

AMERICAN WOODMARK CORP  
Form DEF 14A  
July 12, 2006

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

**Washington, D.C. 20549**

**SCHEDULE 14A**

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

**Securities Exchange Act of 1934**

**(Amendment No. \_\_)**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

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

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

**AMERICAN WOODMARK CORPORATION**

**(Name of Registrant as Specified In Its Charter)**

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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

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(2) Aggregate number of securities to which the transaction applies:

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

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(4) Proposed maximum aggregate value of the transaction:

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Fee paid previously with preliminary materials.

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

(1) Amount Previously Paid:

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(2) Form, Schedule or Registration Statement No.:

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(3) Filing Party:

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(4) Date Filed:

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3102 Shawnee Drive

Winchester, Virginia 22601

*Notice of Annual Meeting of Shareholders*

TO THE SHAREHOLDERS OF

AMERICAN WOODMARK CORPORATION:

The Annual Meeting of Shareholders ( Annual Meeting ) of American Woodmark Corporation (the Company ) will be held at the Museum of the Shenandoah Valley, 901 Amherst Street, Winchester, Virginia, on Thursday, August 24, 2006, at 9:00 a.m., Eastern Daylight Time, for the following purposes:

1. To elect eleven directors to serve a one-year term on the Company s Board of Directors;
2. To ratify the selection by the Board of Directors of KPMG LLP as independent registered public accounting firm of the Company for the fiscal year ending April 30, 2007;
3. To consider and vote upon the Company s 2006 Non-Employee Directors Equity Ownership Plan;
4. To consider and vote upon the Company s Amended and Restated 2004 Stock Incentive Plan for Employees; and
5. To transact such other business as may properly come before the Annual Meeting or any adjournments thereof.

Only shareholders of record of shares of the Company s common stock at the close of business on June 26, 2006 will be entitled to vote at the Annual Meeting or any adjournments thereof.

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

All shareholders are cordially invited to attend the Annual Meeting.

By Order of the Board of Directors

Jonathan H. Wolk  
*Secretary*

July 12, 2006

**AMERICAN WOODMARK CORPORATION**

3102 Shawnee Drive

Winchester, Virginia 22601

*Proxy Statement*

**Voting Rights, Procedures and Solicitation**

**Proxy Solicitation**

This Proxy Statement, mailed to shareholders on or about July 12, 2006, is furnished in connection with the solicitation by American Woodmark Corporation (the Company) of proxies in the accompanying form for use at the Annual Meeting of Shareholders to be held on August 24, 2006, at 9:00 a.m., Eastern Daylight Time, and at any adjournments thereof. A copy of the annual report of the Company for the fiscal year ended April 30, 2006 is being mailed to you with this Proxy Statement.

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

**Record Date and Voting Rights**

On June 26, 2006, the record date for determining the shareholders entitled to vote at the Annual Meeting, there were 15,960,896 shares of common stock of the Company outstanding and entitled to vote. Each such share of common stock entitles the holder thereof to one vote.

**Revocability and Voting of Proxy**

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

Votes will be tabulated by one or more inspectors of election. A proxy, if executed and not revoked, will be voted for the election of the nominees for director named herein; for the ratification of KPMG LLP as independent registered public accounting firm of the Company for fiscal year 2007; for the adoption of the Company's 2006 Non-Employee Directors Equity Ownership Plan; and for the Amended and Restated 2004 Stock Incentive Plan for Employees; unless otherwise specified by the shareholder.

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

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

**ITEM 1 - ELECTION OF DIRECTORS**

The Board, currently comprised of eleven members, has nominated eleven persons for election as directors. Unless otherwise specified, the enclosed proxy will be voted in favor of the persons named below to serve until the next annual meeting and until their successors are elected and qualified. Each of the nominees listed below is presently a director of the Company and was elected by shareholders at the last Annual Meeting for a term expiring at the 2006 Annual Meeting.

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

**NOMINEES**

<b>Name</b>	<b>Age</b>	<b>Principal Occupation(s) During</b>	<b>Director of Company Since</b>
		<b>the Last Five Years and</b>	
		<b>Directorship(s) in Public Companies</b>	
William F. Brandt, Jr.	60	Company Chairman and Executive Officer from 1996 to 2004	1980
Daniel T. Carroll	80	Chairman from 1995 to present of The Carroll Group (a management consulting firm)	1986
James J. Gosa	59	Company Chairman from 2004 to present; Company President and Chief Executive Officer from 1996 to present	1995
Martha M. Dally	55	Vice President Customer Development from July 2005 to present, and Chief Customer Officer from June 2003 to July 2005 of Sara Lee Corporation; Senior Vice President Business Development from May 2002 to June 2003 of Sara Lee Apparel, Europe; Vice President from August 2001 to May 2002 of Target Customer Business Team; Executive Vice President, Personal Products from 1994 to August 2001 of Sara Lee Corporation (a manufacturer and marketer of consumer products)	1995
Kent B. Guichard	50	Company Executive Vice President and Chief Operating Officer from September 2005 to present; Company Executive Vice President from May 2004 to September 2005; Company Senior Vice President and Chief Financial Officer from 1999 to April 2004; Company Corporate Secretary from 1997 to February 2005	1997
Kent J. Hussey	60	President and Chief Operating Officer from 1998 to present of Spectrum Brands, Inc. (a manufacturing company formerly Rayovac); Director, Spectrum Brands, Inc.	1999

Name	Age	Principal Occupation(s) During		Director of Company Since
		the Last Five Years and		
		Directorship(s) in Public Companies		
James G. Davis	47	President and Chief Executive Officer from June 1979 to present of James G. Davis Construction Corporation (a commercial general contractor)		2002
G. Thomas McKane	62	Chairman from February 2006 to present, and President and Chief Executive Officer from May 2000 to February 2006 of A.M. Castle & Company (specialty metal wholesaler); Senior Vice President Emerson Company from October 1998 to May 2000; Director, A.M. Castle & Co., Woodhead Industries, Inc. (a manufacturer of chemical products), and L.B. Foster (a manufacturing company)		2003
Neil P. DeFeo	60	Chairman from March 2006 to present, and President and Chief Executive Officer from 2004 to present of Playtex (a manufacturer); President and Chief Executive Officer from 1997 to 2003 of Remington Products Company (a manufacturer of small electric appliances); Director, Spectrum Brands, Inc. (a manufacturing company)		2003
Daniel T. Hendrix	51	President and Chief Executive Officer from 2001 to present, Executive Vice President from 2000 to 2001, and Chief Financial Officer from 1986 to 2001 of Interface, Inc. (a manufacturing company); Director, Interface, Inc. and Global Imaging Systems, Inc. (a technology service company)		2005
Carol B. Moerdyk	56	Senior Vice President, International from 2004 to present and Senior Vice President, Administration from 2003 to 2004 of OfficeMax Incorporated (formerly Boise Cascade); Senior Vice President, Operations from 1998 to 2003 of Boise Cascade Office Products (a retailer); Director, Libbey, Inc. (a manufacturer)		2005

#### SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information regarding shares of common stock beneficially owned as of June 9, 2006 by (i) each person who is known by the Company to beneficially own more than five percent of the outstanding shares of common stock, (ii) each director and director nominee of the Company, (iii) each named executive officer (as identified in the Compensation of Executive Officers section of this proxy statement under the heading "Summary Compensation Table"), and (iv) the directors and executive officers as a group. Unless otherwise noted, and to the best knowledge of the Company, each of the shareholders listed below has sole voting power and sole investment power with respect to the number of shares set forth opposite the shareholder's name. The addresses of the shareholders listed below who own more than five percent of the outstanding shares of common stock are: Mr. William F. Brandt, Jr., 145 Creekside Lane, Winchester, VA 22601; Ms. Mary Jo Stout, PO Box 60, Mayville, MI 48744; Wellington Management Co., LLP, 75 State Street, Boston, MA 02109; and Franklin Advisors, Inc., One Franklin Parkway, San Mateo, CA 94403.

Name	Number of Shares Beneficially Owned	Aggregate
		Percent of Class
William F. Brandt, Jr. (1)	3,716,442	23.3%
Mary Jo Stout (2)	1,493,072	9.4%
Wellington Management Co., LLP (3)	962,900	6.0%
Franklin Advisors, Inc. (4)	851,703	5.3%
James J. Gosa (5)	746,046	4.7%
Ian J. Sole (6)	128,752	*
Kent B. Guichard (7)	125,960	*
Daniel T. Carroll (8)	28,523	*
Martha M. Dally (9)	18,499	*
Jonathan H. Wolk (10)	15,925	*
Neil P. DeFeo (11)	13,999	*
Kent J. Hussey (12)	5,999	*
James G. Davis (13)	5,854	*
G. Thomas McKane (14)	3,399	*
Carol B. Moerdyk	200	*
Daniel T. Hendrix		*
All directors and executive officers as a group (13 persons) (15)	4,809,598	30.1%

\* Indicates less than 1%.

- (1) Includes 193,600 shares held by Mr. Brandt as trustee for the benefit of his children, 46,888 shares held by the Brandt Family Foundation to which Mr. Brandt has shared voting power and dispositive power, and stock options exercisable on June 9, 2006 or within 60 days thereafter by Mr. Brandt for 31,929 shares. Excludes 61,952 shares held by Mr. Brandt's spouse as trustee for the benefit of their children, and 40,000 shares held directly by Mr. Brandt's spouse. Mr. Brandt disclaims beneficial ownership of such shares.
- (2) Includes 17,500 shares held by Ms. Stout as trustee for the benefit of her children, 240,064 shares held by her brother as trustee for the benefit of Ms. Stout, and 10,500 shares held by the Holcomb Family Foundation.
- (3) The beneficial ownership information for Wellington Management Co., LLP is based upon the Schedule 13F-HR filed with the Securities and Exchange Commission (SEC) on May 15, 2006.
- (4) The beneficial ownership information for Franklin Advisors, Inc. is based upon the Schedule 13F-NT filed with the SEC on May 11, 2006.
- (5) Includes stock options exercisable on June 9, 2006 or within 60 days thereafter by Mr. Gosa for 602,691 shares.
- (6) Includes stock options exercisable on June 9, 2006 or within 60 days thereafter by Mr. Sole for 119,999 shares.
- (7) Includes stock options exercisable on June 9, 2006 or within 60 days thereafter by Mr. Guichard for 109,999 shares.
- (8) Includes stock options exercisable on June 9, 2006 or within 60 days thereafter by Mr. Carroll for 3,999 shares.





- (9) Includes 500 shares held by Ms. Dally as Trustee for the R. Dally Family Trust and stock options exercisable on June 9, 2006 or within 60 days thereafter by Ms. Dally for 3,999 shares.
  
- (10) Includes stock options exercisable on June 9, 2006 or within 60 days thereafter by Mr. Wolk for 13,332 shares.
  
- (11) Includes stock options exercisable on June 9, 2006 or within 60 days thereafter by Mr. DeFeo for 1,999 shares.
  
- (12) Includes stock options exercisable on June 9, 2006 or within 60 days thereafter by Mr. Hussey for 3,999 shares.
  
- (13) Includes stock options exercisable on June 9, 2006 or within 60 days thereafter by Mr. Davis for 3,999 shares.
  
- (14) Includes stock options exercisable on June 9, 2006 or within 60 days thereafter by Mr. McKane for 1,999 shares.
  
- (15) Includes stock options exercisable on June 9, 2006 or within 60 days thereafter for an aggregate of 897,944 shares.

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

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

Based solely upon a review of Forms 3, 4, and 5 (and amendments thereto) furnished to us during or in respect of the fiscal year ended April 30, 2006, we are not aware of any director, executive officer or greater than 10% holder who has not timely filed reports required by Section 16(a) of the Exchange Act during or in respect of such fiscal year, except for the inadvertent late Form 4 reporting by Mr. Brandt of an 11,500 share gift on December 8, 2004. This transaction has been reported on Form 4.

**CERTAIN INFORMATION CONCERNING THE  
BOARD OF DIRECTORS AND ITS COMMITTEES**

**Board Independence**

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

**Communication with the Board of Directors**

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

Chairman, Nominating and Governance Committee

c/o Corporate Secretary

American Woodmark Corporation

3102 Shawnee Drive

Winchester, Virginia 22601

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

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

**Board and Committee Meetings**

The Board of Directors held six meetings during the fiscal year ended April 30, 2006. The Board of Directors has a Compensation Committee, an Audit Committee, and a Nominating and Governance Committee. During fiscal year 2006 all of the Board members attended at least 75% of the total number of Board meetings and meetings of all committees of the Board held during periods which they were members of the Board or such committees. Independent directors meet on a regular basis without the management directors present to discuss a variety of matters regarding the Company's performance and operations. The Board of Directors believes that attendance at American Woodmark Corporation's Annual Meeting of Shareholders demonstrates a commitment to the Company, responsibility and accountability to the shareholders, and support of management and employees. Therefore, it is a policy of the Board that all members attend the Annual Meeting of Shareholders. All members of the Board attended last year's Annual Meeting of Shareholders.

*Compensation Committee*

The Compensation Committee is composed of Ms. Dally, Mr. Davis, Mr. DeFeo, and Mr. Hendrix. Mr. Davis serves as Chairperson of the Compensation Committee. The Compensation Committee adopted an independence standard which complies with the independence requirements of the NASDAQ Corporate Governance Listing Standards. All members have been determined by the Board of Directors to be independent and meet the independence requirements of the NASDAQ listing standards. The Compensation Committee determines awards under and administers the Company's 1996 and 1999 Stock Option Plans for

Employees, the 2004 Stock Incentive Plan for Employees, and the Company's Shareholder Value Plan for Employees. The Committee also reviews the compensation of executive officers of the Company. The Compensation Committee met five times during fiscal year 2006. The Board of Directors has adopted a charter for the Committee which is available at [www.americanwoodmark.com](http://www.americanwoodmark.com).

#### *Audit Committee*

The Audit Committee is composed of Mr. Hussey, Mr. Carroll, Mr. McKane, and Ms. Moerdyk. Mr. Hussey serves as the Chairperson of the Audit Committee. All members have been determined by the Board of Directors to be independent and meet the Audit Committee independence requirements of the NASDAQ listing standards. At least one member must be an audit committee financial expert and have accounting or related financial management expertise as required by the SEC. The Board of Directors has determined that all of the current members of the Audit Committee satisfy the requirements of a financial expert within the meaning of the SEC rules, and has identified that each member is considered a financial expert. The Audit Committee reviews and reports to the Board with respect to various auditing and accounting matters, including the selection and fees of the Company's independent registered public accounting firm, the scope of both internal and independent audit procedures, the nature of services to be performed by the independent registered public accounting firm, and the Company's accounting practices. The Audit Committee is governed by a written charter approved by the Board of Directors. The Audit Committee met five times during fiscal year 2006. The Board of Directors has adopted a charter for the Committee which is available at [www.americanwoodmark.com](http://www.americanwoodmark.com).

#### *Nominating and Governance Committee*

The Nominating and Governance Committee is composed of Ms. Dally, Mr. Carroll, and Mr. DeFeo. Ms. Dally serves as Chairperson of the Committee. The Nominating and Governance Committee adopted an independence standard which complies with the independence requirements of the NASDAQ Corporate Governance Listing Standards. All members have been determined by the Board to be independent and meet the independence requirements of the NASDAQ listing standards. The Nominating and Governance Committee is responsible for recruiting and nominating new directors, appointing committees and chairs, reviewing the performance of each director a minimum of once every year, reviewing the performance of the Board, and exploring ways to improve the effectiveness of the Board. The Committee met four times during fiscal year 2006. The Board of Directors has adopted a charter for the Committee which is available at [www.americanwoodmark.com](http://www.americanwoodmark.com).

The Nominating and Governance Committee will consider recommendations for directorships submitted by shareholders. Shareholders who wish the Nominating and Governance Committee to consider their recommendations for nominees for the position of director should submit their recommendations in writing to the Committee in care of the Office of the Secretary, American Woodmark Corporation, PO Box 1980, Winchester, VA 22604. Correspondence must be received by the Company not less than 150 days prior to the anniversary date of the Company's most recent annual meeting of shareholders and must include a copy of the candidate's resume, the candidate's contact information, and the written consent of the candidate to serve as a director of the Company. The Nominating and Governance Committee may subsequently request additional information regarding the candidate. Recommendations by shareholders that are made in accordance with these procedures will receive the same consideration given to nominees of the Nominating and Governance Committee.

The Nominating and Governance Committee considers candidates recommended by current members of the Board of Directors, members of management, and shareholders. From time to time, the Committee may engage an independent firm to assist in identifying potential candidates.

In its assessment of each candidate, the Nominating and Governance Committee will review the candidate's judgment, business experience, independence, understanding of the Company's or other related industries and other factors deemed pertinent in light of the current needs of the Board.

## Corporate Governance

The Board of Directors has adopted a Code of Business Conduct and Ethics for directors, officers and employees of American Woodmark Corporation. Additionally, the Board has adopted a Code of Business Conduct and Ethics for the Chief Executive Officer and Senior Financial Officers. Each code sets forth and summarizes certain policies of the Company related to legal compliance and ethical business practices. The codes are intended to comply with the listing standards as set forth by NASDAQ. Any amendments to, or waivers from any provisions that apply to our directors or executive officers, including our Chief Executive Officer, Chief Financial Officer, Controller, and Treasurer, will be promptly posted on our Web site at [www.americanwoodmark.com](http://www.americanwoodmark.com). No amendments or waivers were requested or granted during the year ended April 30, 2006.

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

## Report of the Audit Committee

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

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

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

The Committee reviewed and discussed the requirements of, and the Company's progress on complying with, Section 404 of the Sarbanes-Oxley Act of 2002, including the Public Company Accounting Oversight Board's (PCAOB) Auditing Standard No. 2 regarding the audit of internal control over financial accounting.

In reliance on the reviews and discussions referred to above, the Committee has approved that the audited financial statements be included in the Annual Report on Form 10-K for the year ended April 30, 2006 for filing with the Securities and Exchange Commission. The Committee and the Board have also recommended, subject to shareholder approval, the selection of KPMG LLP as the Company's independent registered public accounting firm for fiscal 2007.

Kent J. Hussey, Chairperson

Daniel T. Carroll

G. Thomas McKane

Carol B. Moerdyk

June 14, 2006

## Compensation of the Board

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

In August 2005 shareholders approved the 2005 Non-Employee Directors Stock Option Plan (the "2005 Directors Plan"). The 2005 Directors Plan replaced the 2000 Non-Employee Directors Stock Option Plan which expired August 31, 2004. Each non-employee director automatically receives upon his or her initial election by shareholders to the Board an option to acquire 2,000 shares of common stock under the Company's 2005 Directors Plan. Each year thereafter, eligible directors are automatically granted an option to acquire an additional 2,000 shares of common stock. The exercise price for each option granted under the 2005 Directors Plan is 100% of the fair market value of common stock on the date of the grant. Options granted under the 2005 Directors Plan have a term of four years and are exercisable as to one-third of the shares on the first anniversary of the date of grant and as to an additional one-third on each succeeding anniversary of the date of grant. During the last fiscal year, Messrs. Brandt, Carroll, Hussey, Davis, McKane, DeFeo, Hendrix, Ms. Dally, and Ms. Moerdyk were each granted options to purchase 2,000 shares at an exercise price of \$36.87 per share.

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

The Compensation Committee granted three award units to each of Messrs. Brandt, Carroll, DeFeo, McKane, Hussey, Davis, Hendrix, and Ms. Dally and Ms. Moerdyk for a performance period beginning on September 1, 2005 and ending on August 31, 2008. The Compensation Committee selected the Russell 2000 Index as the Index for comparing total shareholder return for the performance period. The Compensation Committee assigned a value of \$500 for each award unit if the Company's total shareholder return is at the 50th percentile ranking, a value of \$3,000 if total shareholder return is at or greater than the 90th percentile ranking and intermediate values for rankings between the 50th and 90th percentiles. Therefore, if the Company's total shareholder return for the performance period described above equals the 50th percentile of total shareholder return for the Index, the non-employee director will receive a payment of \$1,500 (3 X \$500) for the three-year performance period. If the Company's percentile ranking is 91, the participant will receive a payment of \$9,000 (3 X \$3,000). If the Company's percentile ranking is below the 50<sup>th</sup> percentile, no amount will be paid to the non-employee director.

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

Payments under the Plan are made as soon as administratively practicable following the last day of the performance period. No payment will be made to a non-employee director if he or she ceases to be a director before the last day of the performance period for any reason other than death, disability, change of control, or liquidation of the Company. If the non-employee director ceases to be a director because of the occurrence of one of the preceding events, the non-employee director will receive a prorated payment at the end of the

performance period. Three award units were previously granted under the plan in 2002 to each of Messrs. Carroll, Davis, Hussey, and Ms. Dally. The performance period for these awards ended on August 31, 2005. Because the Company's total shareholder return for the performance period was less than the 50<sup>th</sup> percentile for the Index applicable to the units, no payment was made.

### COMPENSATION OF EXECUTIVE OFFICERS

#### Summary Compensation Table

The following table sets forth the compensation for the Company's named executive officers for the Company's last three completed fiscal years. The named executive officers consist of the Chief Executive Officer and the three other most highly compensated executive officers of the Company as of April 30, 2006.

Name & Principal Position	Fiscal Year	Annual Compensation			Long-Term Compensation		All Other Compensation
		Salary	Bonus	Other Compensation(1)	Awards Securities Underlying Options (#)	Payouts LTIP Payouts (2)	
James J. Gosa Chairman, President & Chief Executive Officer	2006	\$ 607,954	\$ 231,129	\$ 4,922	45,000	\$	\$ 78,301(3)
	2005	596,154	473,525	9,558	200,000		71,401(3)
	2004	578,462	531,012	15,269(4)	80,000	300,000	96,839(3)
Kent B. Guichard Executive Vice President & Chief Operating Officer	2006	373,746	115,268		30,000		34,339(5)
	2005	352,077	249,142	9,504	45,000		31,199(5)
	2004	297,804	262,424		20,000	141,000	43,298(5)
Ian J. Sole (6) Sr. Vice President, Sales & Marketing	2006	294,831	113,040	5,278	20,000		4,670(7)
	2005	276,969	224,858	4,353	20,000		19,654(7)
	2004	268,400	236,797	11,887(8)	20,000	129,000	25,275(7)
Jonathan H. Wolk Vice President & Chief Financial Officer	2006	255,192	109,901	4,885(9)	20,000		155,089(10)
	2005	96,154	125,000		20,000		12,682(11)

- (1) Includes amounts paid in connection with Company-paid spousal travel.
- (2) Amount paid in connection with award units granted to the named executive officer under the Shareholder Value Plan for Employees.
- (3) Consists of Company contributions to the Investment Savings Stock Ownership Plan of \$4,713, \$4,469, \$4,220; and Company contributions credited under the Pension Restoration Plan of \$73,588, \$66,932, and \$92,619 for fiscal years ending April 30, 2006, 2005, and 2004, respectively.
- (4) Amount includes \$6,144 for discounted cabinet purchases by Mr. Gosa for the fiscal year ended April 30, 2004.
- (5) Consists of Company contributions to the Investment Savings Stock Ownership Plan of \$4,752, \$4,632, \$4,220; and Company contributions credited under the Pension Restoration Plan of \$29,587, \$26,567, and \$39,078 for fiscal years ending April 30, 2006, 2005, and 2004, respectively.
- (6) Mr. Sole resigned his position as Senior Vice President, Sales and Marketing effective June 15, 2006.





- (7) Consists of Company contributions to the Investment Savings Stock Ownership Plan of \$4,670, \$4,414, \$1,930 for fiscal years ending April 30, 2006, 2005, and 2004, respectively; and Company contributions credited under the Pension Restoration Plan of \$15,240 and \$23,345 for the fiscal years ending April 30, 2005 and 2004, respectively.
- (8) Amount includes \$2,762 for discounted cabinet purchases by Mr. Sole for the fiscal year ended April 30, 2004.
- (9) Amount includes \$4,885 for discounted cabinet purchases by Mr. Wolk for the fiscal year ended April 30, 2006.
- (10) Consists of Company contributions to the Investment Savings Stock Ownership plan of \$4,203, Company contributions credited under the Pension Restoration Plan of \$18,575, and relocation expenses of \$132,311 for the fiscal year ended April 30, 2006.
- (11) Amount includes \$7,999 for relocation expenses and \$4,683 for COBRA reimbursement.

**Option Grants in Last Fiscal Year**

The following table sets forth information concerning options granted to the Company's named executive officers under the 1999 Stock Option Plan and 2004 Stock Incentive Plan during the fiscal year ended April 30, 2006.

Name	Number of Securities Underlying Options Granted (#)	Individual Grants (1)		Expiration Date	Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation For Option Term (2)	
		Percent of Total Options Granted to Employees in Fiscal Year (%)	Exercise or Base Price (\$/Share)		5% (\$)	10% (\$)
James J. Gosa	45,000	12.9	\$ 28.97	06/10/15	\$ 819,900	\$ 2,077,650
Kent B. Guichard	30,000	8.6	28.97	06/10/15	546,600	1,385,100
Ian J. Sole	20,000	5.7	28.97	06/10/15	364,400	923,400
Jonathan H. Wolk	20,000	5.7	28.97	06/10/15	364,400	923,400

(1) The exercise