result of higher material and labor costs, combined with shifts in the product mix.

Material costs increased by 1.8% of sales from fiscal 2003 to fiscal 2004 due to increases in hardwood lumber, particleboard, plywood and other raw materials. Cost increases were experienced due to a combination of higher commodity costs and a declining dollar for materials sourced internationally.

Labor costs increased 0.7% of sales in fiscal 2004 from the prior fiscal year as an increase in productivity was offset by increased premium hours worked to accommodate higher demand. Benefit costs increased 0.9% of sales from fiscal 2003. Health care costs increased due to a larger number of eligible employees, general inflation in the health care industry, and a higher than normal increase in large claim activity. Pension costs increased due to lower discount rates used to calculate projected benefit obligations, along with higher service costs, and amortization of actuarial losses.

Freight costs were flat as a percent of sales year over year as improved efficiencies in the third-party customer delivery network combined with favorable leverage on increased volume offset increased fuel costs.

Overhead costs decreased 0.4% of sales in fiscal 2004 compared to fiscal 2003 as the Company gained favorable leverage on fixed and semi-fixed expenses with higher volumes.

SELLING & MARKETING EXPENSES

Selling and marketing expenses were \$59.7 million or 8.9% of sales in fiscal 2004 compared to \$55.2 million or 9.8% in fiscal 2003. The decrease as a percent of sales was due to the favorable impact of cost containment efforts and leverage gained on higher sales.

GENERAL & ADMINISTRATIVE EXPENSES

General and administrative expenses in fiscal year 2004 were \$25.5 million or 3.8% of sales compared to \$23.3 million or 4.1% in fiscal 2003. The decrease as a percent of sales was primarily due to favorable leverage realized on higher sales.

INTEREST AND OTHER EXPENSE

Net interest expense increased \$350 thousand in fiscal 2004 compared to fiscal 2003. The increase was due to a decrease in capitalized interest as the Company completed fewer capital expansion projects in fiscal 2004 compared to fiscal 2003.

Other expense decreased \$310 thousand for fiscal 2004 compared to fiscal 2003 due to an increase in interest income on higher cash balances and lower expenses.

EFFECTIVE INCOME TAX RATES

The Company's combined effective federal and state tax rate in fiscal 2004 was 39.0%, a decrease from 39.3% in fiscal 2003. The year over year decrease in the effective tax rate was attributable to Federal jobs tax credits and state investment tax credits associated with the start-up of new facilities.

OUTLOOK FOR FISCAL 2006

The Company follows several indices, including housing starts, existing home sales, mortgage interest rates and consumer confidence, that it believes are leading indicators of overall demand for kitchen and bath cabinetry. These indicators collectively suggest to the Company that while the economic outlook is uncertain, particularly as it pertains to retail purchases of durable goods, demand in the industry appears likely to grow during the period covered by the Company's fiscal year ending April 30, 2006.

The Company expects to increase sales in fiscal 2006 versus fiscal 2005 based on three factors. First, as one of the largest manufacturers in the industry with a broad distribution base, the Company expects to participate in the overall growth of the industry. Second, the Company expects to gain share in the general market due to strategic partnerships with home centers, builders and distributors that are gaining share versus other distribution outlets. Finally, the Company expects to gain share with customers due to the value of the products and services in the Company's broad offering.

Assuming the Company is successful in generating increased sales, the Company expects to generate higher net income in fiscal 2006 versus fiscal 2005. The Company expects to benefit from additional margin on incremental sales, potential price increases to offset the increased cost of raw materials, leverage on fixed and semi-fixed costs with additional unit volume, and improved productivity. These expected benefits may be partially offset by an increase in material costs due to market pricing of hardwood lumber and changes in product mix, an increase in transportation costs due to inflationary rate changes and the market price of fuel, an increase in pension expense due to unrecognized losses and changes in pension assumptions, and an increase in medical costs due to higher headcount and overall cost pressures in the medical industry.

The Company would be negatively impacted by reduced market demand as the result of lower overall remodeling or new construction activity. While the Company would expect to perform better than the industry on average during a downturn in demand, the combined effects of lower sales and underutilized capacity could result in decreased profitability in fiscal 2006 versus fiscal 2005.

The Company began to experience an increase in hardwood lumber prices during fiscal 2003. While the Company believes that it is more efficient as compared to the industry in the use of materials, a continued rise in raw material costs could negatively impact profitability during fiscal 2006. The Company does not believe that additional increases in raw material costs could negatively impact performance over the long-term due to the availability of substitute materials and the historical ability for the industry to recover market-driven increases in raw materials through pricing.

Over the past five years, the Company has significantly expanded overall manufacturing capacity through an aggressive capital spending program. In order to support the growth in demand for products and services, the Company has invested approximately \$170 million in property, plant, and equipment over the last five fiscal years. Long-term projected growth will continue to require the Company to invest in additional capacity. The Company expects new spending on property, plant, and equipment during

fiscal 2006 to be between \$55 and \$60 million. Anticipated projects for the fiscal year include the expansion of the Hardy County, West Virginia component and finishing facility, and the construction of a new lumber processing facility in Garrett County, Maryland. The Company believes that it has sufficient financial resources to support the capital-spending program without a significant impact on its current financial position.

The aforementioned forward-looking statements should be read in combination with information presented in the Risk Factors section of Management's Discussion and Analysis.

RISK FACTORS

The Company's business has historically been subjected to seasonal influences, with higher sales typically realized in the second and fourth fiscal quarters.

The costs of the Company's products are subject to inflationary pressures and commodity price fluctuations. Inflationary pressures have been relatively mild over the past five years except in certain raw material markets. Commodity price pressures have been experienced in the raw material market during the recent period. The Company has generally been able, over time, to recover the effects of inflation and commodity price fluctuations through sales price increases.

On April 30, 2005, the Company had no material exposure to changes in interest rates for its debt agreements. All significant borrowings of the Company carry an effective interest rate between 2% and 6%.

CRITICAL ACCOUNTING POLICIES

Management has chosen accounting policies that are necessary to accurately and fairly report the Company's operational and financial position. The significant accounting policies of the Company are disclosed in Note A to the Consolidated Financial Statements. The following discussion addresses the accounting policies that are the most important to the portrayal of the financial condition of the Company for the period being reported and that require judgment.

Management has reviewed these critical accounting policies and estimates with its audit committee.

REVENUE RECOGNITION. The Company utilizes signed sales agreements that provide for transfer of title to the customer upon delivery. The Company's network of third-party carriers does not currently have the technology to provide detailed information regarding the delivery date for all orders. As a result, the Company must estimate the amount of sales that have been transferred to third-party carriers but not delivered to customers. The estimate is calculated using a lag factor determined by analyzing the actual difference between shipment date and delivery date of orders over the past 12 months. Revenue is only recognized on those shipments which we believe have been delivered to the customer. Due to the nature of the Company's business, the impact from this estimate is limited to fiscal quarters as any shipments deemed to be in transit at the end of a reporting period are delivered to the customer within the first two weeks of the next period. Management believes that likely changes in the estimate are immaterial to the overall results of the fiscal year.

The Company recognizes revenue based on the invoice price less allowances for sales returns, cash discounts, and other deductions as required under current U.S. generally accepted accounting principles. Collection is reasonably assured as determined through an analysis of accounts receivable data, including historical product returns, and the evaluation of each customer's ability to pay. Allowances for sales returns are based on the historical relationship between shipments and returns. The Company believes that historical experience is an accurate reflection of future returns.

SELF INSURANCE. The Company is self-insured for certain costs related to employee medical coverage and workers' compensation liability. The Company maintains stop loss coverage with third-party insurers to limit total exposure. The Company establishes a liability at the balance sheet date based on estimates for a variety of factors that influence the Company's ultimate cost. In the event that actual experience is substantially different from the estimates, the financial results for the period could be impacted. The Company believes that the methodologies used to estimate all factors related to employee medical coverage and workers' compensation are an accurate reflection of the liability as of the date of the balance sheet.

PENSIONS. The Company has two non-contributory defined pension benefit plans covering substantially all of the Company's employees. The Company accounts for its defined benefit plans in accordance with Statement of Financial Accounting Standards SFAS 87, "Employer's Accounting for Pensions," and Statement of Financial Accounting Standards SFAS 132 (revised), "Employers' Disclosures about Pensions and Other Postretirement Benefits," which requires amounts recognized in the financial statements to be determined on an actuarial basis. The estimated cost and benefits of the non-contributory defined benefit pension plans are determined by independent actuaries using various actuarial assumptions. The most significant assumptions are the long-term expected rate of return on plan assets, the discount rate used to determine the present value of the pension obligations, and the future rate of compensation level increases. The Company refers to high-quality, fixed-income investments in establishing the discount rate. The long-term expected rate of return on plan assets reflects the current mix of the plan assets invested in equities and bonds. The future rate of compensation levels reflects expected salary trends.

Pension expense for fiscal year 2005 and the assumptions used in that calculation are presented in Note G to the Consolidated Financial Statements. At April 30, 2005, the discount rate was 5.46% compared to 6.40% at April 30, 2004. The expected return on plan assets is 8.0%, which is consistent with fiscal year 2004. The rate of increase in compensation levels is 4.0% for the year ended April 30, 2005, unchanged from the prior fiscal year.

The fair value of plan assets at April 30, 2005 was \$43.3 million compared to \$34.2 million at April 30, 2004. The Company's underfunded amount for the difference between the projected benefit obligation and plan assets increased to \$31.0 million from \$22.2 million in fiscal 2004. As a result, the Company expects pension expense for its defined benefit plans to increase from \$6.2 million in fiscal 2005 to \$8.0 million in fiscal 2006. The Company made contributions of \$8.6 million to its pension plans in fiscal 2005. The Company expects to contribute \$7.7 million to its pension plans in fiscal 2006.

PROMOTIONAL DISPLAYS. The Company invests in product displays in order to promote the sale of its products and services. The investment is carried at cost less applicable amortization. Amortization is provided by the straight-line method on an individual display basis over the estimated period of economic benefit, approximately 30 months. The estimated period of economic benefit is based on historical experience. The Company believes that the estimated period of economic benefit provides an accurate reflection of the value of displays as of the date of the balance sheet.

PRODUCT WARRANTY. The Company estimates outstanding warranty costs based on the historical relationship between warranty claims and revenues. The warranty accrual is reviewed monthly to verify that it properly reflects the remaining obligation based on the anticipated expenditures over the balance of the obligation period. Adjustments are made when actual warranty claim experience differs from estimates. Warranty claims are generally made within three months of the original shipment date.

RECENT ACCOUNTING PRONOUNCEMENTS

In December 2004, the FASB issued Statement No. 123 (Revised 2004), "Share-Based Payment," which is a revision of FASB Statement No. 123, "Accounting for Stock-Based Compensation." Statement 123 (R) supersedes APB Opinion No. 25, "Accounting for Stock Issued to Employees." Under FASB Statement No. 123 (R), all share-based payments to employees, including grants of employee stock options, are to be recognized in the income statement based on their fair values as of the awards' grant date and the estimated number of awards that are expected to vest. The Company is allowed to select from three alternative transition methods, each having different reporting implications. The Company will be required to adopt this statement as of May 1, 2006. The Company is currently evaluating the three transition methods and has not yet determined the impact of adopting Statement No. 123 (R) on its results of operations or its financial position.

In December 2004, the FASB issued SFAS No. 151, "Inventory Costs-an amendment of ARB No. 43, Chapter 4" ("SFAS 151"), which clarifies the accounting for abnormal amounts of idle facility expenses, freight, handling costs, and wasted material (spoilage). Under this statement, such items will be recognized as current-period charges. It also requires that allocation of fixed production overheads to the costs of conversion be based on the normal capacity of the production facilities. This statement will be effective for the Company for inventory costs incurred during fiscal years beginning after April 30, 2005. The adoption of SFAS 151 is not expected to have a material impact on the Company's financial position or results of operations.

In December 2004, the FASB issued SFAS No. 153, "Exchanges of Non-monetary Assets-an amendment of APB Opinion No. 29, Accounting for Non-monetary Transactions" ("SFAS 153"), which replaces the exception permitting non-monetary exchanges of similar productive assets from measurement based on fair value of the assets exchanged with a general exception for exchanges of non-monetary assets that do not have commercial substance. This statement will be effective for the Company for non-monetary asset exchanges occurring after April 30, 2005. The adoption of SFAS 153 is not expected to have a material impact on the Company's financial position or results of operations.

In March 2005, the FASB issued Interpretation No. 47 ("FIN 47"), "Accounting for Conditional Asset Retirement Obligations-an interpretation of FASB Statement No. 143." FIN 47 requires that a Company recognize a liability for the fair value of a conditional asset retirement obligation if the fair value of the liability can be reasonably estimated. The Company will be required to adopt this statement as of May 1, 2005. The adoption of FIN 47 is not expected to have a material impact on the Company's financial position or results of operations.

LEGAL MATTERS

The Company is involved in various suits and claims in the normal course of business which include claims against the Company pending before the Equal Employment Opportunity Commission. Although management believes that such suits and EEOC claims are without merit and intends to vigorously contest them, the ultimate outcome of these matters cannot be determined at this time. In the opinion of management, after consultation with counsel, the ultimate liabilities and losses, if any, that may result from suits and claims involving the Company will not have any material adverse effect on the Company's operating results, financial position, or liquidity.

DIVIDENDS DECLARED

On May 24, 2005, the Board of Directors approved a \$.03 per share cash dividend on its common stock. The cash dividend was paid on June 17, 2005, to shareholders of record on June 6, 2005.

CONSOLIDATED BALANCE SHEETS

(in thousands, except share and per share data)	APRIL 30	
	2005	2004
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 24,406	\$ 29,432
Customer receivables	52,877	48,286
Inventories	65,213	54,921
Prepaid expenses and other	3,268	1,515
Deferred income taxes	10,890	10,504
Total Current Assets	156,654	144,658
Property, plant and equipment, net	185,513	143,136
Promotional displays, net	16,740	17,112
Other assets	1,250	1,181
Intangible pension asset	1,011	964
	\$361,168	\$307,051
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	\$ 35,752	\$ 29,145
Accrued compensation and related expenses	30,564	32,391
Current maturities of long-term debt	1,046	988
Accrued marketing expenses	6,787	5,875
Other accrued expenses	8,393	6,921
Total Current Liabilities	82,542	75,320
Long-term debt, less current maturities	29,217	18,028
Deferred income taxes	13,339	11,402
Long-term pension liabilities	16,149	8,155
Other long-term liabilities	4,730	1,001
Shareholders' Equity		
Preferred stock, \$1.00 par value; 2,000,000 shares authorized, none issued	—	—
Common stock, no par value; 40,000,000 shares authorized; issued and outstanding shares: 16,397,520–2005; 16,459,886–2004;	51,189	43,435
Retained earnings	176,303	156,993
Accumulated other comprehensive loss		
Minimum pension liability	(12,178)	(6,921)
Unrealized loss on derivative contracts	(123)	(362)
Total accumulated other comprehensive loss	(12,301)	(7,283)
Total Shareholders' Equity	215,191	193,145
	\$361,168	\$307,051

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME

YEARS ENDED APRIL 30

(in thousands, except share and per share data)

	2005	2004	2003
Net sales	\$776,990	\$667,547	\$563,466
Cost of sales and distribution	624,610	530,038	430,725
Gross Profit	152,380	137,509	132,741
Selling and marketing expenses	67,225	59,653	55,157
General and administrative expenses	26,788	25,452	23,323
Operating Income	58,367	52,404	54,261
Interest expense	515	869	519
Other (income) expense	(493)	(461)	(151)
Income Before Income Taxes	58,345	51,996	53,893
Income tax expense	22,754	20,289	21,189
Net Income	\$ 35,591	\$ 31,707	\$ 32,704
SHARE INFORMATION			
Earnings per share			
Basic	\$ 2.16	\$ 1.96	\$ 2.00
Diluted	2.11	1.90	1.95
Cash dividends per share	.115	.10	.10

See notes to consolidated financial statements.

AMERICAN WOODMARK CORPORATION®
2005 Annual Report

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY AND COMPREHENSIVE INCOME

(in thousands, except share and per share data)	COMMON STOCK		RETAINED	ACCUMULATED	TOTAL
	SHARES	AMOUNT	EARNINGS	OTHER COMPREHENSIVE INCOME (LOSS)	SHAREHOLDERS' EQUITY
Balance, May 1, 2002	16,542,992	\$ 33,072	\$ 112,378	\$ (281)	\$ 145,169
Comprehensive Income:					
Net income			32,704		32,704
Other comprehensive income, net of tax:					
Change in derivative financial instrument				(321)	(321)
Minimum pension liability				(7,704)	(7,704)
Total Comprehensive Income					24,679
Cash dividends			(1,635)		(1,635)
Exercise of stock options	69,482	1,122			1,122
Stock repurchases	(486,380)	(985)	(9,041)		(10,026)
Employee benefit plans and other	34,102	790			790
Balance, April 30, 2003	16,160,196	33,999	134,406	(8,306)	160,099
Comprehensive Income:					
Net income			31,707		31,707
Other comprehensive income, net of tax:					
Change in derivative financial instrument				240	240
Minimum pension liability				783	783
Total Comprehensive Income					32,730
Cash dividends			(1,619)		(1,619)
Exercise of stock options	533,976	8,474			8,474
Stock repurchases	(281,500)	(217)	(7,501)		(7,718)
Employee benefit plans and other	47,214	1,179			1,179
Balance, April 30, 2004	16,459,886	43,435	156,993	(7,283)	193,145
Comprehensive Income:					
Net income			35,591		35,591
Other comprehensive income, net of tax:					
Change in derivative financial instrument				239	239
Minimum pension liability				(5,257)	(5,257)
Total Comprehensive Income					30,573
Cash dividends			(1,897)		(1,897)
Exercise of stock options	335,823	7,633			7,633
Stock repurchases	(436,369)	(1,191)	(14,384)		(15,575)
Employee benefit plans and other	38,180	1,312			1,312
Balance, April 30, 2005	16,397,520	\$ 51,189	\$ 176,303	\$ (12,301)	\$ 215,191

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)	YEARS ENDED APRIL 30		
	2005	2004	2003
OPERATING ACTIVITIES			
Net income	\$ 35,591	\$ 31,707	\$ 32,704
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	33,405	27,696	27,717
Net loss on disposal of property, plant and equipment	103	73	161
Deferred income taxes	1,787	697	3,825
Tax benefit from stock options exercised	2,426	3,692	316
Other non-cash items	1,424	682	455
Changes in operating assets and liabilities:			
Customer receivables	(4,833)	(8,062)	(8,796)
Inventories	(11,349)	(10,182)	(10,635)
Prepaid expenses and other assets	(2,138)	3,113	339
Accounts payable	6,607	2,295	3,791
Accrued compensation, marketing, and other accrued expenses	557	9,171	(2,105)
Other	2,094	(3,845)	96
Net Cash Provided by Operating Activities	65,674	57,037	47,868
INVESTING ACTIVITIES			
Payments to acquire property, plant and equipment	(61,054)	(22,755)	(28,918)
Proceeds from sales of property, plant and equipment	401	5	39
Investment in promotional displays	(13,106)	(16,059)	(8,687)
Net Cash Used in Investing Activities	(73,759)	(38,809)	(37,566)
FINANCING ACTIVITIES			
Payments of long-term debt	(5,988)	(932)	(5,568)
Proceeds from long-term debt	15,750	—	8,350
Exercises of stock options	2,465	471	824
Repurchase of common stock	(11,521)	(2,228)	(9,844)
Dividends paid	(1,897)	(1,619)	(1,635)
Grant proceeds relating to property, plant and equipment	4,250	—	—
Net Cash Provided (Used) in Financing Activities	3,059	(4,308)	(7,873)
(Decrease)/Increase in Cash and Cash Equivalents	(5,026)	13,920	2,429
Cash and Cash Equivalents, Beginning of Year	29,432	15,512	13,083
Cash and Cash Equivalents, End of Year	\$ 24,406	\$ 29,432	\$ 15,512

See notes to consolidated financial statements.

notes to consolidated financial statements

NOTE A — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company manufactures and distributes kitchen cabinets and vanities for the remodeling and new home construction markets. The Company's products are sold across the United States through a network of independent distributors and directly to home centers and major builders.

The following is a description of the Company's significant accounting policies:

PRINCIPLES OF CONSOLIDATION: The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary. Significant inter-company accounts and transactions have been eliminated in consolidation.

STOCK SPLIT: On August 26, 2004, the Board of Directors declared a two-for-one stock split of the Company's common stock that was distributed to shareholders in the form of a stock dividend on September 24, 2004, to shareholders of record on September 10, 2004. All share and per share information has been restated to reflect the two-for-one stock split.

REVENUE RECOGNITION: The Company recognizes revenue when product is delivered to the customer and title has passed. Revenue is based on invoice price less allowances for sales returns, cash discounts, and other deductions.

COST OF SALES AND DISTRIBUTION: The cost of sales and distribution includes all cost associated with the manufacture and distribution of the Company's products including the costs of shipping and handling.

ADVERTISING COSTS: Advertising costs are expensed as incurred. Advertising expenses for fiscal years 2005, 2004, and 2003 were \$15.5 million, \$12.5 million, and \$11.0 million, respectively.

CASH AND CASH EQUIVALENTS: Cash in excess of operating requirements is invested in short-term instruments which are carried at fair value (approximate cost). The Company considers all highly liquid short-term investments with an original maturity of three months or less when purchased to be cash equivalents. Cash equivalents were \$19.5 million and \$27.3 million at April 30, 2005 and 2004, respectively.

INVENTORIES: Inventories are stated at lower of cost or market. Inventory costs are determined by the last-in, first-out (LIFO) method.

The LIFO cost reserve is determined in the aggregate for inventory and is applied as a reduction to inventories determined on the first-in, first-out method (FIFO). FIFO inventory cost approximates replacement cost.

PROPERTY, PLANT AND EQUIPMENT: Property, plant and equipment is stated on the basis of cost less accumulated depreciation. Depreciation is provided by the straight-line method over the estimated useful lives of the related assets, which range from 15 to 30 years for buildings and improvements and three to ten years for furniture and equipment. Assets under capital leases are amortized over the shorter of their estimated useful lives or the term of the related lease.

IMPAIRMENT OF LONG-LIVED ASSETS: The Company reviews its long-lived assets for impairment when events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

PROMOTIONAL DISPLAYS: The Company's investment in promotional displays is carried at cost less applicable amortization. Amortization is provided by the straight-line method on an individual display basis over 30 months (the estimated period of benefit). Promotional display amortization expense for fiscal years 2005, 2004, and 2003 was \$13.5 million, \$11.6 million, and \$13.1 million, respectively.

FAIR VALUE OF FINANCIAL INSTRUMENTS: The carrying amounts of the Company's cash and cash equivalents, customer receivables, accounts payable, and long-term debt approximate fair value.

DERIVATIVES: The Company records its derivatives at fair value and recognizes these assets or liabilities on the consolidated balance sheets. The Company's primary objective for entering into derivative instruments is to manage its exposure to interest rates, as well as to maintain an appropriate mix of fixed and variable rate debt. At April 30, 2005, the Company had one outstanding interest rate swap with a notional amount of \$10 million that exchanges variable rate interest at LIBOR plus 50 basis points on the Company's term credit facility for fixed interest at 5.5% plus 50 basis points and expires at May 31, 2006.

INCOME TAXES: The Company accounts for deferred income taxes utilizing the asset and liability method, whereby deferred tax assets and liabilities are recognized based on the tax effects of temporary differences between the financial statement amounts and the tax basis of assets and liabilities, as measured by current enacted tax rates. When appropriate, the Company evaluates the need for a valuation allowance to reduce deferred tax assets.

PENSIONS: The Company has two non-contributory defined pension benefit plans covering substantially all of the Company's employees. The Company accounts for its defined benefit plans in accordance with Statement of Financial Accounting Standards SFAS 87, "Employer's Accounting for Pensions," which requires amounts recognized in the financial statements to be determined on an actuarial basis.

STOCK-BASED COMPENSATION: As permitted by Statement of Financial Accounting Standards SFAS No. 123, "Accounting for Stock-Based Compensation," the Company has elected to continue using the intrinsic value method of accounting for stock options and has provided the additional required disclosures. SFAS No. 148, which amends SFAS No. 123, does not require companies to account for stock options using the fair value method; however, it does require all companies to adopt the disclosure provisions.

For the years ended April 30, 2005, 2004, and 2003, pro forma net income and earnings per share information required by SFAS No. 123 has been determined as if the Company had accounted for its stock options using the fair value method.

For purposes of pro forma disclosures, the estimated fair value of the options is amortized to expense over the options' vesting periods. The Company's pro forma information follows:

STOCK-BASED COMPENSATION

(in thousands, except share amounts)

	2005	2004	2003
Net income	\$35,591	\$31,707	\$32,704
Stock-based employee compensation expense	(3,185)	(2,348)	(1,949)
Pro forma net income	\$32,406	\$29,359	\$30,755
Pro forma net income per common share:			
Basic	1.97	1.81	1.88
Diluted	1.92	1.76	1.83

To determine these amounts, the fair value of each stock option has been estimated on the date of the grant using a Black-Scholes option-pricing model. Significant assumptions used in this model include the following:

	2005	2004	2003
Expected volatility	0.507	0.512	0.514
Expected dividend yield	0.4%	0.8%	0.8%
Risk-free interest rates	3.96%	2.55%	4.60%
Expected life in years	6.0	6.0	6.0
Fair value per share	\$14.91	\$12.03	\$16.06

RECENT ACCOUNTING PRONOUNCEMENTS: In December 2004, the FASB issued Statement No. 123 (Revised 2004), “Share-Based Payment,” which is a revision of FASB Statement No. 123, “Accounting for Stock-Based Compensation.” Statement 123 (R) supersedes APB Opinion No. 25, “Accounting for Stock Issued to Employees.” Under FASB Statement No. 123 (R), all share-based payments to employees, including grants of employee stock options, are to be recognized in the income statement based on their fair values as of the awards’ grant date and the estimated number of awards that are expected to vest. The Company is allowed to select from three alternative transition methods, each having different reporting implications. The Company will be required to adopt this statement as of May 1, 2006. The Company is currently evaluating the three transition methods and has not yet determined the impact of adopting Statement No. 123 (R) on its results of operations or its financial position.

In December 2004, the FASB issued SFAS No. 151, “Inventory Costs—an amendment of ARB No. 43, Chapter 4” (“SFAS 151”), which clarifies the accounting for abnormal amounts of idle facility expenses, freight, handling costs, and wasted material (spoilage). Under this statement, such items will be recognized as current-period charges. It also requires that allocation of fixed production overheads to the costs of conversion be based on the normal capacity of the production facilities. This statement will be effective for the Company for inventory costs incurred during fiscal years beginning after April 30, 2005. The adoption of SFAS 151 is not expected to have a material impact on the Company’s financial position or results of operations.

In December 2004, the FASB issued SFAS No. 153, “Exchanges of Non-monetary Assets—an amendment of APB Opinion No. 29, Accounting for Non-monetary Transactions” (“SFAS 153”), which replaces the exception permitting non-monetary exchanges of similar productive assets from measurement based on fair value of the assets exchanged with a general exception for exchanges of non-monetary assets that do not have commercial substance. This statement will be effective for the Company for non-monetary asset exchanges occurring after April 30, 2005. The adoption of SFAS 153 is not expected to have a material impact on the Company’s financial position or results of operations.

In March 2005, the FASB issued Interpretation No. 47 (“FIN 47”), “Accounting for Conditional Asset Retirement Obligations—an interpretation of FASB Statement No. 143.” FIN 47 requires that a Company recognize a liability for the fair value of a conditional asset retirement obligation if the fair value of the liability can be reasonably estimated. The Company will be required to adopt this statement as of May 1, 2005. The adoption of FIN 47 is not expected to have a material impact on the Company’s financial position or results of operations.

USE OF ESTIMATES: The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

RECLASSIFICATIONS: Certain prior years' amounts have been reclassified to conform to the current year's presentation.

NOTE B — CUSTOMER RECEIVABLES

The components of customer receivables were:

(in thousands)	APRIL 30	
	2005	2004
Gross customer receivables	\$ 58,461	\$ 54,122
Less:		
Allowance for bad debt	(698)	(1,222)
Allowance for returns and discounts	(4,886)	(4,614)
Net customer receivables	<u>\$ 52,877</u>	<u>\$ 48,286</u>

NOTE C — INVENTORIES

The components of inventories were:

(in thousands)	APRIL 30	
	2005	2004
Raw materials	\$ 19,821	\$ 19,569
Work-in-process	42,051	37,045
Finished goods	16,378	9,653
Total FIFO inventories	<u>78,250</u>	<u>66,267</u>
Reserve to adjust inventories to LIFO value	(13,037)	(11,346)
Total inventories	<u>\$ 65,213</u>	<u>\$ 54,921</u>

NOTE D — PROPERTY, PLANT AND EQUIPMENT

The components of property, plant and equipment were:

(in thousands)	APRIL 30	
	2005	2004
Land	\$ 3,440	\$ 1,956
Buildings and improvements	78,311	66,756
Buildings and improvements – capital leases	20,142	9,153
Machinery and equipment	168,592	150,782
Machinery and equipment – capital leases	27,740	334
Construction in progress	4,517	13,716
	<u>302,742</u>	<u>242,697</u>
Less accumulated amortization and depreciation	(117,229)	(99,561)
Total	<u>\$ 185,513</u>	<u>\$ 143,136</u>

Depreciation expense amounted to \$19.6 million, \$16.1 million, and \$14.6 million in fiscal 2005, 2004, and 2003, respectively.

NOTE E — LOANS PAYABLE AND LONG-TERM DEBT

Maturities of long-term debt are as follows:

(in thousands)	FISCAL YEARS ENDING APRIL 30					2011 AND THEREAFTER	TOTAL OUTSTANDING
	2006	2007	2008	2009	2010		
Term credit facility	\$ —	\$10,000	\$—	\$—	\$—	\$ —	\$ 10,000
Other term loans	—	—	—	—	—	2,234	2,234
Term loans	335	357	381	381	366	4,748	6,568
Capital lease obligations	711	1,099	473	483	493	8,202	11,461
Total	\$1,046	\$11,456	\$854	\$864	\$859	\$ 15,184	\$ 30,263
Less current maturities							\$ 1,046
Total long-term debt							\$ 29,217

The Company's primary loan agreement provides for a five-year, \$35 million revolving credit facility and a \$10 million, five-year term credit facility which expires on May 31, 2006. Borrowings under the credit facilities bear interest at the London InterBank Offered Rate (LIBOR) (2.91% at April 30, 2005) plus a spread (0.50% at April 30, 2005) based on Total Funded Debt to earnings, before deduction of interest and taxes, plus depreciation and amortization (EBITDA). Funded debt is the total of senior debt, letter of credit obligations, stockholder debt, subordinated debt, and the value of all capitalized and synthetic leases. The Company has no synthetic leases. The Company incurs a fee for amounts not used under the revolving credit facility. The non-usage fee is included in interest expense and was \$57,090, \$66,819, and \$70,113 for 2005, 2004, and 2003, respectively, or 0.2% of the amount not borrowed. There were no amounts outstanding under the revolving credit facility at April 30, 2005 and 2004. The interest rate on the five-year term loan has been fixed at 6.0% via an interest rate swap. The notional amount of the swap agreement is \$10 million. Under the terms of the interest rate swap the Company receives variable interest rate payments based on LIBOR (2.91% at April 30, 2005) and makes fixed interest rate payments of 6.0% thereby creating the equivalent of fixed rate debt. Interest paid on the swap agreement was \$394,347, \$435,450, and \$385,175 for the years ended April 30, 2005, 2004, and 2003, respectively. Any unrealized gain or loss associated with the swap agreement is accounted for as other comprehensive income (loss). As of April 30, 2005 and 2004, the fair value of the swap was \$201,000 and \$596,000, respectively, and is classified as a long-term liability. The Company does not invest, trade, or otherwise speculate in any derivatives or similar type financial instruments.

In February 2005, the Company entered into separate loan agreements with the Maryland Economic Development Corporation and the County Commissioners of Allegany County as part of the Company's capital investment and operations at the Allegany County, Maryland, site. These loan agreements are for \$1.5 million and \$0.8 million, respectively, and expire at December 31, 2014, bearing interest at a fixed rate of 3%. These loan agreements are secured by mortgages on the manufacturing facility constructed in Allegany County, Maryland. These loan agreements defer principal and interest during the term of the obligation if the Company complies with certain employment levels at the facility with forgiveness of any balance remaining at December 31, 2014.

In July 2004, the Company entered into a lease agreement with the West Virginia Economic Development Authority as part of the Company's capital investment and operations at the South Branch plant, in Hardy County, West Virginia. This capital lease agreement is a \$10 million term obligation, which expires at July 1, 2024, bearing interest at a fixed rate of 2%. The lease obligation requires monthly payments consisting of interest only through July 1, 2006, and principal and interest thereafter.

In November 2002, the Company entered into a loan agreement with the Perry, Harlan, Leslie, Breathitt Regional Industrial Authority (a.k.a. Hazard, KY Regional Authority) as part of the Company's capital investment and operations at the Hazard, Kentucky, site. This debt facility is a \$6 million term loan, which expires November 13, 2017, bearing interest at a fixed rate of 2%. It is secured by a mortgage on the manufacturing facility constructed in Hazard, Kentucky. The loan requires annual debt service payments consisting of principal and interest with a fixed balloon payment of \$1.6 million at loan expiration.

At April 30, 2005, total term loans of \$6.6 million were outstanding. The interest-bearing term loans bore a weighted average interest rate of 2.5% on April 30, 2005.

The Company's loan agreements limit the amount and type of indebtedness the Company can incur and require the Company to maintain specified financial ratios measured on a quarterly basis. Certain of the Company's fixed assets are pledged as collateral under the term loan agreements and capital lease arrangements. The Company was in compliance with all covenants contained in its loan agreements at April 30, 2005.

Interest paid was \$1,082,000, \$982,000, and \$1,074,000, during fiscal 2005, 2004, and 2003, respectively. Net amounts to be received or paid under interest rate swap agreements are accrued as an adjustment to interest expense.

Interest capitalized was \$662,000, \$161,000, and \$579,000, during fiscal 2005, 2004, and 2003, respectively.

NOTE F — SHAREHOLDERS' EQUITY

EMPLOYEE STOCK OWNERSHIP PLAN

In fiscal 1990, the Company instituted the American Woodmark Stock Ownership Plan (AWSOP). Under this plan, all employees over the age of 18 who have been employed by the Company for a minimum of six months are eligible to receive company stock through a profit sharing contribution and a 401(k) matching contribution based upon the employee's contribution to the plan.

Profit sharing contributions are 3% of after tax earnings, calculated on a quarterly basis and distributed equally to all employees eligible to participate in the plan. The Company recognized expenses for profit sharing contributions of \$1,096,000, \$926,000, and \$1,029,000, in fiscal 2005, 2004, and 2003, respectively.

The Company matches 401(k) contributions in the amount of 50% of an employee's contribution to the plan up to 4% of base salary for an effective maximum Company contribution of 2% of base salary. The expense for 401(k) matching contributions for this plan was \$1,409,000, \$1,307,000, and \$1,032,000, in fiscal 2005, 2004, and 2003, respectively.

STOCK OPTIONS

In August 1999, shareholders approved a stock option plan for key employees of the Company. Under the plan, up to 2,000,000 shares of common stock may be granted as options, with the term of options granted not exceeding ten years. Options granted are subject to vesting conditions and other requirements prescribed by a participant's stock option agreement. Options vest over three years on a straight-line basis.

In August 2000, shareholders approved a stock option plan for non-employee directors. Under the 2000 plan, up to 60,000 shares of common stock may be granted as options, with each non-employee director receiving an option to purchase 2,000 shares on the anniversary date of the plan. Outstanding options under the plan are exercisable in annual cumulative increments of 33.33% of options granted beginning one year after the date of grant and must be exercised within 12 months after cumulative increments exercisable equal 100% of options granted, at which time options expire.

In August 2004, shareholders approved a stock incentive plan for key employees of the Company. Under the plan, up to 2,000,000 shares of common stock may be granted as incentive awards, with the term of the awards granted not exceeding ten years. Incentive awards granted are subject to vesting conditions and other requirements prescribed by a participant's incentive award agreement. Incentive awards vest over three years on a straight-line basis.

The following table summarizes stock option activity and related information under the stock option plans for the fiscal years ended April 30:

	2005	2004	2003
Outstanding at beginning of year	1,621,404	1,738,594	1,474,410
Granted	586,588	433,952	358,000
Exercised	(335,823)	(533,976)	(69,482)
Expired or cancelled	(75,998)	(17,166)	(24,344)
Outstanding at April 30	1,796,171	1,621,404	1,738,594
Exercisable at April 30	865,481	864,052	1,018,838
Available for future issuance at April 30	2,448,442	677,104	1,110,392
Weighted average exercise prices (in dollars):			
Outstanding at beginning of year	\$ 20.39	\$ 15.89	\$ 11.96
Granted	29.19	25.55	31.64
Exercised	15.50	9.76	11.85
Expired or cancelled	29.00	26.90	11.85
Outstanding at April 30	23.81	20.39	15.89
Exercisable at April 30	\$ 18.82	\$ 15.43	\$ 11.60

The following table summarizes information about stock options outstanding at April 30, 2005 [remaining lives (in years) and exercise prices are weighted-averages]:

OPTION PRICE PER SHARE	OPTIONS OUTSTANDING			OPTIONS EXERCISABLE	
	OPTIONS	REMAINING LIFE	EXERCISE PRICE	OPTIONS	EXERCISE PRICE
\$4.63–\$7.22	2,000	1.5	\$ 4.63	2,000	\$ 4.63
\$8.22–\$9.47	100,700	5.0	9.26	100,700	9.26
\$10.86–\$14.93	357,600	5.5	13.22	357,600	13.22
\$18.91–\$24.21	426,867	7.0	22.75	208,200	21.22
\$25.49–\$26.85	391,876	9.0	26.78	10,559	25.78
\$29.42–\$34.87	468,014	7.5	31.79	186,422	33.13
\$37.13–\$44.59	49,114	7.5	42.68	—	—

EARNINGS PER SHARE

The following table summarizes the computations of basic and diluted earnings per share:

(in thousands, except per share amounts)	FISCAL YEARS ENDED APRIL 30		
	2005	2004	2003
Numerator used in basic and diluted earnings per common share:			
Net income	\$ 35,591	\$ 31,707	\$ 32,704
Denominator:			
Denominator for basic earnings per common share – weighted average shares	16,473	16,188	16,346
Effect of dilutive securities:			
Stock options	407	480	454
Denominator for diluted earnings per common share – weighted average shares and assumed conversions	16,880	16,668	16,800
Earnings per common share			
Basic	\$ 2.16	\$ 1.96	\$ 2.00
Diluted	\$ 2.11	\$ 1.90	\$ 1.95

NOTE G — PENSION BENEFITS

The Company has two defined benefit plans covering virtually all of the Company's employees. These plans provide defined benefits based on years of service and final average salary. These benefit plans have an April 30 measurement date.

<u>(in thousands)</u>	<u>PENSION BENEFITS</u>	
	<u>2005</u>	<u>2004</u>
CHANGE IN BENEFIT OBLIGATION		
Benefit obligation at beginning of year	\$ 56,433	\$ 47,881
Service cost	3,968	3,227
Interest cost	3,575	2,937
Amendments	163	164
Actuarial losses	11,413	3,180
Benefits paid	(1,241)	(956)
Benefit obligation at end of year	<u>\$ 74,311</u>	<u>\$ 56,433</u>
CHANGE IN PLAN ASSETS		
Fair value of plan assets at beginning of year	\$ 34,184	\$ 27,878
Actual return on plan assets	1,850	4,099
Company contributions	8,549	3,163
Benefits paid	(1,241)	(956)
Fair value of plan assets at end of year	<u>\$ 43,342</u>	<u>\$ 34,184</u>
Funded status of the plans	\$ (30,969)	\$ (22,249)
Unamortized prior service cost	1,011	964
Unrecognized net actuarial loss	32,189	21,162
Prepaid (accrued) benefit cost	<u>\$ 2,231</u>	<u>\$ (123)</u>

<u>(in thousands)</u>	<u>PENSION BENEFITS</u>	
	<u>2005</u>	<u>2004</u>
AMOUNTS RECOGNIZED IN THE CONSOLIDATED BALANCE SHEETS		
Accrued benefit liability	\$ (18,745)	\$ (12,433)
Intangible asset	1,011	964
Accumulated other comprehensive loss	19,965	11,346
Net amount recognized	<u>\$ 2,231</u>	<u>\$ (123)</u>

<u>(in millions)</u>	<u>PENSION BENEFITS</u>	
	<u>2005</u>	<u>2004</u>
PENSION PLANS WITH AN ACCUMULATED BENEFIT OBLIGATION IN EXCESS OF PLAN ASSETS		
Projected benefit obligation	\$ 74.3	\$ 56.4
Accumulated benefit obligation	62.1	46.6
Fair value of plan assets	43.3	34.2

(in thousands)	PENSION BENEFITS		
	2005	2004	2003
COMPONENTS OF NET PERIODIC BENEFIT COST			
Service cost	\$ 3,968	\$ 3,227	\$ 2,083
Interest cost	3,575	2,937	2,483
Expected return on plan assets	(2,688)	(2,189)	(2,132)
Amortization of prior service cost	116	106	79
Recognized net actuarial loss	1,224	1,298	438
Benefit cost	\$ 6,195	\$ 5,379	\$ 2,951

(in thousands)	PENSION BENEFITS	
	2005	2004
INCREASE/(DECREASE) IN MINIMUM LIABILITY INCLUDED IN OTHER COMPREHENSIVE INCOME		
	\$ 8,619	\$ (1,346)

ACTUARIAL ASSUMPTIONS: The discount rate at April 30 was used to measure the year-end benefit obligations and the earnings effects for the subsequent year. Actuarial assumptions used to determine benefit obligations and earnings effects for principal pension plans follow:

	FISCAL YEARS ENDED APRIL 30	
	2005	2004
WEIGHTED-AVERAGE ASSUMPTIONS TO DETERMINE BENEFIT OBLIGATIONS		
Discount rate	5.46%	6.40%
Rate of compensation increase	4.0%	4.0%

	FISCAL YEARS ENDED APRIL 30	
	2005	2004
WEIGHTED-AVERAGE ASSUMPTIONS TO DETERMINE NET PERIODIC BENEFIT COST		
Discount rate	6.4%	6.2%
Expected return on plan assets	8.0%	8.0%
Rate of compensation increase	4.0%	4.0%

The discount rate was based on Moody's Aa bond rate as of April 30. The expected long-term rate of return on assets is based on asset allocation within the Plan's investment portfolio. The assumptions and the basis for their selection are consistent with the prior year.

The Company amortizes experience gains and losses, as well as the effects of changes in actuarial assumptions and plan provisions, over a period no longer than the average future working lifetime of the active participants.

The Company funds the pension plans in amounts sufficient to meet minimum funding requirements set forth in employee benefit and tax laws plus additional amounts that the Company determines appropriate.

The Company's pension plans' weighted-average asset allocations at April 30, 2005 and 2004, by asset category are as follows:

APRIL 30	PLAN ASSET ALLOCATION		
	2005		2004
	TARGET ALLOCATION	ACTUAL ALLOCATION	ACTUAL ALLOCATION
Equity Funds	50%	49.2%	50.1%
Fixed Income Funds	50%	50.8%	49.9%
Total	100%	100%	100%

Within the broad categories outlined, the Company has indicated the following specific allocation: 30% Capital Preservation, 20% Bond, 20% Large Capital Growth, 20% Large Capital Value, 6% Small Capital, and 4% International.

CONTRIBUTIONS: The Company expects to contribute \$7.7 million to its pension plans in fiscal 2006 which represents both required and discretionary funding.

ESTIMATED FUTURE BENEFIT PAYMENTS: The following benefit payments, which reflect expected future service, as appropriate are expected to be paid:

FISCAL YEAR	PENSION BENEFITS
(in thousands)	
2006	\$ 1,410
2007	1,497
2008	1,634
2009	1,782
2010	1,893
Years 2011-2015	\$ 13,672

NOTE H — INCOME TAXES

Income tax expense was comprised of the following:

(in thousands)	FISCAL YEARS ENDED APRIL 30		
	2005	2004	2003
Current expense			
Federal	\$ 17,045	\$ 15,886	\$ 14,144
State	3,922	3,706	3,220
Total current expense	20,967	19,592	17,364
Deferred expense			
Federal	1,532	598	3,709
State	255	99	116
Total deferred expense	1,787	697	3,825
Total expense	\$ 22,754	\$ 20,289	\$ 21,189

The Company's effective income tax rate varied from the federal statutory rate as follows:

	FISCAL YEARS ENDED APRIL 30		
	2005	2004	2003
Federal statutory rate	35.0%	35.0%	35.0%
Permanent differences	(.4)	(.3)	.1
State income taxes, net of federal tax effect	4.4	4.3	4.2
Effective income tax rate	39.0%	39.0%	39.3%

Income taxes paid were \$16,185,000, \$15,681,000, and \$20,262,000 for fiscal years 2005, 2004, and 2003, respectively.

The significant components of deferred tax assets and liabilities were as follows:

(in thousands)	APRIL 30	
	2005	2004
Deferred tax assets		
Accounts receivable	\$ 5,405	\$ 4,283
Employee benefits	238	2,987
Product liability	1,911	1,282
Pension liability	7,787	4,425
Other	1,884	1,092
Total	17,225	14,069
Deferred tax liabilities		
Depreciation	18,836	13,721
Inventory	145	514
Other	693	732
Total	19,674	14,967
Net deferred tax liability	\$ 2,449	\$ 898

Management believes it is more likely than not that the Company will realize its gross deferred tax assets due to expected future income and reversal of taxable temporary differences.

NOTE I — COMMITMENTS AND CONTINGENCIES

LEGAL MATTERS

The Company is involved in various suits and claims in the normal course of business which include claims against the Company pending before the Equal Employment Opportunity Commission. Although management believes that such suits and EEOC claims are without merit and intends to vigorously contest them, the ultimate outcome of these matters cannot be determined at this time. In the opinion of management, after consultation with counsel, the ultimate liabilities and losses, if any, that may result from suits and claims involving the Company will not have a material adverse effect on the Company's results of operations, financial position, or liquidity.

PRODUCT WARRANTY

The Company estimates outstanding warranty costs based on the historical relationship between warranty claims and revenues. The warranty accrual is reviewed monthly to verify that it properly reflects the remaining obligation based on the anticipated expenditures over the balance of the obligation period. Adjustments are made when actual warranty claim experience differs from estimates. Warranty claims are generally made within three months of the original shipment date.

The following is a reconciliation of the Company's warranty liability:

(in thousands)	2005	2004
Product Warranty Reserve		
Beginning balance	\$ 3,322	\$ 3,133
Accrual for warranties	24,775	15,829
Settlements	(23,145)	(15,640)
Ending balance at fiscal year end	<u>\$ 4,952</u>	<u>\$ 3,322</u>

LEASE AGREEMENTS

The Company leases certain office buildings, manufacturing buildings, service centers, and equipment. Total rental expenses amounted to approximately \$7,860,000, \$6,969,000, and \$6,286,000, in fiscal 2005, 2004, and 2003, respectively. Minimum rental commitments as of April 30, 2005, under noncancelable leases are as follows:

FISCAL YEAR	OPERATING	CAPITAL
(in thousands)		
2006	\$ 4,028	\$ 1,019
2007	2,812	1,327
2008	1,433	662
2009	904	662
2010	726	662
2011 (and thereafter)	—	9,387
	<u>\$ 9,903</u>	<u>\$ 13,719</u>
Less amounts representing interest (2% to 6.2%)		(2,258)
Total obligation under capital leases		<u>\$ 11,461</u>

RELATED PARTIES

During fiscal 1985, prior to becoming a publicly held corporation, the Company entered into an agreement with a partnership formed by certain former executive officers of the Company to lease an office building constructed and owned by the partnership. The Company has subsequently renewed this lease in accordance with company policy and procedures which includes approval by the Board of Directors. At April 30, 2005, there is one remaining year on the current term and one five-year renewal period available at the Company's option. Under this agreement, rental expense was \$420,000, \$416,000, and \$409,000, in fiscal 2005, 2004, and 2003, respectively. Rent during the remaining term of approximately \$428,000 annually (included in the above table) is subject to adjustment based upon changes in the Consumer Price Index.

NOTE J — OTHER INFORMATION

Credit is extended to customers based on an evaluation of the customer's financial condition and generally collateral is not required. The Company's customers operate in the new home construction and home remodeling markets. At April 30, 2005, the Company's two largest customers, Customers A and B, represented 23.0% and 36.5% of the Company's customer receivables, respectively. At April 30, 2004, Customers A and B, represented 29.9% and 31.8% of the Company's customer receivables, respectively.

The following table summarizes the percentage of sales to the Company's two largest customers for the last three fiscal years:

	PERCENT OF ANNUAL SALES		
	2005	2004	2003
Customer A	30.1	30.6	36.8
Customer B	32.4	30.7	26.5

The Company maintains an allowance for bad debt based upon management's evaluation and judgment of potential net loss. The allowance is estimated based upon historical experience, the effects of current developments and economic conditions, and of customers' current and anticipated financial condition. Estimates and assumptions are periodically reviewed and updated. Any resulting adjustments to the allowance are reflected in current operating results.

NOTE K — QUARTERLY FINANCIAL DATA (Unaudited)

FY 2005	07/31/04	10/31/04	01/31/05	04/30/05
(in thousands, except share amounts)				
Net sales	\$187,534	\$199,149	\$183,175	\$207,132
Gross profit	38,870	42,670	34,381	36,459
Income before income taxes	15,904	18,614	11,611	12,216
Net income	9,701	11,355	7,083	7,452
Earnings per share				
Basic	\$ 0.59	\$ 0.69	\$ 0.43	\$ 0.45
Diluted	\$ 0.58	\$ 0.67	\$ 0.42	\$ 0.44
FY 2004				
(in thousands, except share amounts)				
Net sales	\$154,932	\$169,395	\$162,859	\$180,361
Gross profit	33,833	34,534	33,805	35,337
Income before income taxes	12,278	13,553	12,431	13,734
Net income	7,452	8,227	7,650	8,378
Earnings per share				
Basic	\$ 0.46	\$ 0.51	\$ 0.47	\$ 0.52
Diluted	\$ 0.45	\$ 0.50	\$ 0.45	\$ 0.50

AMERICAN WOODMARK CORPORATION®
2005 Annual Report

reports of independent registered public accounting firms

THE BOARD OF DIRECTORS AND SHAREHOLDERS, AMERICAN WOODMARK CORPORATION

We have audited the accompanying consolidated balance sheet of American Woodmark Corporation (the Company), as of April 30, 2005, and the related consolidated statements of income, shareholders' equity and comprehensive income, and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects the financial position of American Woodmark Corporation as of April 30, 2005, and the results of their operations and their cash flows for the year then ended, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of the Company's internal control over financial reporting as of April 30, 2005, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated June 13, 2005 expressed an unqualified opinion on management's assessment of, and the effective operation of, internal control over financial reporting.

KPMG LLP

Roanoke, Virginia
June 13, 2005

AMERICAN WOODMARK CORPORATION ®
2005 Annual Report

THE BOARD OF DIRECTORS AND SHAREHOLDERS, AMERICAN WOODMARK CORPORATION

We have audited the accompanying consolidated balance sheet of American Woodmark Corporation as of April 30, 2004, and the related consolidated statements of income, shareholders' equity and comprehensive income, and cash flows for each of the two years in the period ended April 30, 2004. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of American Woodmark Corporation at April 30, 2004, and the consolidated results of their operations and their cash flows for each of the two years in the period ended April 30, 2004, in conformity with U.S. generally accepted accounting principles.

Ernst & Young LLP

Richmond, Virginia
June 4, 2004

except for the fourth paragraph of Note A,
as to which the date is June 16, 2005

management's report

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management has responsibility for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with U.S. generally accepted accounting principles. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Management has assessed the effectiveness of the Company's internal control over financial reporting as of April 30, 2005. In making its assessment, Management has utilized the criteria set forth by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission in Internal Control—Integrated Framework. Management concluded that based on its assessment, American Woodmark Corporation's internal control over financial reporting was effective as of April 30, 2005.

Management's assessment of the effectiveness of the Company's internal control over financial reporting as of April 30, 2005 has been audited by KPMG LLP, an independent registered public accounting firm, as stated in their report, which appears in this Annual Report to Shareholders.

/s/ James J. Gosa

James J. Gosa

Chairman and Chief Executive Officer

/s/ Jonathan H. Wolk

Jonathan H. Wolk

Vice President and Chief Financial Officer

AMERICAN WOODMARK CORPORATION ®

2005 Annual Report

report of independent registered public accounting firm

THE BOARD OF DIRECTORS AND SHAREHOLDERS, AMERICAN WOODMARK CORPORATION

We have audited management's assessment, included in the accompanying Management's Report on Internal Control over Financial Reporting, that American Woodmark Corporation (the Company) maintained effective internal control over financial reporting as of April 30, 2005, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, management's assessment that the Company maintained effective internal control over financial reporting as of April 30, 2005, is fairly stated, in all material respects, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Also, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of April 30, 2005, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of American Woodmark Corporation as of April 30, 2005, and the related consolidated statements of income, shareholders' equity and comprehensive income, and cash flows for the year then ended, and our report dated June 13, 2005, expressed an unqualified opinion on those consolidated financial statements.

KPMG LLP

Roanoke, Virginia
June 13, 2005

AMERICAN WOODMARK CORPORATION®
2005 Annual Report

DIRECTORS AND EXECUTIVE OFFICERS

William F. Brandt, Jr.

Director

Daniel T. Carroll

Director;
Chairman
The Carroll Group

Martha M. Dally

Director;
Chief Customer Officer
Sara Lee Corporation

James G. Davis

Director;
President & CEO
James G. Davis Construction Corporation

Neil P. DeFeo

Director;
Chief Executive Officer
Playtex Products, Inc.

James J. Gosa

Chairman and
Chief Executive Officer

Kent B. Guichard

Director;
Executive Vice President

Daniel T. Hendrix

Director;
President and Chief Executive Officer
Interface, Incorporated

Kent J. Hussey

Director;
President and Chief Operating Officer
Spectrum Brands, Inc. (formerly Rayovac Corporation)

G. Thomas McKane

Director;
Chairman and CEO
A.M. Castle & Co.

Carol B. Moerdyk

Director;
Chairman and Chief Executive Officer
OfficeMax Incorporated

Ian J. Sole

Senior Vice President, Sales and Marketing

Jonathan H. Wolk

Vice President and Chief Financial Officer; Corporate Secretary

CORPORATE INFORMATION

ANNUAL MEETING

The Annual Meeting of Shareholders of American Woodmark Corporation will be held on August 25, 2005, at 9:00 a.m. at the Museum of the Shenandoah Valley, 901 Amherst Street in Winchester, Virginia.

ANNUAL REPORT ON FORM 10-K

A copy of the Company's Annual Report on Form 10-K for the fiscal year ended April 30, 2005, may be obtained free of charge by writing:

Glenn Eanes
Vice President & Treasurer
American Woodmark Corporation

PO Box 1980
Winchester, VA 22604-8090

CORPORATE HEADQUARTERS

American Woodmark Corporation
3102 Shawnee Drive
Winchester, VA 22601-4208
(540) 665-9100

MAILING ADDRESS

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Winchester, VA 22604-8090

TRANSFER AGENT

American Stock Transfer & Trust Company
(800) 937-5449

SHAREHOLDER INQUIRIES

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[AWC Logo]

Exhibit 21

Subsidiaries of the Registrant

Listed below are the subsidiaries of the Company, each of which is in the consolidated financial statements of the Company, and the percentage of ownership by the Company.

<u>Name of Subsidiary</u>	<u>Jurisdiction of Incorporation</u>	<u>Securities Ownership</u>
Amende Cabinet Corporation	Virginia	100%

Exhibit 23.1

Report and Consent of Independent Registered Public Accounting Firm

The Board of Directors
American Woodmark Corporation:

The audit referred to in our report dated June 13, 2005, with respect to the consolidated financial statements of American Woodmark Corporation, included the related financial statement schedule (Schedule II – Valuation and Qualifying Accounts) as of April 30, 2005 and for the year then ended included in Item 15(a)2 of the Company’s 2005 Annual Report on Form 10-K. This financial statement schedule is the responsibility of the Company’s management. Our responsibility is to express an opinion on this financial statement schedule based on our audit. In our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We consent to the incorporation by reference in the Registration Statements (Form S-8 No. 333-12631), (Form S-8 No. 333-12623), (Form S-8 No. 333-41900), (Form S-8 No. 333-68434), and (Form S-8 No. 333-122438) of our reports dated June 13, 2005, with respect to the consolidated financial statements, management’s assessment of the effectiveness of internal control over financial reporting and the effectiveness of internal control over financial reporting, which reports appear in the 2005 Annual Report on Form 10-K of American Woodmark Corporation.

/s/ KPMG LLP
Roanoke, Virginia
July 8, 2005

Exhibit 23.2

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in this Annual Report (Form 10-K) of American Woodmark Corporation of our report dated June 4, 2004, except for the fourth paragraph of Note A, as to which the date is June 16, 2005, included in the 2005 Annual Report to Shareholders of American Woodmark Corporation.

Our audits also included the financial statement schedule of American Woodmark Corporation listed in Item 15(a). This schedule is the responsibility of the Company’s management. Our responsibility is to express an opinion based on our audits. In our opinion, the financial statement schedule referred to above, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We also consent to the incorporation by reference in the Registration Statements (Form S-8 No. 333-12631), (Form S-8 No. 333-12623), (Form S-8 No. 333-41900), (Form S-8 No. 333-68434) and (Form S-8 No. 333-122438) of our report dated June 4, 2004, except for the fourth paragraph of Note A, as to which the date is June 16, 2005, with respect to the consolidated financial statements of American Woodmark Corporation, incorporated herein by reference, and our report included in the preceding paragraph with respect to the financial statement schedule of American Woodmark Corporation, included in this Annual Report (Form 10-K) of American Woodmark Corporation.

/s/ Ernst & Young LLP
Richmond, Virginia
July 8, 2005

Exhibit 31.1

CERTIFICATION UNDER SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002

CERTIFICATIONS

I, James J. Gosa, certify that:

1. I have reviewed this report on Form 10-K of American Woodmark Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: July 14, 2005

/s/ James J. Gosa

James J. Gosa
Chairman and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION UNDER SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002

CERTIFICATIONS

I, Jonathan H. Wolk, certify that:

1. I have reviewed this report on Form 10-K of American Woodmark Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

- b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
- a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: July 14, 2005

/s/ Jonathan H. Wolk

Jonathan H. Wolk
Vice President and Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION

Each of the undersigned hereby certifies, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

1. The Annual Report on Form 10-K of American Woodmark Corporation for the annual period ended April 30, 2005, as filed with the Securities and Exchange Commission on the date hereof (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Report.

Date: July 14, 2005

/s/ James J. Gosa

James J. Gosa
Chairman and Chief Executive Officer
(Principal Executive Officer)

Date: July 14, 2005

/s/ Jonathan H. Wolk

Jonathan H. Wolk
Vice President and Chief Financial Officer
(Principal Financial Officer)

In accordance with Securities and Exchange Commission requirements, the Company will furnish copies of all exhibits to its Form 10-K not contained herein upon receipt of a written request and payment of \$.10 (10 cents) per page to:

Mr. Glenn Eanes
Vice President & Treasurer
American Woodmark Corporation
P.O. Box 1980
Winchester, Virginia 22604-8090

End of Filing

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