

AMERICAN WOODMARK CORP

FORM 10-K405

(Annual Report (Regulation S-K, item 405))

Filed 7/18/2001 For Period Ending 4/30/2001

Address	3102 SHAWNEE DRIVE WINCHESTER, Virginia 22601
Telephone	(540) 665-9100
CIK	0000794619
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, 2001

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 22601
(Address of principal executive offices) (Zip Code)

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

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

Title of each class -----	Name of each exchange on which registered -----
None	None

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

Common Stock (no par value)
(Title of class)

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.

The aggregate market value of the registrant's Common Stock, no par value, held by non-affiliates of the registrant at July 2, 2001 was \$204,420,331 based on the closing price on that date on the Nasdaq National Market.

As of July 2, 2001, 8,097,072 shares of the Registrant's Common Stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of Registrant's Annual Report to Shareholders for the fiscal year ended April 30, 2001 ("2001 Annual Report") are incorporated by reference into Parts I and II of this Form 10-K.

Portions of Registrant's definitive Proxy Statement for the Annual Meeting of Shareholders to be held on August 30, 2001 (Proxy Statement) are incorporated by reference into Part 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 1986 when it became a public company through a registered public offering of our common stock.

American Woodmark currently offers framed stock cabinets in approximately 150 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 50 door designs in seven colors. Stock cabinets consist of a common box with standard interior components and an oak, cherry, maple or hickory front frame. In May of 2000 the Company announced the discontinuation of our custom line of cabinets in order to allow for focus on revenue growth in our core product lines.

Products are sold under the brand names of American Woodmark(R), Thomasville Cabinetry(TM), Timberlake(R), and Shenandoah Cabinetry (R).

American Woodmark's products are sold on a national basis across the United States through three primary market channels: independent dealer/ distributors, home centers and major builders. We distribute our products to each market channel directly from our four assembly plants and through a logistics network consisting of nine service centers located in key areas throughout the United States.

The primary raw materials we use include oak, maple, cherry and hickory lumber. Additional raw materials include paint, particleboard, manufactured components and hardware. We currently purchase paint from one supplier; however, other sources are available. Our 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. Our principal means for competition rely on our breadth and variety of product offering, expanded service capabilities and affordable quality. We believe that no other company in the industry has more than a 20% share of the market. We also believe that American Woodmark is one of the five largest manufacturers of kitchen cabinets in the United States.

American Woodmark'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 our customer mix have reduced seasonal fluctuations in our 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 our sales. The loss of either would have a material adverse effect on American Woodmark.

As of April 30, 2001, we had 3,866 employees. Approximately 24% of our employees are represented by labor unions. We believe that our employee relations are good.

Item 2. PROPERTIES

We lease our Corporate Office which is located in Winchester, Virginia. In addition, we lease one and own ten manufacturing facilities located primarily in the eastern United States. We also lease nine service centers and three office centers located throughout the United States that support the sale and distribution of products to each market channel.

Primary properties include:

Location	Description
-----	-----
Austin, TX	Service Center
Berryville, VA	Manufacturing Facility
Berryville, VA	Service Center
Charlotte, NC	Service Center
Gas City, IN	Manufacturing Facility
Ham Lake, MN	Manufacturing Facility
Hardy County, WV	Manufacturing Facility
Humboldt, TN	Manufacturing Facility
Irving, TX	Service Center
Jackson, GA	Manufacturing Facility
Kingman, AZ	Manufacturing Facility
Monticello, KY	Manufacturing Facility
Moorefield, WV	Manufacturing Facility
Orange, VA	Manufacturing Facility
Orlando, FL	Service Center
Philadelphia, PA	Service Center
Phoenix, AZ	Service Center
Raleigh, NC	Service Center
Rancho Cordova, CA	Service Center
Toccoa, GA	Manufacturing Facility
Winchester, VA	Corporate Office
Winchester, VA	(Customer Service) Office
Winchester, VA	(Product Dev.) Office

Item 3. LEGAL PROCEEDINGS

In response to this Item, the information under "Legal Matters" under "Note J - Commitments and Contingencies" to the Consolidated Financial Statements and under the caption "Legal Matters" under "Management's Discussion and Analysis" in the 2001 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 2001.

EXECUTIVE OFFICERS OF THE REGISTRANT

The executive officers of the Registrant as of April 30, 2001 are as follows:

Name ----	Age ---	Position(s) Held During ----- Past Five Years -----
William F. Brandt, Jr.	55	Chairman of the Board from 1996 to present
James J. Gosa	53	President and Chief Executive Officer from 1996 to present
Jeffrey C. Bahr	54	Vice President of Human Resources from April 2000 to present; Vice President, Human Resources, Bombardier Aerospace, a manufacturer of business aircraft, from 1996 to 2000
David L. Blount	53	Senior Vice President, Manufacturing from May 1999 to Present; Vice President, Manufacturing from May 1995 to April 1999
Kent B. Guichard	45	Senior Vice President, Finance and Chief Financial Officer from May 1999 to present; Vice President, Finance and Chief Financial Officer from November 1995 to April 1999
Ian J. Sole	45	Senior Vice President, Sales and Marketing from May 1999 to present; Vice President, Sales and Marketing from October 1997 to April 1999; Vice President, International, Hamilton Beach Proctor-Silex from 1996 to 1997

PART II

Item 5. MARKET FOR REGISTRANT'S COMMON STOCK AND RELATED STOCKHOLDERS MATTERS

In response to this Item, the information under "Market Information" in the 2001 Annual Report is incorporated herein by reference.

Item 6. SELECTED FINANCIAL DATA

In response to this Item, the information under "Five Year Selected Financial Information" in the 2001 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 2001 Annual Report is incorporated herein by reference.

Item 7a. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

In respect to this item, the information under the caption "Risk Factors" in "Management's Discussion and Analysis" in the 2001 Annual Report is incorporated herein by reference in Item 7.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

In response to this Item, the Consolidated Financial Statements, Notes to the Consolidated Financial Statements, the information under "Quarterly Results of Operations (Unaudited)," "Managements Report," and the Report of Ernst & Young LLP, Independent Auditors, in the 2001 Annual Report are incorporated herein by reference.

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

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, and (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."

Item 11. EXECUTIVE COMPENSATION

In response to this Item, and in accordance with 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 Instruction G(3) of Form 10-K, the information under "Principal Shareholders of the Company" in the Proxy Statement is incorporated herein by reference.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

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

Item 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM

8-K

(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, 2001 and 2000

Consolidated Statement of Income and Retained Earnings - for each year of the three-year period ended April 30, 2001

Consolidated Statement of Cash Flows -for each year of the three-year period ended April 30, 2001

Notes to Consolidated Financial Statements

Management's Report

Report of Ernst & Young LLP, Independent
Auditors

(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, 2001

(a) 3. Exhibits

Exhibit No. -----	Description -----
3.1	- Articles of Incorporation as amended effective August 12, 1987 (3)
3.2 (a)	- Bylaws (1)
3.2 (b)	- Amendment to Bylaws on June 22, 1994 (7)
3.2 (c)	- Amendment to Bylaws on June 17, 1999 (14)
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) and 3.2(c) hereto)
4.2	- Amended and Restated Stockholders' Agreement (1) 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.
10.1 (a)	- \$45,000,000 Financing Agreement Between the Company and Bank of America, N.A. as of February 7, 2000 (16)
10.1 (b)	- Revolving Credit Note, \$45,000,000, Baltimore, Maryland as of February 7, 2000 (16)
10.1 (c)	- Amendment to Amended and Restated Loan Agreement and to Reimbursement Agreements as of June 25, 1993 (6)
10.1 (d)	- Amendment to Amended and Restated Loan Agreement and to Reimbursement Agreements as of March 15, 1993 (6)
10.1 (e)	- Amendment to Amended and Restated Loan Agreement and to Reimbursement Agreements as of August 31, 1993 (7)
10.1 (f)	- Amendment to Amended and Restated Loan Agreement and to Reimbursement Agreements as of March 15, 1994 (7)
10.1 (g)	- Amendment to Amended and Restated Loan Agreement and to Reimbursement Agreements as of July 27, 1994 (8)
10.1 (h)	- Amendment to Amended and Restated Loan Agreement and to Reimbursement Agreements as of July 8, 1996 (12)
10.1 (i)	- Amendment to Amended and Restated Loan Agreement as of August 31, 1996 (12)
10.1 (j)	- Loan agreement dated January 31, 2001 By and Between American Woodmark Corporation and the West Virginia Economic Development Authority (17)

- 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
- 10.2 (a) - Security Agreement between the Company and Nations Bank of North Carolina as of March 23, 1992 (5)
- 10.2 (b) - Amendment to Security Agreement as of August 31, 1993 (7)
- 10.2 (c) - Second Amendment to Security Agreement as of August 31, 1996 (12)
- 10.3 (a) - Bond Purchase Agreement and Agreement of Sale - The Industrial Development Authority of the County of Mohave, Arizona (2)
- 10.3 (b) - Bond Purchase Agreement and Agreement of Sales - Stephens County Development Authority (3)
- 10.3 (c) - Loan Agreement between the Company and the County Commission of Hardy County, West Virginia as of December 1, 1991, relating to bond financing (5)
- 10.3 (d) - Promissory Note between the Company and County Commission of Hardy County, West Virginia as of December 18, 1991 (5)
- 10.3 (e) - Reimbursement Agreement between the Company and NationsBank as of December 1, 1991 (5)
- 10.3 (f) - Amendment to Reimbursement Agreements as of June 15, 1992 (5)
- 10.4 (a) - Deed of Trust and Security Agreement - Hardy County, West Virginia, as amended (1)
- 10.5 (a) - Security Agreement between the Company and the West Virginia Economic Development Authority (1)
- 10.5 (b) - Deed of Trust - Hardy County, West Virginia (1)
- 10.6 (a) - Lease, dated November 1, 1984, between the Company and Amwood Associates (1)
- 10.6 (b) - Lease, dated July 9, 1987, between the Company and the West Virginia Industrial and Trade Jobs Development Corporation (3)
- 10.6 (c) - Lease, dated July 9, 1987, between the Company and the West Virginia Industrial and Trade Jobs Development Corporation (3)
- 10.6 (d) - Lease, dated December 15, 2000, between the Company and the Industrial Development Board of The City of Humboldt, Tennessee
- 10.7 (a) - 1986 Employee Stock Option Plan (1)

- 10.7 (b) - Form of Option Agreement and Stock Purchase Agreement (1)
- 10.7 (c) - 1995 Non-Employee Directors Stock Option Plan (9)
- 10.7 (d) - 1996 Stock Option Plan (10)
- 10.7 (e) - 1999 Stock Option Plan (15)
- 10.7 (f) - 2000 Non-Employee Directors Stock Option Plan
- 10.7 (g) - Shareholder Value Plan for Employees
- 10.7 (h) - Shareholder Value Plan for Non-Employee Directors
- 10.8 (a) - 2001 Annual Incentive Plan for Chairman and President/CEO
- 10.8 (b) - 2001 Annual Incentive Plan for Senior Vice Presidents
- 10.9 - ISDA Master Agreement between NationsBank, N.A. and American Woodmark Corporation dated as of May 29, 1998 (13)
- 10.10 (a) - Loan Agreement between the Company and the West Virginia Economic Development Authority as of November 20, 1998 Relating to equipment financing. (14)
- 10.10 (b) - Promissory Note between the Company and the West Virginia Economic Development Authority dated as of November 20, 1998. (14)
- 10.10 (c) - Security Agreement between the Company and the West Virginia Economic Development Authority dated as of November 20, 1998. (14)
- 10.10 (d) - Amendment of Deed of Lease between the Company and the West Virginia Economic Development Authority dated as of November 20, 1998. (14)
- 10.10 (e) - Promissory Note between the Company and the Wayne County EZ Industrial Development Authority of Kentucky dated as of July 22, 1998. (14)
- 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. (14)
- 10.10 (g) - Credit Agreement between the Company and NationsBank, N. A. dated as of September 1, 1998. (14)
- 10.10 (h) - Loan Agreement between the Company and Wells Fargo Bank, N. A. dated as of March 23, 1999. (14)
- 10.10 (i) - Promissory Note between the Company and NationsBank, N. A. dated as of July 31, 1989. (14)
- 13 - 2001 Annual Report to Shareholders
- 21 - Subsidiaries of the Company
- 23 - Consent of Ernst & Young LLP, Independent Auditors

(b) Reports on Form 8-K

None.

-
- (1) - Incorporated by reference to exhibits filed with Form S-1, No. 33-6245.
 - (2) - Incorporated by reference to exhibits filed with the 1987 Form 10-K.
 - (3) - Incorporated by reference to exhibits filed with the 1988 Form 10-K.
 - (4) - Incorporated by reference to exhibits filed with the 1989 Form 10-K.
 - (5) - Incorporated by reference to exhibits filed with the 1992 Form 10-K.
 - (6) - Incorporated by reference to exhibits filed with the 1993 Form 10-K.
 - (7) - Incorporated by reference to exhibits filed with the 1994 Form 10-K.
 - (8) - Incorporated by reference to exhibits filed with the 1995 Form 10-K.
 - (9) - Incorporated by reference to exhibits filed with Form S-8, No. 333-12631.
 - (10) - Incorporated by reference to exhibits filed with Form S-8, No. 333-12623.
 - (11) - Incorporated by reference to exhibits filed with the 1996 Form 10-K.
 - (12) - Incorporated by reference to exhibits filed with the 1997 Form 10-K.
 - (13) - Incorporated by reference to exhibits filed with the 1998 Form 10-K.
 - (14) - Incorporated by reference to exhibits filed with the 1999 Form 10-K.
 - (15) - Incorporated by reference to exhibits filed with the 1999 Form DEF-14A.
 - (16) - Incorporated by reference to exhibits filed with the Third Quarter FY00 Form 10-Q.
 - (17) - Incorporated by reference to exhibits filed with the Third Quarter FY01 Form 10-Q.

Schedule II - Valuation and Qualifying Accounts

AMERICAN WOODMARK CORPORATION

(In Thousands)

Description(a) -----	Balance at Beginning Of Period -----	Additions Charged to Cost and Expenses -----	Other -----	Deductions -----	Balance At End Of Period -----
Year ended April 30, 2001:					
Allowance for doubtful accounts	\$ 769	\$ 996	\$ --	\$ (415)(b)	\$1,350
	=====	=====	=====	=====	=====
Reserve for cash discounts	\$ 530	\$ 8,043(c)	\$ --	\$ (7,823)(d)	\$ 750
	=====	=====	=====	=====	=====
Reserve for sales returns and allowances	\$2,186	\$10,353(c)	\$ --	\$ (9,983)	\$2,556
	=====	=====	=====	=====	=====
Year ended April 30, 2000:					
Allowance for doubtful accounts	\$ 422	\$ 628	\$ --	\$ (281)(b)	\$ 769
	=====	=====	=====	=====	=====
Reserve for cash discounts	\$ 545	\$ 6,742(c)	\$ --	\$ (6,757)(d)	\$ 530
	=====	=====	=====	=====	=====
Reserve for sales returns and allowances	\$1,596	\$ 8,709(c)	\$ --	\$ (8,119)	\$2,186
	=====	=====	=====	=====	=====
Year ended April 30, 1999:					
Allowance for doubtful accounts	\$ 123	\$ 185	\$ 320(e)	\$ (206)(b)	\$ 422
	=====	=====	=====	=====	=====
Reserve for cash discounts	\$ 365	\$ 5,415(c)	\$ --	\$ (5,235)(d)	\$ 545
	=====	=====	=====	=====	=====
Reserve for sales returns and allowances	\$1,269	\$ 7,303(c)	\$ --	\$ (6,976)	\$1,596
	=====	=====	=====	=====	=====

(a) All reserves relate to accounts receivable.

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

(c) Reduction of gross sales.

(d) Cash discounts granted.

(e) Adjustments resulting from the acquisition of Knapp Woodworking, Inc.

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 18, 2001

/s/ JAMES J. GOSA

*James J. Gosa
President 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 18, 2001

/s/ JAMES J. GOSA

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

July 18, 2001

/s/ KENT B. GUICHARD

*Kent B. Guichard
Senior Vice President, Finance and
Chief Financial Officer
(Principal Financial Officer)
Director*

July 18, 2001

/s/ WILLIAM F. BRANDT, JR.

*William F. Brandt, Jr.
Chairman of the Board
Director*

July 18, 2001

/s/ DANIEL T. CARROLL

*Daniel T. Carroll
Director*

July 18, 2001

/s/ C. ANTHONY WAINWRIGHT

*C. Anthony Wainwright
Director*

July 18, 2001

/s/ MARTHA M. DALLY

*Martha M. Dally
Director*

July 18, 2001

/s/ FRED S. GRUNEWALD

*Fred S. Grunewald
Director*

July 18, 2001

/s/ ALBERT L. PRILLAMAN

*Albert L. Prillaman
Director*

July 18, 2001

/s/ KENT J. HUSSEY

*Kent J. Hussey
Director*

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. Kent Guichard Senior Vice President, Finance and Chief Financial Officer American Woodmark Corporation P.O. Box 1980 Winchester, Virginia 22604-8090

Exhibit 10.1 (k) #1

FINANCING AGREEMENT

\$35,000,000 Revolving Credit Facility

and

\$10,000,000 Term Loan Facility

Dated May 31, 2001

By and Between

AMERICAN WOODMARK CORPORATION

And

BANK OF AMERICA, N. A.

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FINANCING AGREEMENT

THIS FINANCING AGREEMENT (this "Agreement") is made as of the 31st day of May, 2001, by and between AMERICAN WOODMARK CORPORATION, a corporation organized under the laws of the Commonwealth of Virginia (the "Borrower"), and BANK OF AMERICA, N. A., a national banking association (the "Lender").

RECITALS

A. The Borrower has applied to the Lender for certain credit facilities consisting of a revolving credit facility in the maximum principal amount of \$35,000,000, a letter of credit facility as a part of the revolving credit facility and a term loan in the original principal amount of \$10,000,000 to be used by the Borrower for the Permitted Uses described in this Agreement.

B. The Lender is willing to make the credit facilities available to the Borrower upon the terms and subject to the conditions set forth in this Agreement.

AGREEMENTS

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

DEFINITIONS

Section 1.1 Certain Defined Terms.

As used in this Agreement, the terms defined in the Preamble and Recitals hereto shall have the respective meanings specified therein, and the following terms shall have the following meanings:

"Additional Borrower" means each Person that has executed and delivered an Additional Borrower Joinder Supplement that has been accepted and approved by the Lender.

"Additional Borrower Joinder Supplement" means an Additional Borrower Joinder Supplement in substantially the form attached hereto as EXHIBIT A, with the blanks appropriately completed and executed and delivered by the Additional Borrower and the Borrower.

"Affiliate" means, with respect to any designated Person, any other Person,

(a) directly or indirectly controlling, directly or indirectly controlled by, or under direct or indirect common control with the Person designated, (b) directly or indirectly owning or holding five percent (5%) or more of any equity interest in such designated Person, or (c) five percent (5%) or more of whose stock or other equity interest is directly or indirectly owned or held by such designated Person. For purposes of this definition, the term "control" (including with correlative meanings, the terms "controlling", "controlled by" and "under common control with") means

the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities or other equity interests or by contract or otherwise.

"Agreement" means this Financing Agreement, as amended, restated, supplemented or otherwise modified in writing in accordance with the provisions of Section 7.2 (Amendments; Waivers).

"Applicable Interest Rate" means the Eurodollar Rate.

"Applicable Margin" means the applicable rate per annum added, as set forth in Section 2.5(b)(Interest) to the Eurodollar Rate.

"Assets" means at any date all assets that, in accordance with GAAP consistently applied should be classified as assets on a consolidated balance sheet of the Borrower and its Subsidiaries.

"Bank Facilities" means any credit facility provided by the Lender to the Borrower through Bank of America Leasing and/or any private placement by the Lender for the Borrower's benefit from the Closing Date and through April 30, 2002 for equipment acquisition and financing, but specifically excluding an existing commitment from Bank of America Leasing in the maximum principal amount of \$3,000,000 and issued and outstanding letters of credit as of the date hereof more specifically identified on Schedule 1.1 attached hereto and made a part hereof and all renewals of such letters of credit.

"Bankruptcy Code" means the United States Bankruptcy Code, as amended from time to time.

"Base Rate" means the floating and fluctuating per annum prime rate of interest of the Lender, as established and declared by the Lender at any time or from time to time. The Base Rate does not necessarily represent the lowest or best rate of interest charged by the Lender to Borrower.

"Borrower" means each Person defined as a "Borrower" in the preamble of this Agreement and each Additional Borrower; "Borrowers" means the collective reference to all Persons defined as "Borrower" in the preamble to this Agreement and all Additional Borrowers.

"Business Day" means any day other than a Saturday, Sunday or other day on which commercial banks in the State are authorized or required to close.

"Capital Lease" means any lease of real or personal property, for which the related Lease Obligations have been or should be, in accordance with GAAP consistently applied capitalized on the balance sheet.

"Cash Equivalents" means (a) securities with maturities of one year or less from the date of acquisition issued or fully guaranteed or insured by the United States Government or any agency thereof, (b) certificates of deposit with maturities of one (1) year or less from the date of acquisition of, or money market accounts maintained with, the Lender, any Affiliate of the Lender, or any other domestic commercial bank having capital and surplus in excess of One Hundred Million Dollars (\$100,000,000.00) or such other domestic financial institutions or domestic brokerage houses to the extent disclosed to, and approved by, the Lender and (c) commercial paper of a

domestic issuer rated at least either A-1 by Standard & Poor's Corporation or P- 1 by Moody's Investors Service, Inc. with maturities of six (6) months or less from the date of acquisition.

"Cash Flow" means as to the Borrower and its Subsidiaries for any period of determination thereof, the sum of (a) net income (or loss) after deduction of interest expenses and taxes, plus (b) the aggregate amount of depreciation and amortization, all calculated in accordance with GAAP consistently applied.

"Closing Date" means the Business Day, in any event not later than May 31, 2001 on which the Lender shall be satisfied that the conditions precedent set forth in 0 (Conditions to Initial Advance) have been fulfilled.

"Commitment" means the Revolving Credit Commitment, the Letter of Credit Commitment or the Term Loan Commitment, as the case may be, and "Commitments" means collectively the Revolving Credit Commitment, the Letter of Credit Commitment and the Term Loan Commitment.

"Committed Amount" means the Revolving Credit Committed Amount, the Letter of Credit Committed Amount or the Term Loan Committed Amount, as the case may be, and "Committed Amounts" means collectively the Revolving Credit Committed Amount, the Letter of Credit Committed Amount and the Term Loan Committed Amount.

"Compliance Certificate" means a periodic Compliance Certificate described in Section 5.1.1 (Financial Statements).

"Commonly Controlled Entity" means an entity, whether or not incorporated, which is under common control with the Borrower within the meaning of Section 414(b) or (c) of the Internal Revenue Code.

"Copyrights" means and includes, in each case whether now existing or hereafter arising, all of the Borrower's rights, title and interest in and to (a) all copyrights, rights and interests in copyrights, works protectable by copyright, copyright registrations, copyright applications, and all renewals of any of the foregoing, (b) all income, royalties, damages and payments now or hereafter due and/or payable under any of the foregoing, including, without limitation, damages or payments for past, current or future infringements of any of the foregoing, (c) the right to sue for past, present and future infringements of any of the foregoing, and (d) all rights corresponding to any of the foregoing throughout the world.

"Credit Facility" means the Revolving Credit Facility, the Letter of Credit Facility or the Term Loan Facility, as the case may be, and "Credit Facilities" means collectively the Revolving Credit Facility, the Letter of Credit Facility, the Term Loan Facility and any and all other credit facilities now or hereafter extended under or secured by this Agreement.

"Current Assets" means at any date, the amount which, in accordance with GAAP consistently applied, would be set forth opposite the caption "total current assets" (or any like caption) on a consolidated balance sheet of the Borrower and its Subsidiaries.

"Default" means an event which, with the giving of notice or lapse of time, or both, could or would constitute an Event of Default under the provisions of this Agreement.

"EBITDA" means as to the Borrower and its Subsidiaries for any period of determination thereof, the sum of earnings before deduction of interest and taxes plus depreciation and amortization.

"Enforcement Costs" means all expenses, charges, costs and fees whatsoever (including, without limitation, reasonable outside and allocated in-house counsel attorney's fees and expenses) of any nature whatsoever paid or incurred by or on behalf of the Lender in connection with (a) any or all of the Obligations, this Agreement and/or any of the other Financing Documents, (b) the creation, collection, maintenance, preservation, defense, protection, realization upon, or enforcement of all or any part of this Agreement or any of the other Financing Documents, including, without limitation, those costs and expenses more specifically enumerated in 0 (Enforcement Costs), and (c) the monitoring, administration, processing and/or servicing of any or all of the Obligations or the Financing Documents.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time.

"Eurodollar Base Rate" means for any Interest Period with respect to any Eurodollar Loan, the per annum interest rate rounded upward, if necessary, to the nearest 1/100 of 1%, appearing on Telerate Page 3750 (or any successor page) as the London interbank offered rate for deposits in Dollars at or about 11:00 a.m. (London time) on the date that is two (2) Eurodollar Business Days prior to the first day of such Interest Period for a term comparable to such Interest Period. If for any reason such rate is not available, the term "Eurodollar Base Rate" shall mean, for any Eurodollar Loan for any Interest Period therefor, the rate per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) appearing on Reuters Screen LIBO Page as the London interbank offered rate for deposits in Dollars at approximately 11:00 a.m. (London time) two (2) Eurodollar Business Days prior to the first day of such Interest Period for a term comparable to such Interest Period; provided, however, if more than one rate is specified on Reuters Screen LIBO Page, the applicable rate shall be the arithmetic mean of all such rates (rounded upwards, if necessary, to the nearest 1/100 of 1%).

"Eurodollar Business Day" means any Business Day on which dealings in United States Dollar deposits are carried out on the London interbank market and on which commercial banks are open for domestic and international business (including dealings in Dollar deposits) in London, England.

"Eurodollar Loan" means any Loan for which interest is to be computed with reference to the Eurodollar Rate.

"Eurodollar Rate" means for any Interest Period with respect to any Eurodollar Loan, (a) the Applicable Margin, plus (b) the per annum rate of interest calculated pursuant to the following formula:

Eurodollar Base Rate
1.00 - Reserve Percentage

"Event of Default" has the meaning described in ARTICLE VI (Default and Rights and Remedies).

"Facilities" means the collective reference to the loan, letter of credit, interest rate protection, foreign exchange risk, cash management, and other credit facilities now or hereafter provided to the Borrower by the Lender whether under this Agreement or otherwise.

"Fees" means the collective reference to each fee payable to the Lender under the terms of this Agreement or under the terms of any of the other Financing Documents.

"Financing Documents" means at any time collectively this Agreement, the Notes, the Letter of Credit Documents, and any other instrument, agreement or document previously, simultaneously or hereafter executed and delivered by the Borrower and/or any other Person, singly or jointly with another Person or Persons, evidencing, securing, guarantying or in connection with this Agreement, the Notes, any of the Facilities, and/or any of the Obligations.

"Fixed Charge Coverage Ratio" means for any period, the ratio of (a) EBITDA plus operating lease payments to (b) the aggregate of all lease payments, interest expense, scheduled payments due on Indebtedness for Borrowed Money, dividends, share repurchases and cash income taxes paid.

"Fixed or Capital Assets" of a Person at any date means all assets which would, in accordance with GAAP consistently applied, be classified on the balance sheet of such Person as property, plant or equipment at such date.

"Funded Debt" is defined as the sum of senior debt, letter of credit obligations (excluding letters of credit securing Indebtedness for Borrowed Money), stockholder debt, Subordinated Indebtedness and the value of all capitalized and synthetic leases.

"GAAP" means generally accepted accounting principles in the United States of America in effect from time to time.

"Governmental Authority" means any nation or government, any state or other political subdivision thereof and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government and any department, agency or instrumentality thereof.

"Hazardous Materials" means (a) any "hazardous waste" as defined by the Resource Conservation and Recovery Act of 1976, as amended from time to time, and regulations promulgated thereunder; (b) any "hazardous substance" as defined by the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended from time to time, and regulations promulgated thereunder; (c) any substance the presence of which on any property now or hereafter owned, acquired or operated by the Borrower is prohibited by any Law similar to those set forth in this definition; and (d) any other substance which by Law requires special handling in its collection, storage, treatment or disposal.

"Hazardous Materials Contamination" means the contamination (whether presently existing or occurring after the date of this Agreement) by Hazardous Materials of any property owned, operated or controlled by the Borrower or for which the Borrower has responsibility, including, without

limitation, improvements, facilities, soil, ground water, air or other elements on, or of, any property now or hereafter owned, acquired or operated by the Borrower, and any other contamination by Hazardous Materials for which the Borrower is, or is claimed to be, responsible.

"Indebtedness" of a Person means at any date the total liabilities of such Person at such time determined in accordance with GAAP consistently applied.

"Indebtedness for Borrowed Money" of a Person means at any time the sum at such time of (a) indebtedness of such Person for borrowed money or for the deferred purchase price of property or services, (b) any obligations of such Person in respect of letters of credit, banker's or other acceptances or similar obligations issued or created for the account of such Person, (c) Lease Obligations of such Person with respect to Capital Leases, (d) all liabilities secured by any Lien on any property owned by such Person, to the extent attached to such Person's interest in such property, even though such Person has not assumed or become personally liable for the payment thereof, (e) obligations of third parties which are being guaranteed or indemnified against by such Person or which are secured by the property of such Person; (f) any obligation of such Person under an employee stock ownership plan or other similar employee benefit plan; (g) any obligation of such Person or a Commonly Controlled Entity to a Multi-employer Plan; and (h) any obligations, liabilities or indebtedness, contingent or otherwise, under or in connection with, any interest rate or currency swap agreements, cap, floor, and collar agreements, currency spot, foreign exchange and forward contracts and other similar agreements and arrangements; but excluding trade and other accounts payable in the ordinary course of business in accordance with customary trade terms and which are not overdue (as determined in accordance with customary trade practices) or which are being disputed in good faith by such Person and for which adequate reserves are being provided on the books of such Person in accordance with GAAP.

"Interest Period" means as to any Eurodollar Loan, the period commencing on and including the date such Eurodollar Loan is made and ending on and including the day which is thirty (30) days thereafter, and thereafter, each period commencing on the last day of the then preceding Interest Period for such Eurodollar Loan and ending on and including the day which is thirty (30) days thereafter, as selected by the Borrower in accordance with the provisions of this Agreement; provided, however that:

(a) the first day of any Interest Period shall be a Eurodollar Business Day;

(b) if any Interest Period would end on a day that shall not be a Eurodollar Business Day, such Interest Period shall be extended to the next succeeding Eurodollar Business Day unless such next succeeding Eurodollar Business Day would fall in the next calendar month, in which case, such Interest Period shall end on the next preceding Eurodollar Business Day; and

(c) no Interest Period shall extend beyond the Revolving Credit Expiration Date.

"Internal Revenue Code" means the Internal Revenue Code of 1986, as amended from time to time, and the Income Tax Regulations issued and proposed to be issued thereunder.

"Item of Payment" means each check, draft, cash, money, instrument, item, and other remittance in payment; and "Items of Payment" means the collective reference to all of the foregoing.

"Laws" means all ordinances, statutes, rules, regulations, orders, injunctions, writs, or decrees of any Governmental Authority.

"Lease Obligations" of a Person means for any period the rental commitments of such Person for such period under leases for real and/or personal property (net of rent from subleases thereof, but including taxes, insurance, maintenance and similar expenses which such Person, as the lessee, is obligated to pay under the terms of said leases, except to the extent that such taxes, insurance, maintenance and similar expenses are payable by sublessees), including rental commitments under Capital Leases.

"Letter of Credit" and "Letters of Credit" shall have the meanings described in Section 2.2.1 (Letters of Credit).

"Letter of Credit Agreement" means the collective reference to each letter of credit application and agreement substantially in the form of the Lender's then standard form of application for letter of credit or such other form as may be approved by the Lender, executed and delivered by the Borrower in connection with the issuance of a Letter of Credit, as the same may from time to time be amended, restated, supplemented or modified and "Letter of Credit Agreements" means all of the foregoing in effect at any time and from time to time.

"Letter of Credit Commitment" means the agreement of the Lender relating to the issuance of Letters of Credit subject to and in accordance with the provisions of this Agreement.

"Letter of Credit Commitment Period" means the period of time from the Closing Date to the Business Day preceding the Revolving Credit Termination Date.

"Letter of Credit Documents" means any and all drafts under or purporting to be under a Letter of Credit, any Letter of Credit Agreement, and any other instrument, document or agreement executed and/or delivered by the Borrower or any other Person under, pursuant to or in connection with a Letter of Credit or any Letter of Credit Agreement.

"Letter of Credit Facility" means the facility established by the Lender pursuant to Section 0 (Letter of Credit Facility).

"Letter of Credit Fee" and "Letter of Credit Fees" have the meanings described in Section 2.2.2 (Letter of Credit Fees).

"Letter of Credit Obligations" means all Obligations of the Borrower with respect to the Letters of Credit and the Letter of Credit Agreements.

"Lien" means any mortgage, deed of trust, deed to secure debt, grant, pledge, security interest, assignment, encumbrance, judgment, lien,

hypothecation, provision in any instrument or other document for confession of judgment, cognovit or other similar right or remedy, claim or charge of any kind, whether perfected or unperfected, avoidable or unavoidable, including, without limitation, any conditional sale or other title retention agreement, any lease in the nature thereof, and the filing of or agreement to give any financing statement under the Uniform Commercial Code of any jurisdiction, excluding the precautionary filing of any financing statement by any lessor in a true lease transaction, by any bailor in a true bailment transaction or by any consignor in a true consignment transaction under the Uniform Commercial Code of any jurisdiction or the agreement to give any financing statement by any lessee in a true lease transaction, by any bailee in a true bailment transaction or by any consignee in a true consignment transaction.

"Loan" means the Revolving Loan or the Term Loan, as the case may be, and "Loans" means the collective reference to the Revolving Loan and the Term Loan.

"Loan Notice" has the meaning described in Section 2.1.2 (Procedure for Making Advances).

"Management" means the Chairman of the Board, President or Chief Financial Officer of the Borrower.

"Multi-employer Plan" means a Plan which is a multi-employer plan as defined in Section 4001(a)(3) of ERISA.

"Net Worth" means the consolidated shareholders' equity, defined in accordance with GAAP, of the Borrower and its Subsidiaries.

"Note" means the Revolving Credit Note or the Term Note, individually as the context implies and "Notes" means the Revolving Credit Note and the Term Note, collectively.

"Obligations" means all present and future indebtedness, duties, obligations, and liabilities, whether now existing or contemplated or hereafter arising, of the Borrower to the Lender under, arising pursuant to, in connection with and/or on account of the provisions of this Agreement, each Note, each Security Document, and/or any of the other Financing Documents, the Loans, any Hedge Transaction and/or any of the Facilities including, without limitation, the principal of, and interest on, each Note, late charges, the Fees, Enforcement Costs, and prepayment fees (if any), letter of credit reimbursement obligations, letter of credit fees or fees charged with respect to any guaranty of any letter of credit; also means all other present and future indebtedness, duties, obligations, and liabilities, whether now existing or contemplated or hereafter arising, of the Borrower to the Lender of any nature whatsoever, regardless of whether such indebtedness, duties, obligations, and liabilities be direct, indirect, primary, secondary, joint, several, joint and several, fixed or contingent; and also means any and all renewals, extensions, substitutions, amendments, restatements and rearrangements of any such indebtedness, duties, obligations, and liabilities.

"Outstanding Letter of Credit Obligations" has the meaning described in Section 2.2.3 (Terms of Letters of Credit).

"Patents" means and includes, in each case whether now existing or hereafter arising, all of the Borrower's rights, title and interest in and to (a) any and all patents and patent applications, (b) any and all inventions and improvements described and claimed in such patents and patent applications, (c) reissues, divisions, continuations, renewals, extensions and continuations-in-part of any patents and patent applications, (d) income, royalties, damages, claims and payments now or hereafter due and/or payable under and with respect to any patents or patent applications, including, without limitation, damages and payments for past and future infringements, (e) rights to sue for past, present and future infringements of patents, and (f) all rights corresponding to any of the foregoing throughout the world.

"PBGC" means the Pension Benefit Guaranty Corporation.

"Permitted Liens" means: (a) Liens for Taxes which are not delinquent or which the Lender has determined in the exercise of its sole and absolute discretion (i) are being diligently contested in good faith and by appropriate proceedings, and such contest operates to suspend collection of the contested Taxes and enforcement of a Lien, (ii) the Borrower has the financial ability to pay, with all penalties and interest, at all times without materially and adversely affecting the Borrower, and (iii) are not, and will not be with appropriate filing, the giving of notice and/or the passage of time, entitled to priority over any Lien of the Lender; (b) deposits or pledges to secure obligations under workers' compensation, social security or similar laws, or under unemployment insurance in the ordinary course of business; (c) judgment Liens to the extent the entry of such judgment does not constitute a Default or an Event of Default under the terms of this Agreement; (d) protective filings recorded in connection with lease transactions; and (e) purchase money security interests securing Indebtedness for Borrowed Money for the purchase of Equipment in arms-length, commercially reasonable transactions with persons who are not Affiliates; provided, however, that (i) the indebtedness secured shall not exceed the unpaid purchase price of the Equipment acquired, plus reasonable finance charges and the reasonable costs of collection (including, without limitation, reasonable attorneys fees); and (ii) each item of Equipment shall secure only its portion of the indebtedness described in item (i).

"Permitted Uses" means (a) with respect to the Loans, the payment of expenses incurred in the ordinary course of the Borrower's business, including capital expenditures related to manufacturing expansion contemplated as of the date hereof and (b) with respect to the Letter of Credit Facility, the issuance of documentary and standby letters of credit.

"Person" means and includes an individual, a corporation, a partnership, a joint venture, a limited liability company, corporation or partnership, a trust, an unincorporated association, a Governmental Authority, or any other organization or entity.

"Plan" means any pension plan that is covered by Title IV of ERISA and in respect of which the Borrower or a Commonly Controlled Entity is an "employer" as defined in Section 3 of ERISA.

"Post-Default Rate" means the Base Rate in effect from time to time, plus two percent (2%) per annum.

"Prepayment" means a Revolving Loan Optional Prepayment or a Term Loan Optional Prepayment, as the case may be and "Prepayments" mean collectively all Revolving Loan Optional Prepayments and all Term Loan Optional Prepayments.

"Pricing Ratio" means the Borrowers' ratio of Funded Debt to EBITDA.

"Reportable Event" means any of the events set forth in Section 4043(c) of ERISA or the regulations thereunder.

"Reserve Percentage" means, at any time, the then current maximum rate for which reserves (including any basic, supplemental, marginal and emergency reserves) are required to be maintained by member banks of the Federal Reserve System under Regulation D of the Board of Governors of the Federal Reserve System against "Eurocurrency liabilities", as that term is defined in Regulation D. The Eurodollar Rate shall be adjusted automatically on and as of the effective date of any change in the Reserve Percentage.

"Responsible Officer" means the chief executive officer of the Borrower or the president of the Borrower or, with respect to financial matters, the chief financial officer of the Borrower.

"Revolving Credit Commitment" means the agreement of the Lender relating to the making of the Revolving Loan and advances thereunder subject to and in accordance with the provisions of this Agreement.

"Revolving Credit Commitment Period" means the period of time from the Closing Date to the Business Day preceding the Revolving Credit Termination Date.

"Revolving Credit Committed Amount" has the meaning described in Section 2.1.1 (Revolving Credit Facility).

"Revolving Credit Expiration Date" means February __, 2005.

"Revolving Credit Facility" means the facility established by the Lender pursuant to Section 2.1 (Revolving Credit Facility).

"Revolving Credit Note" has the meaning described in Section 2.1.3 (Revolving Credit Note).

"Revolving Credit Unused Line Fee" and "Revolving Credit Unused Line Fees" have the meanings described in Section 2.1.6 (Revolving Credit Unused Fee).

"Revolving Credit Termination Date" means the earlier of (a) the Revolving Credit Expiration Date, or (b) the date on which the Revolving Credit Commitment is terminated pursuant to Section 6.2 or otherwise.

"Revolving Loan" has the meaning described in Section 2.1.1 (Revolving Credit Facility).

"Revolving Loan Account" has the meaning described in Section 2.1.5 (Revolving Loan Account).

"Revolving Loan Optional Prepayment" and "Revolving Loan Optional Prepayments" have the meanings described in Section 2.1.4 (Optional Prepayment of Revolving Loan).

"State" means the State of Maryland.

"Subordinated Indebtedness" means all Indebtedness, incurred at any time by the Borrower, which is in amounts, subject to repayment terms, and subordinated to the Obligations, as set forth in one or more written agreements, all in form and substance satisfactory to the Lender in its sole and absolute discretion.

"Subsidiary" means any corporation the majority of the voting shares of which at the time are owned directly by the Borrower and/or by one or more Subsidiaries of the Borrower.

"Tangible Net Worth" means as to the Borrower and its Subsidiaries at any date of determination thereof, the sum at such time of: the Net Worth less the total of (a) all Assets which would be classified as intangible assets under GAAP consistently applied and (b) the amount of all loans and advances to, or investments in, any Person, excluding Cash Equivalents and deposit accounts maintained by the Borrower or its Subsidiaries with any financial institution.

"Taxes" means all taxes and assessments whether general or special, ordinary or extraordinary, or foreseen or unforeseen, of every character (including all penalties or interest thereon), which at any time may be assessed, levied, confirmed or imposed by any Governmental Authority on the Borrower or any of its properties or assets or any part thereof or in respect of any of its franchises, businesses, income or profits.

"Term Loan" has the meaning described in Section 2.3.1 (Term Loan Commitment).

"Term Loan Commitment" has the meaning described in Section 2.3.1 (Term Loan Commitment).

"Term Loan Committed Amount" has the meaning described in Section 2.3.1 (Term Loan Commitment).

"Term Loan Facility" means the facility established by the Lender pursuant to Section 2.3 (Term Loan Facility).

"Term Loan Optional Prepayment" and "Term Loan Optional Prepayments" have the meanings described in Section 2.3.3 (Optional Prepayments of Term Loan).

"Term Note" has the meaning described in Section 2.3.2 (The Term Note).

"Trademarks" means and includes in each case whether now existing or hereafter arising, all of the Borrower's rights, title and interest in and to (a) any and all trademarks (including service marks), trade names and trade styles, and applications for registration thereof and the goodwill of the business symbolized by any of the foregoing, (b) any and all licenses of trademarks, service marks, trade names and/or trade styles, whether as licensor or licensee, (c) any renewals of any and all trademarks, service

marks, trade names, trade styles and/or licenses of any of the foregoing, (d) income, royalties, damages and payments now or hereafter due and/or payable with respect thereto, including, without limitation, damages, claims, and payments for past, present and future infringements thereof, (e) rights to sue for past, present and future infringements of any of the foregoing, including the right to settle suits involving claims and demands for royalties owing, and (f) all rights corresponding to any of the foregoing throughout the world.

"Uniform Commercial Code" means, unless otherwise provided in this Agreement, the Uniform Commercial Code as adopted by and in effect from time to time in the State or in any other jurisdiction, as applicable.

"Wholly Owned Subsidiary" means any domestic United States corporation all the shares of stock of all classes of which (other than directors' qualifying shares) at the time are owned directly or indirectly by the Borrower and/or by one or more Wholly Owned Subsidiaries of the Borrower.

Section 1.2 Accounting Terms and Other Definitional Provisions.

Unless otherwise defined herein, as used in this Agreement and in any certificate, report or other document made or delivered pursuant hereto, accounting terms not otherwise defined herein, and accounting terms only partly defined herein, to the extent not defined, shall have the respective meanings given to them under GAAP, as consistently applied to the applicable Person. Unless otherwise defined herein, all terms used herein which are defined by the Uniform Commercial Code shall have the same meanings as assigned to them by the Uniform Commercial Code unless and to the extent varied by this Agreement. The words "hereof", "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and article, section, subsection, schedule and exhibit references are references to articles, sections or subsections of, or schedules or exhibits to, as the case may be, this Agreement unless otherwise specified. As used herein, the singular number shall include the plural, the plural the singular and the use of the masculine, feminine or neuter gender shall include all genders, as the context may require. Reference to any one or more of the Financing Documents shall mean the same as the foregoing may from time to time be amended, restated, substituted, extended, renewed, supplemented or otherwise modified.

ARTICLE II

THE CREDIT FACILITIES

Section 2.1 The Revolving Credit Facility.

2.1.1 Revolving Credit Facility.

Subject to and upon the provisions of this Agreement, the Lender establishes a revolving credit facility in favor of the Borrower. The aggregate of all advances under the Revolving Credit Facility is sometimes referred to in this Agreement collectively as the "Revolving Loan".

The principal amount of Thirty Five Million Dollars (\$35,000,000) is the "Revolving Credit Committed Amount". If at any time the unpaid principal balance of the Revolving Loan exceeds the Revolving Credit Committed Amount in effect from time to time, the Borrower shall pay such excess to the Lender ON DEMAND.

During the Revolving Credit Commitment Period, the Lender agrees to make advances under the Revolving Loan requested by the Borrower from time to time provided that after giving effect to the Borrower's request, the outstanding principal balance of the Revolving Loan and of the Letter of Credit Obligations would not exceed the Revolving Credit Committed Amount less the aggregate outstanding principal amount under the Bank Facilities and Term Notes, if any.

Unless sooner paid, the unpaid Revolving Loan, together with interest accrued and unpaid thereon, and all other Obligations shall be due and payable in full on the Revolving Credit Expiration Date.

2.1.2 Procedure for Making Advances Under the Revolving Loan; Lender Protection Loans.

The Borrower may borrow under the Revolving Credit Commitment on any Business Day. Advances under the Revolving Loan shall be deposited to a demand deposit account of the Borrower with the Lender (or an Affiliate of the Lender) or shall be otherwise applied as directed by the Borrower, which direction the Lender may require to be in writing. No later than 1:00 p.m. (Eastern time) on the date of the requested borrowing, the Borrower shall give the Lender oral or written notice (a "Loan Notice") of the amount and (if requested by the Lender) the purpose of the requested borrowing. Any oral Loan Notice shall be confirmed in writing by the Borrower within five (5) Business Days after the making of the requested Revolving Loan. Each Loan Notice shall be irrevocable. In addition, the Borrower hereby irrevocably authorizes the Lender at any time and from time to time if the Lender determines that an event has occurred which impairs the prospect of payment of the Obligations, without further request from or notice to the Borrower, to make advances under the Revolving Loan which the Lender, in its sole and absolute discretion, deems necessary or appropriate to protect the Lender's interests under this Agreement, including, without limitation, advances under the Revolving Loan made to cover debit balances in the Revolving Loan Account, and/or principal of, and/or interest on, any Loan, prior to, on, or after the termination of other advances under this Agreement, regardless of whether the outstanding principal amount of the Revolving Loan that the Lender may make hereunder exceeds the Revolving Credit Committed Amount.

2.1.3 Revolving Credit Note.

The obligation of the Borrower to pay the Revolving Loan, with interest, shall be evidenced by a promissory note (as from time to time extended, amended, restated, supplemented or otherwise modified, the "Revolving Credit Note") substantially in the form of EXHIBIT B-1 attached hereto and made a part hereof, with appropriate insertions. The Revolving Credit Note shall be dated as of the Closing Date, shall be payable to the order of the Lender at the times provided in the Revolving Credit Note, and shall be in the principal amount of the Revolving Credit Committed Amount. The Borrower acknowledges and agrees that, if the outstanding principal

balance of the Revolving Loan outstanding from time to time exceeds the face amount of the Revolving Credit Note, the excess shall bear interest at the Post- Default Rate for the Revolving Loan and shall be payable, with accrued interest, ON DEMAND. The Revolving Credit Note shall not operate as a novation of any of the Obligations or nullify, discharge, or release any such Obligations or the continuing contractual relationship of the parties hereto in accordance with the provisions of this Agreement.

2.1.4 Optional Prepayments of Revolving Loan.

The Borrower shall have the option, at any time and from time to time, to prepay (each a "Revolving Loan Optional Prepayment" and collectively the "Revolving Loan Optional Prepayments") the Revolving Loan, in whole or in part without premium or penalty.

2.1.5 Revolving Loan Account.

The Lender will establish and maintain a loan account on its books (the "Revolving Loan Account") to which the Lender will (a) debit (i) the principal amount of each advance of the Revolving Loan made by the Lender hereunder as of the date made, (ii) the amount of any interest accrued on the Revolving Loan as and when due, and (iii) any other amounts due and payable by the Borrower to the Lender from time to time under the provisions of this Agreement in connection with the Revolving Loan, including, without limitation, Enforcement Costs, Fees, late charges, and service and collection fees, as and when due and payable, and (b) credit all payments made by the Borrower to the Lender on account of the Revolving Loan as of the date made. The Lender may debit the Revolving Loan Account for the amount of any Item of Payment which is returned to the Lender unpaid. All credit entries to the Revolving Loan Account are conditional and shall be readjusted as of the date made if final and indefeasible payment is not received by the Lender in cash or solvent credits. Any and all periodic or other statements or reconciliations, and the information contained in those statements or reconciliations, of the Revolving Loan Account shall be final, binding and conclusive upon the Borrower in all respects, absent manifest error, unless the Lender receives specific written objection thereto from the Borrower within thirty (30) Business Days after such statement or reconciliation shall have been sent by the Lender.

2.1.6 Revolving Credit Unused Line Fee.

The Borrower shall pay to the Lender a quarterly revolving credit facility fee on the average daily unused and undisbursed portion of the Revolving Credit Committed Amount in effect from time to time less the aggregate outstanding principal amount under the Bank Facilities and Term Notes, if any, accruing during each calendar quarter (collectively, the "Revolving Credit Unused Line Fees" and individually, a "Revolving Credit Unused Line Fee") in an amount determined quarterly based upon the achievement of the Pricing Ratio as set forth in the following table:

Pricing Ratio	Unused Fee
2.50:1 * but ** 1.51 to 1.0	35 basis points
1.50:1 * but ** 1.01 to 1.0	30 basis points
1.0 to 1 or less	20 basis points

* More than ** Less than or equal to

The accrued and unpaid portion of the Revolving Credit Unused Line Fee shall be paid by the Borrower to the Lender on the first day of each quarter, commencing on the first such date following the date hereof, and on the Revolving Credit Termination Date.

Section 2.2 The Letter of Credit Facility

2.2.1 Letters of Credit.

Subject to and upon the provisions of this Agreement, and as a part of the Revolving Credit Commitment, the Borrower may, upon the prior approval of the Lender, obtain standby or documentary letters of credit (as the same may from time to time be amended, supplemented or otherwise modified, each a "Letter of Credit" and collectively the "Letters of Credit") from the Lender from time to time from the Closing Date until the Business Day preceding the Revolving Credit Termination Date. The Borrower will not be entitled to obtain a Letter of Credit hereunder unless (a) the Borrower is then able to obtain a Revolving Loan from the Lenders in an amount not less than the proposed face amount of the Letter of Credit requested by the Borrower and (b) the sum of the then Outstanding Letter of Credit Obligations (including the amount of the requested Letter of Credit) does not exceed Five Million Dollars (\$5,000,000).

2.2.2 Letter of Credit Fees.

Prior to or simultaneously with the opening of each standby Letter of Credit, the Borrower shall pay to the Lender, a letter of credit fee in an amount equal to the customary fees charged by the Lender for standby letters of credit or such other amount as may be negotiated and upon negotiation of each documentary Letter of Credit the Borrower shall pay to the Lender, a letter of credit fee in an amount equal to the customary fees charged by the Lender for negotiation of documentary letters of credit (each a "Letter of Credit Fee" and collectively the "Letter of Credit Fees"). Such Letter of Credit Fees for standby Letters of Credit shall be paid upon the opening of the standby Letter of Credit and upon each anniversary thereof, if any. In addition, the Borrower shall pay to the Lender any and all additional issuance, negotiation, processing, transfer or other fees to the extent and as and when required by the provisions of any Letter of Credit Agreement; such additional fees are included in and a part of the "Fees" payable by the Borrower under the provisions of this Agreement.

2.2.3 Terms of Letters of Credit.

Each Letter of Credit shall (a) be opened pursuant to a Letter of Credit Agreement, and (b) if a standby Letter of Credit, expire on a date not later than the Business Day preceding the Revolving Credit Expiration Date and if a documentary Letter of Credit, expire on a date not later than two hundred and seventy (270) days from the date of issuance; provided, however, if any Letter of Credit does have an expiration date later than the Business Day preceding the Revolving Credit Termination Date, as of the Business Day preceding the Revolving Credit Termination Date an advance of the Revolving Credit Facility shall be made by the Lender in the face amount of such Letter of Credit (or Letters of Credit) and the proceeds thereof shall be deposited in an account titled in the name of the Lender as trustee for the Borrower. The proceeds of the trustee account referred to in the immediately preceding sentence shall be held as collateral for the Letter

of Credit (or Letters of Credit) and in the event of a draw under or negotiation of the Letter of Credit (or Letters of Credit), used to pay any such draw or negotiation. The aggregate face amount of all Letters of Credit at any one time outstanding and issued by the Lender pursuant to the provisions of this Agreement, plus the amount of any unpaid Letter of Credit Fees accrued or scheduled to accrue thereon, and less the aggregate amount of all drafts issued under or purporting to have been issued under such Letters of Credit that have been paid by the Lender, is herein called the "Outstanding Letter of Credit Obligations".

2.2.4 Procedure for Letters of Credit.

The Borrower shall give the Lender written notice at least three (3) Business Days prior to the date on which a Letter of Credit is requested to be opened of their request for a Letter of Credit. Such notice shall be accompanied by a duly executed and delivered Letter of Credit Agreement. Upon receipt of the Letter of Credit Agreement and the Letter of Credit Fee, the Lender shall process such Letter of Credit Agreement in accordance with its customary procedures and open such Letter of Credit on the Business Day specified in such notice.

2.2.5 Change in Law; Increased Cost.

If any change in any law or regulation or in the interpretation thereof by any court or other Governmental Authority charged with the administration thereof shall either (a) impose, modify or deem applicable any reserve, special deposit or similar requirement against Letters of Credit issued by the Lender, or (b) impose on the Lender any other condition regarding this Agreement or any Letter of Credit, and the result of any event referred to in clauses (a) or (b) above shall be to increase the cost to the Lender of issuing, maintaining or extending the Letter of Credit or the cost to the Lender of funding any obligation under or in connection with the Letter of Credit, then, upon demand by the Lender, the Borrower shall immediately pay to the Lender from time to time as specified by the Lender, additional amounts which shall be sufficient to compensate the Lender for such increased cost, together with interest on each such amount from the date demanded until payment in full thereof at a rate per annum equal to the then highest current rate of interest on the Revolving Loan. A certificate as to such increased cost incurred by the Lender, submitted by the Lender to the Borrower, shall be conclusive, absent manifest error.

Section 2.3 The Term Loan Facility.

2.3.1 Term Loan Commitment.

Subject to and upon the provisions of this Agreement, the Lender agrees to make a loan (the "Term Loan") to the Borrower on the Closing Date in the principal amount of Ten Million Dollars (\$10,000,000) (herein called the "Term Loan Committed Amount"). The obligation of the Lender to make the Term Loan is herein called its "Term Loan Commitment".

2.3.2 The Term Note.

The obligation of the Borrower to pay the Term Loan with interest shall be evidenced by a promissory note (as from time to time extended, amended, restated, supplemented or otherwise modified, the "Term

Note") substantially in the form of EXHIBIT B-2 attached hereto and made a part hereof with appropriate insertions.

2.3.3 Optional Prepayments of Term Loan.

The Borrower shall have the option, at any time and from time to time, to prepay (each a "Term Loan Optional Prepayment" and collectively the "Term Loan Optional Prepayments") the Term Loan, in whole or in part, upon five (5) Business Days prior written notice, specifying the date and amount of prepayment. The amount to be so prepaid, together with interest accrued thereon to date of prepayment if the amount is intended as a prepayment of the Term Loan in whole, shall be paid by the Borrower to the Lender on the date specified for such prepayment. Partial Term Loan Optional Prepayments shall be in an amount not less than the aggregate amount of the next principal installment under the Term Note and shall be applied first to all accrued and unpaid interest on the principal of the Term Note, then to the balloon payment due at maturity and then to principal against the principal installments in the inverse order of their maturity.

Section 2.4 General Financing Provisions.

2.4.1 Borrower's Representatives.

The Lender is hereby irrevocably authorized by the Borrower to make advances under the Loans to the Borrower pursuant to the provisions of this Agreement upon the written, oral or telephone request of any one of the Persons who is from time to time a Responsible Officer of the Borrower under the provisions of the most recent "Certificate" of corporate resolutions of the Borrower on file with the Lender or who is an officer or employee of the Borrower whom a Responsible Officer from time to time authorizes in writing to do so. The Lender does not and shall not assume any responsibility or liability for any errors, mistakes, and/or discrepancies in the oral, telephonic, written or other transmissions of any instructions, orders, requests and confirmations between the Lender and the Borrower in connection with the Credit Facilities, any Loan or any other transaction in connection with the provisions of this Agreement.

2.4.2 Use of Proceeds of the Loans.

The proceeds of each advance under the Loans and each Letter of Credit issued hereunder shall be used by the Borrower for Permitted Uses, and for no other purposes except as may otherwise be agreed by the Lender in writing.

2.4.3 Computation of Interest and Fees.

All applicable Fees and interest shall be calculated on the basis of a year of 360 days for the actual number of days elapsed. Any change in the interest rate on any of the Obligations resulting from a change in the Eurodollar Base Rate shall become effective as of the opening of business on the day on which such change in the Eurodollar Base Rate is announced.

2.4.4 Payments.

All payments of the Obligations, including, without limitation, principal, interest, Prepayments, and Fees, shall be paid by the Borrower without setoff, recoupment or counterclaim to the Lender in immediately available funds not later than 12:00 noon (Eastern time) on the due date of such payment. All such payments shall be made to the Lender's principal office in Baltimore, Maryland or at such other location as the Lender may at any time and from time to time notify the Borrower. Alternatively, at its sole discretion, the Lender may charge any deposit account of the Borrower at the Lender or any Affiliate of the Lender with all or any part of any amount due to the Lender under this Agreement or any of the other Financing Documents to the extent that the Borrower shall have not otherwise tendered payment to the Lender. All payments shall be applied first to any unpaid Fees, second to any and all accrued and unpaid late charges and Enforcement Costs, third to any and all accrued and unpaid interest on the Obligations, and then to the then unpaid principal balance of the Obligations, all in such order and manner as shall be determined by the Lender in its sole and absolute discretion.

2.4.5 Liens; Setoff.

The Borrower hereby grants to the Lender as collateral and security for all of the Obligations, a continuing Lien on any and all monies, Securities, and like assets of the Borrower and any and all proceeds thereof, now or hereafter held or received by, or in transit to, the Lender or any Affiliate of the Lender from, or for the account of, the Borrower, and also upon any and all depository accounts (whether general or special) and credits of the Borrower, if any, with the Lender or any Affiliate of the Lender, at any time existing, excluding any depository accounts held by the Borrower in its capacity as trustee for Persons who are not Affiliates of the Borrower. Without implying any limitation on any other rights the Lender may have under the Financing Documents or applicable Laws, during the continuance of an Event of Default, the Lender is hereby authorized by the Borrower at any time and from time to time at the Lender's option, without notice to, or consent of, the Borrower, to set off, appropriate, seize, freeze and apply any or all items hereinabove referred to against all Obligations then outstanding (whether or not then due), all in such order and manner as shall be determined by the Lender in its sole and absolute discretion.

2.4.6 Requirements of Law.

In the event that the Lender shall have determined in good faith that

(a) the adoption of any Laws regarding capital adequacy, or (b) any change in such Laws or in the interpretation or application thereof or (c) compliance by the Lender or any corporation controlling the Lender with any request or directive regarding capital adequacy (whether or not having the force of law) from any Governmental Authority or central bank, does or shall have the effect of reducing the rate of return on the capital of the Lender or such controlling corporation as a consequence of the Lender's obligations under this Agreement to a level below that which the Lender or such corporation would have achieved but for such adoption, change or compliance (taking into consideration the policies of the Lender and its controlling corporation with respect to capital adequacy) by an amount deemed by the Lender, in its discretion, to be material, then from time to time, after submission by the Lender to the Borrower of a written request therefor and a statement of the basis for the Lender's determination, the Borrower

shall pay to the Lender such additional amount or amounts in order to compensate the Lender or its controlling corporation for any such reduction.

Section 2.5 Interest.

(a) Each Loan shall bear interest until maturity (whether by acceleration, declaration, extension or otherwise) at the Eurodollar Rate or as otherwise determined in accordance with the provisions of this Section 2.5, and as may be adjusted from time to time in accordance with the provisions of Section 2.5.2 (Inability to Determine Eurodollar Base Rate).

(b) The Applicable Margin for Eurodollar Loans shall be fifty (50) basis points per annum until a change is required by the operation of Section 2.5(c).

(c) Changes in the Applicable Margin shall be made not more frequently than quarterly based on the Borrower's Pricing Ratio, determined by the Lender in the exercise of its sole and absolute discretion, five (5) Business Days after Lender's receipt of the quarterly reports required by Section 5.1.1(b) (Quarterly Statements and Certificates). The first such determination shall be made based on the Borrower's most recent quarterly statements for the period ended January 31, 2001. The Applicable Margin (expressed as basis points) shall vary depending upon the Borrower's Pricing Ratio, as follows:

Pricing Ratio	Spread Over LIBOR
2.50:1 * but ** 1.51 to 1.0	125 bp
1.50:1 * but ** 1.01 to 1.0	85 bp
1.0 to 1 * but ** .51 to 1.0	67.5 bp
.50 to 1 or less	50 bp

2.5.2 Inability to Determine Eurodollar Base Rate.

In the event that (a) the Lender shall have determined that, by reason of circumstances affecting the London interbank eurodollar market, adequate and reasonable means do not exist for ascertaining the Eurodollar Base Rate or (b) the Lender shall determine that the Eurodollar Base Rate does not adequately and fairly reflect the cost to the Lender of funding, the Lender shall give telephonic or written notice of such determination to the Borrower at least one (1) day prior to the proposed date for funding such Loan. If such notice is given, any request for a Eurodollar Loan shall be made as a Base Rate Loan. Until such notice has been withdrawn by the Lender, the Borrower will not request that any Loan be made as a Eurodollar Loan.

2.5.3 Payment of Interest.

(a) Unpaid and accrued interest on any portion of the Revolving Loan shall be paid monthly, in arrears, on the first day of each calendar month, commencing on the first such date after the date of this Agreement, and on the first day of each calendar month thereafter, and at maturity (whether by acceleration, declaration, extension or otherwise).

* More than ** Less than or equal to

(b) Unpaid and accrued interest on any portion of the Term Loan shall be paid quarterly, in arrears, on the last day of each fiscal quarter beginning August 31, 2001, and on the last day of each fiscal quarter thereafter, and at maturity (whether by acceleration, declaration, extension or otherwise).

2.5.4 Default Interest Rate on the Obligations.

Notwithstanding any provision contained herein to the contrary, following the occurrence and during the continuance of an Event of Default, at the option of the Lender, all Loans and all other Obligations shall bear interest at the Post-Default Rate.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

Section 3.1 Representations and Warranties.

The Borrower represents and warrants to the Lender, as follows:

3.1.1 Subsidiaries.

The Borrower has the Subsidiaries listed on Schedule 0 attached hereto and made a part hereof and no others. Each of the Subsidiaries is a Wholly Owned Subsidiary except as shown on Schedule 0, which correctly indicates the nature and amount of the Borrower's ownership interests therein.

3.1.2 Good Standing.

Each of the Borrower and its Subsidiaries, is a corporation duly organized, existing and in good standing under the laws of the jurisdiction of its formation, (b) has the power to own its property and to carry on its business as now being conducted, and (c) is duly qualified to do business and is in good standing in each jurisdiction in which the character of the properties owned by it therein or in which the transaction of its business makes such qualification necessary.

3.1.3 Power and Authority.

The Borrower has full power and authority to execute and deliver this Agreement, the other Financing Documents to which it is a party, to make the borrowings under this Agreement and to incur and perform the Obligations whether under this Agreement, the other Financing Documents or otherwise, all of which have been duly authorized by all proper and necessary corporate action. No consent or approval of shareholders or any creditors of the Borrower, and no consent, approval, filing or registration with or notice to any Governmental Authority on the part of the Borrower, is required as a condition to the execution, delivery, validity or enforceability of this Agreement, the other Financing Documents, the performance by the Borrower of the Obligations.

3.1.4 Binding Agreements.

This Agreement and the other Financing Documents executed and delivered by the Borrower have been properly executed and delivered and constitute the valid and legally binding obligations of the Borrower and are fully enforceable against the Borrower in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium and other laws of general applications affecting the rights and remedies of creditors and secured parties, and general principles of equity regardless of whether applied in a proceeding in equity or at law.

3.1.5 No Conflicts.

Neither the execution, delivery and performance of the terms of this Agreement or of any of the other Financing Documents executed and delivered by the Borrower nor the consummation of the transactions contemplated by this Agreement will conflict with, violate or be prevented by (a) the Borrower's articles of organization of operating agreement, (b) any existing mortgage, indenture, contract or agreement binding on the Borrower or affecting any of its property, or (c) to its knowledge, any Laws.

3.1.6 No Defaults, Violations.

(a) No Default or Event of Default has occurred and is continuing.

(b) Neither the Borrower nor any of its Subsidiaries is in

default under or with respect to any obligation under any existing mortgage, indenture, contract or agreement binding on it or affecting its property in any respect which could be materially adverse to the business, operations, property or financial condition of the Borrower, or which could materially adversely affect the ability of the Borrower to perform its obligations under this Agreement or the other Financing Documents, to which the Borrower is a party.

3.1.7 Compliance with Laws.

To the best of its knowledge, neither the Borrower nor any of its Subsidiaries is in violation of any applicable Laws (including, without limitation, any Laws relating to employment practices, to environmental, occupational and health standards and controls) or order, writ, injunction, decree or demand of any court, arbitrator, or any Governmental Authority affecting the Borrower or any of its properties, the violation of which, considered in the aggregate, could materially adversely affect the business, operations or properties of the Borrower and/or its Subsidiaries.

3.1.8 Margin Stock.

None of the proceeds of the Loans will be used, directly or indirectly, by the Borrower or any Subsidiary for the purpose of purchasing or carrying, or for the purpose of reducing or retiring any indebtedness which was originally incurred to purchase or carry, any "margin security" within the meaning of Regulation G (12 CFR Part 207), or "margin stock" within the meaning of Regulation U (12 CFR Part 221), of the Board of Governors of the Federal Reserve System or for any other purpose which might make the transactions contemplated in this Agreement a "purpose credit" within the meaning of said Regulation G or Regulation U, or cause this

Agreement to violate any other regulation of the Board of Governors of the Federal Reserve System or the Securities Exchange Act of 1934 or the Small Business Investment Act of 1958, as amended, or any rules or regulations promulgated under any of such statutes.

3.1.9 Investment Company Act; Margin Securities.

Neither the Borrower nor any of its Subsidiaries is an investment company within the meaning of the Investment Company Act of 1940, as amended, nor is it, directly or indirectly, controlled by or acting on behalf of any Person which is an investment company within the meaning of said Act. Neither the Borrower nor any of its Subsidiaries is engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying "margin security" within the meaning of Regulation G (12 CFR Part 207), or "margin stock" within the meaning of Regulation U (12 CFR Part 221), of the Board of Governors of the Federal Reserve System.

3.1.10 Litigation.

Except as otherwise disclosed to the Lender on Schedule 0 attached to and made a part of this Agreement, there are no proceedings, actions or investigations pending or, so far as the Borrower knows, threatened before or by any court, arbitrator or any Governmental Authority which, in any one case or in the aggregate, if determined adversely to the interests of the Borrower or any Subsidiary, would have a material adverse effect on the business, properties, condition (financial or otherwise) or operations, present or prospective, of the Borrower.

3.1.11 Financial Condition.

The financial statements of the Borrower dated January 31, 2001, are complete and correct and fairly present the financial position of the Borrower and its Subsidiaries and the results of their operations and transactions in their surplus accounts as of the date and for the period referred to and have been prepared in accordance with GAAP applied on a consistent basis throughout the period involved. There are no liabilities, direct or indirect, fixed or contingent, of the Borrower or any Subsidiary as of the date of such financial statements that are not reflected therein or in the notes thereto. There has been no adverse change in the financial condition or operations of the Borrower or any Subsidiary since the date of such financial statements and to the Borrower's knowledge no such adverse change is pending or threatened. Neither the Borrower nor any Subsidiary has guaranteed the obligations of, or made any investment in or advances to, any Person, except as disclosed in such financial statements.

3.1.12 Full Disclosure.

The financial statements referred to in Section 0 (Financial Condition), the Financing Documents (including, without limitation, this Agreement), and the statements, reports or certificates furnished by the Borrower in connection with the Financing Documents (a) do not contain any untrue statement of a material fact and (b) when taken in their entirety, do not omit any material fact necessary to make the statements contained therein not misleading. There is no fact known to the Borrower which the Borrower has not disclosed to the Lender in writing prior

to the date of this Agreement with respect to the transactions contemplated by the Financing Documents which materially and adversely affects or in the future could, in the reasonable opinion of the Borrower materially adversely affect the condition, financial or otherwise, results of operations, business, or assets of the Borrower or of any Subsidiary.

3.1.13 Indebtedness for Borrowed Money.

Except for the Obligations and except as set forth in Schedule 3.1.13 attached to and made a part of this Agreement, the Borrower has no Indebtedness for Borrowed Money. The Lender has received photocopies of all promissory notes evidencing any Indebtedness for Borrowed Money set forth in Schedule 3.1.13, together with any and all subordination agreements, other agreements, documents, or instruments securing, evidencing, guarantying or otherwise executed and delivered in connection therewith.

3.1.14 Taxes.

The Borrower and its Subsidiaries have filed all returns, reports and forms for Taxes which, to the knowledge of the Borrower, are required to be filed, and has paid all Taxes as shown on such returns or on any assessment received by it, to the extent that such Taxes have become due, unless and to the extent only that such Taxes, assessments and governmental charges are currently contested in good faith and by appropriate proceedings by the Borrower, such Taxes are not the subject of any Liens other than Permitted Liens, and adequate reserves therefor have been established as required under GAAP. All tax liabilities of the Borrower were as of the date of audited financial statements referred to in Section 0 (Financial Condition), and are now, adequately provided for on the books of the Borrower or its Subsidiaries, as appropriate. No tax liability has been asserted by the Internal Revenue Service or any state or local authority against the Borrower for Taxes in excess of those already paid.

3.1.15 ERISA.

With respect to any "pension plan" as defined in Section 3(2) of ERISA, which plan is now or previously has been maintained or contributed to by the Borrower and/or by any commonly controlled entity: (a) no "accumulated funding deficiency" as defined in Code (S)412 or ERISA (S) 302 has occurred, whether or not that accumulated funding deficiency has been waived; (b) no Reportable Event has occurred; (c) no termination of any plan subject to Title IV of ERISA has occurred; (d) neither the Borrower nor any commonly controlled entity (as defined under ERISA) has incurred a "complete withdrawal" within the meaning of ERISA (S)4203 from any Multi-employer Plan; (e) neither the Borrower nor any commonly controlled entity has incurred a "partial withdrawal" within the meaning of ERISA (S)4205 with respect to any Multi-employer Plan; (f) no Multi-employer Plan to which the Borrower or any commonly controlled entity has an obligation to contribute is in "reorganization" within the meaning of ERISA (S)4241 nor has notice been received by the Borrower or any commonly controlled entity that such a Multi-employer Plan will be placed in "reorganization".

3.1.16 Title to Properties.

The Borrower has good and marketable title to all of its properties, including, without limitation, the properties and assets

reflected in the balance sheets described in Section 3.1.11 (Financial Condition). The Borrower has legal, enforceable and uncontested rights to use freely such property and assets.

3.1.17 Patents, Trademarks, Etc.

The Borrower and its Subsidiaries owns, possesses, or has the right to use all necessary Patents, licenses, Trademarks, Copyrights, permits and franchises to own its properties and to conduct its business as now conducted, without known conflict with the rights of any other Person. Any and all obligations to pay royalties or other charges with respect to such properties and assets are properly reflected on the financial statements described in

Section 3.1.11 (Financial Condition).

3.1.18 Employee Relations.

Except as disclosed on Schedule 0 attached hereto and made a part hereof, (a) neither the Borrower nor any Subsidiary thereof nor the Borrower's or Subsidiary's employees is subject to any collective bargaining agreement, (b) no petition for certification or union election is pending with respect to the employees of the Borrower or any Subsidiary and no union or collective bargaining unit has sought such certification or recognition with respect to the employees of the Borrower, (c) there are no strikes, slowdowns, work stoppages or controversies pending or, to the best knowledge of Borrower after due inquiry, threatened between the Borrower and its employees, and (d) neither the Borrower nor any Subsidiary is subject to a written employment contract, severance agreement, commission contract, consulting agreement or bonus agreement in an amount in excess of One Hundred Thousand Dollars (\$100,000) per year. Hours worked and payments made to the employees of the Borrower have not been in violation of the Fair Labor Standards Act or any other applicable law dealing with such matters. All payments due from the Borrower or for which any claim may be made against the Borrower, on account of wages and employee and retiree health and welfare insurance and other benefits have been paid or accrued as a liability on its books. The consummation of the transactions contemplated by the Financing Agreement or any of the other Financing Documents, will not give rise to a right of termination or right of renegotiation on the part of any union under any collective bargaining agreement to which the Borrower is a party or by which it is bound.

3.1.19 Presence of Hazardous Materials or Hazardous Materials Contamination.

Except as disclosed on Schedule 3.1.19 attached hereto and made a part hereof, to the best of the Borrower's knowledge, (a) no Hazardous Materials are located on any real property owned, controlled or operated by of the Borrower or for which the Borrower is, or is claimed to be, responsible, except for reasonable quantities of necessary supplies for use by the Borrower in the ordinary course of its current line of business and stored, used and disposed in accordance with applicable Laws; and (b) no property owned, controlled or operated by the Borrower or for which the Borrower has, or is claimed to have, responsibility has ever been used as a manufacturing, storage, or dump site for Hazardous Materials nor is affected by Hazardous Materials Contamination at any other property.

Section 3.2 Survival; Updates of Representations and Warranties.

All representations and warranties contained in or made under or in connection with this Agreement and the other Financing Documents shall survive the Closing Date, the making of any advance under the Loans and extension of credit made hereunder, and the incurring of any other Obligations and shall be deemed to have been made at the time of each request for, and again at the time the making of, each advance under the Loans or the issuance of each Letter of Credit, except that the representations and warranties which relate to financial statements which are referred to in Section 0 (Financial Condition), shall also be deemed to cover financial statements furnished from time to time to the Lender pursuant to Section 0 (Financial Statements).

ARTICLE IV

CONDITIONS PRECEDENT

Section 4.1 Conditions to the Initial Advance and Initial Letter of Credit.

The making of the initial advance under the Loans and the issuance of the initial Letter of Credit is subject to the fulfillment on or before the Closing Date of the following conditions precedent in a manner satisfactory in form and substance to the Lender and its counsel:

4.1.1 Organizational Documents-Borrower.

The Lender shall have received:

- (a) a certificate of good standing for the Borrower certified by the Secretary of State, or other appropriate Governmental Authority, of the state of incorporation for the Borrower;
- (b) a certificate of qualification to do business for the Borrower certified by the Secretary of State or other Governmental Authority of each state in which the Borrower conducts business;
- (c) a certificate dated as of the Closing Date by the Secretary or an Assistant Secretary of the Borrower covering:
 - (i) true and complete copies of the Borrower's corporate charter, bylaws, and all amendments thereto;
 - (ii) true and complete copies of the resolutions of its Board of Directors authorizing (A) the execution, delivery and performance of the Financing Documents, (ii) the borrowings hereunder, and (C) the granting of the Liens contemplated by this Agreement; and
 - (iii) the incumbency, authority and signatures of the officers of the Borrower authorized to

sign this Agreement and the other Financing Documents to which the Borrower is a party.

4.1.2 Opinion of Borrower's Counsel.

The Lender shall have received the favorable opinion of counsel for the Borrower addressed to the Lender.

4.1.3 Consents, Licenses, Approvals, Etc.

The Lender shall have received copies of all consents, licenses and approvals, required in connection with the execution, delivery, performance, validity and enforceability of the Financing Documents, and such consents, licenses and approvals shall be in full force and effect.

4.1.4 Notes.

The Lender shall have received the Revolving Credit Note and the Term Note, conforming to the requirements hereof and executed by a Responsible Officer of the Borrower and attested by a duly authorized representative of the Borrower.

4.1.5 Financing Documents.

The Borrower shall have executed and delivered the Financing Documents to be executed by them.

4.1.6 Other Financing Documents.

In addition to the Financing Documents to be delivered by the Borrower, the Lender shall have received the Financing Documents duly executed and delivered by Persons other than the Borrower.

4.1.7 Other Documents, Etc.

The Lender shall have received such other certificates, opinions, documents and instruments confirmatory of or otherwise relating to the transactions contemplated hereby as may have been reasonably requested by the Lender.

4.1.8 Payment of Fees.

The Lender shall have received payment of any Fees due on or before the Closing Date.

4.1.9 Insurance Certificate.

The Lender shall have received an insurance certificate in accordance with the provisions of Section 5.1.8(Insurance).

Section 4.2 Conditions to all Extensions of Credit.

The making of all advances under the Loans and the issuance of all Letters of Credit is subject to the fulfillment of the following conditions precedent in a manner satisfactory in form and substance to the Lender and its counsel:

4.2.1 Compliance.

The Borrower shall have complied and shall then be in compliance with all terms, covenants, conditions and provisions of this Agreement and the other Financing Documents that are binding upon it.

4.2.2 Default.

There shall exist no Event of Default or Default hereunder.

4.2.3 Representations and Warranties.

The representations and warranties of the Borrower contained among the provisions of this Agreement shall be true and with the same effect as though such representations and warranties had been made at the time of the making of, and of the request for, each advance under the Loans or the issuance of each Letter of Credit, except that the representations and warranties which relate to financial statements which are referred to in Section 3.1.11 (Financial Condition), shall also be deemed to cover financial statements furnished from time to time to the Lender pursuant to Section 5.1.1 (Financial Statements).

4.2.4 Adverse Change.

No adverse change shall have occurred in the condition (financial or otherwise), operations or business of the Borrower that would, in the good faith judgment of the Lender, materially impair the ability of the Borrower to pay or perform any of the Obligations.

4.2.5 Legal Matters.

All legal documents incident to each advance under the Loans and each of the Letters of Credit shall be reasonably satisfactory to counsel for the Lender.

ARTICLE V

COVENANTS OF THE BORROWER

Section 5.1 Affirmative Covenants.

So long as any of the Obligations or the Commitments shall be outstanding hereunder, the Borrower agrees with the Lender as follows:

5.1.1 Financial Statements.

The Borrower shall furnish to the Lender:

(a) Annual Statements and Certificates. The Borrower shall furnish to the Lender as soon as available, but in no event more than ninety (90) days after the close of each fiscal year of the Borrower, (i) a copy of the annual financial statement in reasonable detail

satisfactory to the Lender relating to the Borrower and its Subsidiaries, prepared in accordance with GAAP and examined and certified by independent certified public accountants satisfactory to the Lender, which financial statement shall include a consolidated balance sheet of the Borrower and its Subsidiaries as of the end of such fiscal year and consolidated statements of income, cash flows and changes in shareholders equity of the Borrower and its Subsidiaries for such fiscal year, (ii) a Compliance Certificate, in substantially the form attached to this Agreement as EXHIBIT C, as may be amended by the Lender from time to time, containing a detailed computation of each financial covenant which is applicable for the period reported and a cash flow projection report, each prepared by a Responsible Officer of the Borrower in a format acceptable to the Lender, and (iii) a management letter in the form prepared by the Borrower's independent certified public accountants.

(b) Quarterly Statements and Certificates. The Borrower shall furnish to the Lender as soon as available, but in no event more than forty five (45) days after the close of the Borrower's fiscal quarters, consolidated and consolidating balance sheets of the Borrower and its Subsidiaries as of the close of such period, consolidated and consolidating income, cash flows and changes in shareholders equity statements for such period, and a Compliance Certificate, in substantially the form attached to this Agreement as EXHIBIT C, containing a detailed computation of each financial covenant which is applicable for the period reported and a cash flow projection report, each prepared by a Responsible Officer of the Borrower in a format acceptable to the Lender, all as prepared and certified by a Responsible Officer of the Borrower and accompanied by a certificate of that officer stating whether any event has occurred which constitutes a Default or an Event of Default hereunder, and, if so, stating the facts with respect thereto.

(c) Tax Returns. The Borrower will furnish to the Lender, not later than thirty (30) days after the date of filing with the Internal Revenue Service, a complete copy of the Borrower's corporate tax return.

(d) Annual Budget and Projections. The Borrower shall furnish to the Lender as soon as available, but in no event later than the forty-fifth (45th) day after the close of the previous fiscal year:

(i) a consolidated budget and pro forma financial statements on a quarterly basis for the following fiscal year, and

(ii) three (3) year projections.

The Lender agrees that it shall keep confidential all projections delivered to it by the Borrower pursuant to the terms of this subsection.

(e) Additional Reports and Information. The Borrower shall furnish to the Lender promptly, such additional information, reports or statements as the Lender may from time to time reasonably request.

5.1.2 Reports to SEC and to Stockholders.

The Borrower will furnish to the Lender, promptly upon the filing or making thereof, at least one (1) copy of all financial statements, reports, notices and proxy statements sent by the Borrower to its stockholders, and of all regular and other reports filed by the Borrower with any securities exchange or with the Securities and Exchange Commission.

5.1.3 Recordkeeping, Rights of Inspection, Field Examination, Etc.

(a) The Borrower shall, and shall cause each of its

Subsidiaries to, maintain (i) a standard system of accounting in accordance with GAAP, and (ii) proper books of record and account in which full, true and correct entries are made of all dealings and transactions in relation to its properties, business and activities.

(b) The Borrower shall, and shall cause each of its Subsidiaries to, permit authorized representatives of the Lender to visit and inspect the properties of the Borrower and its Subsidiaries, to review, audit, check and inspect the Borrower's other books of record at any time with or without notice and to make abstracts and photocopies thereof, and to discuss the affairs, finances and accounts of the Borrower and/or any Subsidiaries, with the officers, directors, employees and other representatives of the Borrower and/or any Subsidiaries and their respective accountants, all at such times during normal business hours and other reasonable times and as often as the Lender may reasonably request.

(c) The Borrower hereby irrevocably authorizes all accountants and auditors employed by the Borrower and/or any Subsidiaries at any time prior to the repayment in full of the Obligations to exhibit and deliver to the Lender copies of any and all of the financial statements, trial balances, management letters, or other accounting records of any nature of the Borrower and/or any Subsidiaries in the accountant's or auditor's possession, and to disclose to the Lender any information they may have concerning the financial status and business operations of the Borrower and its Subsidiaries. Further, the Borrower hereby authorizes all Governmental Authorities to furnish to the Lender copies of reports or examinations relating to the Borrower and/or any Subsidiaries, whether made by the Borrower or otherwise.

5.1.4 Corporate Existence.

The Borrower shall maintain, and cause each of its Subsidiaries to maintain, its corporate existence in good standing in the jurisdiction in which it is incorporated and in each other jurisdiction where it is required to register or qualify to do business if the failure to do so in such other jurisdiction might have a material adverse effect on the ability of the Borrower to perform the Obligations, the conduct of the Borrower's operations, the Borrower's financial condition, or the value of, or the ability of the Lender to realize upon, the Collateral.

5.1.5 Compliance with Laws.

The Borrower shall comply, and cause each of its Subsidiaries to comply, with all applicable Laws and observe the valid

requirements of Governmental Authorities, the noncompliance with or the non- observance of which might have a material adverse effect on the ability of the Borrower to perform the Obligations, the conduct of the Borrower's operations, or the Borrower's financial condition.

5.1.6 Preservation of Properties.

The Borrower will, and will cause each of its Subsidiaries to, at all times (a) maintain, preserve, protect and keep its properties, whether owned or leased, in good operating condition, working order and repair (ordinary wear and tear excepted), and from time to time will make all proper repairs, maintenance, replacements, additions and improvements thereto needed to maintain such properties in good operating condition, working order and repair, and (b) do or cause to be done all things necessary to preserve and to keep in full force and effect its material franchises, leases of real and personal property, trade names, Patents, Trademarks, Copyrights and permits which are necessary for the orderly continuance of its business.

5.1.7 Line of Business.

The Borrower will continue to engage substantially only in the business of manufacturing and distribution of cabinetry.

5.1.8 Insurance.

The Borrower will, and will cause each of its Subsidiaries to, at all times maintain with A-or better rated insurance companies such insurance as is required by applicable Laws and such other insurance, all in such amounts not less than the Lender shall reasonably determine from time to time, of such types and against such risks, hazards, liabilities, casualties and contingencies as are usually insured against in the same geographic areas by business entities engaged in the same or similar business. Without limiting the generality of the foregoing, the Borrower will, and will cause each of its Subsidiaries to, keep adequately insured all of its property against loss or damage resulting from fire or other risks insured against by extended coverage and maintain public liability insurance against claims for personal injury, death or property damage occurring upon, in or about any properties occupied or controlled by it, or arising in any manner out of the businesses carried on by it and business interruption coverage. The Borrower shall deliver to the Lender on the Closing Date (and thereafter on each date there is a material change in the insurance coverage) a certificate of a Responsible Officer of the Borrower containing a detailed list of the insurance then in effect and stating the names of the insurance companies, the types, the amounts and rates of the insurance, dates of the expiration thereof and the properties and risks covered thereby. Within thirty (30) days after notice in writing from the Lender, the Borrower will obtain such additional insurance as the Lender may reasonably request and which is customarily provided to the Lender by borrowers in a like industry at the time.

5.1.9 Taxes.

Except to the extent that the validity or amount thereof is being contested in good faith and by appropriate proceedings, the Borrower will, and will cause each of its Subsidiaries to, pay and discharge all Taxes prior to the date when any interest or penalty would accrue for the

nonpayment thereof. The Borrower shall furnish to the Lender at such times as the Lender may require proof satisfactory to the Lender of the making of payments or deposits required by applicable Laws including, without limitation, payments or deposits with respect to amounts withheld by the Borrower from wages and salaries of employees and amounts contributed by the Borrower on account of federal and other income or wage taxes and amounts due under the Federal Insurance Contributions Act, as amended.

5.1.10 ERISA.

The Borrower will, and will cause each of its Subsidiaries and Affiliates to, comply with the funding requirements of ERISA with respect to employee pension benefit plans for its respective employees. The Borrower will not permit with respect to any employee benefit plan or plans covered by Title IV of ERISA (a) any prohibited transaction or transactions under ERISA or the Internal Revenue Code, which results, or may result, in any material liability of the Borrower and/or any Subsidiary and/or Affiliate, or (b) any Reportable Event if, upon termination of the plan or plans with respect to which one or more such Reportable Events shall have occurred, there is or would be any material liability of the Borrower and/or any Subsidiary and/or Affiliate to the PBGC. Upon the Lender's request, the Borrower will deliver to the Lender a copy of the most recent actuarial report, financial statements and annual report completed with respect to any "defined benefit plan", as defined in ERISA.

5.1.11 Notification of Events of Default and Adverse Developments.

The Borrower shall promptly notify the Lender upon obtaining knowledge of the occurrence of:

(a) any Event of Default;

(b) any Default;

(c) any litigation instituted or threatened against the Borrower or its Subsidiaries and of the entry of any judgment or Lien (other than any Permitted Liens) against any of the assets or properties of the Borrower or any Subsidiary where the claims against the Borrower or any of its Subsidiaries exceed Five Hundred Thousand Dollars (\$500,000) and are not covered by insurance;

(d) any event, development or circumstance whereby the financial statements furnished hereunder fail in any material respect to present fairly, in accordance with GAAP, the financial condition and operational results of the Borrower or any of its Subsidiaries;

(e) any judicial, administrative or arbitral proceeding pending against the Borrower or any of its Subsidiaries and any judicial or administrative proceeding known by the Borrower to be threatened against it or any of its Subsidiaries which, if adversely decided, could materially

adversely affect its financial condition or operations (present or prospective);

(f) the receipt by the Borrower or any of its Subsidiaries of any notice, claim or demand from any Governmental Authority which alleges that the Borrower or any Subsidiary is in violation of any of the terms of, or has failed to comply with any applicable Laws regulating its operation and business, including, but not limited to, the Occupational Safety and Health Act and the Environmental Protection Act; and

(g) any other development in the business or affairs of the Borrower and any of its Subsidiaries which may be materially adverse;

in each case describing in detail satisfactory to the Lender the nature thereof and the action the Borrower propose to take with respect thereto.

5.1.12 Hazardous Materials; Contamination.

The Borrower agrees to:

(a) give notice to the Lender immediately upon the Borrower's acquiring knowledge of the presence of any Hazardous Materials and of any Hazardous Materials Contamination on any property owned or controlled by the Borrower or for which the Borrower is, or is claimed to be, responsible (provided that such notice shall not be required for Hazardous Materials placed or stored on such property in accordance with applicable Laws in the ordinary course (including, without limitation, quantity) of the Borrower's line of business expressly described in this Agreement) or of any Hazardous Materials Contamination, with a full description thereof;

(b) promptly comply with any Laws requiring the removal, treatment or disposal of Hazardous Materials or Hazardous Materials Contamination and provide the Lender with satisfactory evidence of such compliance;

(c) provide the Lender, within thirty (30) days after a demand by the Lender, with a bond, letter of credit or similar financial assurance evidencing to the Lender's satisfaction that the necessary funds are available to pay the cost of removing, treating, and disposing of such Hazardous Materials or Hazardous Materials Contamination and discharging any Lien which may be established as a result thereof on any property owned or controlled by the Borrower or for which the Borrower is, or is claimed to be, responsible; and

(d) as part of the Obligations, defend, indemnify and hold harmless the Lender and its agents, employees, trustees, successors and assigns from any and all claims which may now or in the future (whether before or after the termination of this Agreement) be asserted as a result of the presence of any Hazardous Materials or of any Hazardous Materials Contamination on any property owned or controlled by the Borrower or for which the Borrower is, or is claimed to be, responsible. The Borrower acknowledges and agrees that this indemnification shall survive the

termination of this Agreement and the Commitments and the payment and performance of all of the other Obligations.

5.1.13 Disclosure of Significant Transactions.

The Borrower shall deliver to the Lender a written notice describing in detail each transaction by it involving the purchase, sale, lease, or other acquisition or loss or casualty to or disposition of an interest in Fixed or Capital Assets which exceeds Five Hundred Thousand Dollars (\$500,000.00), said notices to be delivered to the Lender within thirty (30) days of the occurrence of each such transaction.

5.1.14 Financial Covenants.

(a) Fixed Charge Coverage Ratio. The Borrower will maintain, tested as of the end of each fiscal quarter for the quarter then ending and the three (3) immediately preceding quarters, a Fixed Charge Coverage Ratio equal to not less than 2.25 to 1.0.

(b) Funded Debt to EBITDA Ratio. The Borrower will maintain, tested as of the end of each fiscal quarter for the quarter then ending and the three (3) immediately preceding quarters, a Funded Debt to EBITDA Ratio equal to not less than 2.0 to 1.0.

(c) Tangible Net Worth. The Borrower will maintain a minimum Tangible Net Worth at all times equal to not less than \$65,000,000 through April 30, 2001 which amount shall increase cumulatively as of the end of each fiscal year for the succeeding fiscal year in an amount equal to sixty seven percent (67%) of positive net income for the fiscal year then ending.

Section 5.2 Negative Covenants.

So long as any of the Obligations or the Commitments shall be outstanding hereunder, the Borrower agrees with the Lender as follows:

5.2.1 Merger, Acquisition or Sale of Assets.

The Borrower will not enter into any merger or consolidation or amalgamation, windup or dissolve itself (or suffer any liquidation or dissolution) or acquire all or substantially all the assets of any Person, or sell, lease or otherwise dispose of any of its assets except assets disposed of in the ordinary course of business prior to an Event of Default and the transfer of the Humboldt Facility. Any consent of the Lender to the disposition of any assets may be conditioned on a specified use of the proceeds of disposition.

5.2.2 Subsidiaries.

Unless the Subsidiary executes an Additional Borrower Joinder Supplement in the form of EXHIBIT C, the Borrower will not create or acquire any Subsidiaries other than the Subsidiaries existing as of the date hereof and identified on Schedule 3.1.1 (Subsidiaries).

5.2.3 Indebtedness.

The Borrower will not, and will not permit any Subsidiary to, create, incur, assume or suffer to exist any Indebtedness for Borrowed Money, or permit any Subsidiary so to do, except:

- (a) the Obligations;
- (b) accounts payable arising in the ordinary course;
- (c) Indebtedness for Borrowed Money secured by Permitted Liens;
- (d) other Bank Facilities;
- (e) Indebtedness of the Borrower existing on the date hereof and reflected on the financial statements furnished pursuant to Section 3.1.11 (Financial Condition);
- (f) Indebtedness of the Borrower identified on Schedule 5.2.3 attached hereto and made a part hereof;
- (g) Capital Leases;
- (h) Other Indebtedness of the Borrower in an aggregate amount outstanding at any time equal to not more than \$1,000,000;
- (i) Subordinated Indebtedness; and
- (j) Indebtedness incurred in connection with the Humboldt and Monticello facilities to effect favorable tax treatment.

5.2.4 Investments, Loans and Other Transactions.

Except as otherwise provided in this Agreement, the Borrower will not, and will not permit any of its Subsidiaries to, (a) make, assume, acquire or continue to hold any investment in any real property (unless used in connection with its business and treated as a Fixed or Capital Asset of the Borrower or the Subsidiary) or any Person, whether by stock purchase, capital contribution, acquisition of indebtedness of such Person or otherwise (including, without limitation, investments in any joint venture or partnership), (b) guaranty or otherwise become contingently liable for the indebtedness or obligations of any Person, or (c) make any loans or advances, or otherwise extend credit to any Person, except:

- (i) any advance to an officer of the Borrower or of any Subsidiary for travel or other business expenses in the ordinary course of business, provided that the aggregate amount of all such advances by the Borrower and its Subsidiaries (taken as a whole) outstanding at any time shall not exceed One Hundred Thousand Dollars (\$100,000);

(ii) advances or loans to an officer of the Borrower or of any Subsidiary or to employees of the Borrower or of any Subsidiary made in the ordinary course of business;

(iii) the endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of business;

(iv) any investment in Cash Equivalents, which are pledged to the Lender as collateral and security for the Obligations; and

(v) trade credit extended to customers in the ordinary course of business.

5.2.5 Stock of Subsidiaries.

The Borrower will not sell or otherwise dispose of any shares of capital stock of any Subsidiary (except in connection with a merger or consolidation of a Wholly Owned Subsidiary into the Borrower or another Wholly Owned Subsidiary or with the dissolution of any Subsidiary) or permit any Subsidiary to issue any additional shares of its capital stock except pro rata to its stockholders.

5.2.6 Subordinated Indebtedness.

The Borrower will not, and will not permit any Subsidiary to make:

(a) any payment of principal of, or interest on, any of the Subordinated Indebtedness, including, without limitation, the Subordinated Debt, if a Default or an Event of Default then exists hereunder or would result from such payment;

(b) any payment of the principal or interest due on the Subordinated Indebtedness as a result of acceleration thereunder or a mandatory prepayment thereunder;

(c) any amendment or modification of or supplement to the documents evidencing or securing the Subordinated Indebtedness; or

(d) payment of principal or interest on the Subordinated Indebtedness other than when due (without giving effect to any acceleration of maturity or mandatory prepayment).

5.2.7 Liens; Confessed Judgment; Negative Pledge Agreements.

The Borrower agrees that it (a) will not create, incur, assume or suffer to exist any Lien upon any of its properties or assets, whether now owned or hereafter acquired, or permit any Subsidiary so to do, except for Liens securing the Obligations and Permitted Liens, (b) will not agree to, assume or suffer to exist any provision in any instrument or other

document for confession of judgment, cognovit or other similar right or remedy, (c) will not enter into any contracts for the consignment of goods to the Borrower, (e) will not execute or suffer the filing of any financing statements or the posting of any signs giving notice of consignments to the Borrower; (f) will not, as a material part of its business, engage in the sale of goods belonging to others and (g) other than an existing negative pledge agreement in favor of Wells Fargo Bank, will not agree to, or execute any agreement in which it agrees to, not pledge any of its accounts or inventory or grant a Lien on any of accounts receivable or inventory.

5.2.8 Transactions with Affiliates.

Except as disclosed on Schedule 5.2.8, the Borrower and its Subsidiaries will not enter into or participate in any transaction with any Affiliate or, except in the ordinary course of business, with the officers, directors, employees and other representatives of the Borrower and/or any Subsidiary.

5.2.9 Other Businesses.

Neither the Borrower nor its Subsidiaries will engage directly or indirectly in any business other than its current line of business described elsewhere in this Agreement.

5.2.10 ERISA Compliance.

Neither the Borrower nor any Commonly Controlled Entity shall:

(a) engage in or permit any "prohibited transaction" (as defined in ERISA); (b) cause any "accumulated funding deficiency" as defined in ERISA and/or the Internal Revenue Code; (c) terminate any pension plan in a manner which could result in the imposition of a lien on the property of the Borrower pursuant to ERISA; (d) terminate or consent to the termination of any Multi-employer Plan; or (e) incur a complete or partial withdrawal with respect to any Multi-employer Plan.

5.2.11 Prohibition on Hazardous Materials.

The Borrower shall not place, manufacture or store or permit to be placed, manufactured or stored any Hazardous Materials on any property owned, operated or controlled by the Borrower or for which the Borrower is responsible other than Hazardous Materials placed or stored on such property in accordance with applicable Laws in the ordinary course.

5.2.12 Method of Accounting; Fiscal Year.

(a) The Borrower shall not change the method of accounting employed in the preparation of any financial statements furnished to the Lender under the provisions of Section 5.1.1 (Financial Statements), unless required to conform to GAAP and on the condition that the Borrower's accountants shall furnish such information as the Lender may request to reconcile the changes with the Borrower's prior financial statements.

(b) Without the prior written consent of the Lender, the Borrower will not change their fiscal year from a year ending on April 30.

ARTICLE VI

DEFAULT AND RIGHTS AND REMEDIES

Section 6.1 Events of Default.

The occurrence of any one or more of the following events shall constitute an "Event of Default" under the provisions of this Agreement:

6.1.1 Failure to Pay.

The failure of the Borrower to pay any of the Obligations as and when due and payable in accordance with the provisions of this Agreement, the Notes and/or any of the other Financing Documents.

6.1.2 Breach of Representations and Warranties.

Any representation or warranty made in this Agreement or in any report, statement, schedule, certificate, opinion (including any opinion of counsel for the Borrower), financial statement or other document furnished in connection with this Agreement, any of the other Financing Documents, or the Obligations, shall prove to have been false or misleading when made (or, if applicable, when reaffirmed) in any material respect.

6.1.3 Failure to Comply with Covenants.

The failure of the Borrower to perform, observe or comply with any covenant, condition or agreement contained in this Agreement.

6.1.4 Default Under Other Financing Documents or Obligations.

A default shall occur under any of the other Financing Documents or under any other Obligations, and such default is not cured within any applicable grace period provided therein.

6.1.5 Receiver; Bankruptcy.

The Borrower or any Subsidiary shall (a) apply for or consent to the appointment of a receiver, trustee or liquidator of itself or any of its property, (b) admit in writing its inability to pay its debts as they mature, (c) make a general assignment for the benefit of creditors, (d) be adjudicated a bankrupt or insolvent, (e) file a voluntary petition in bankruptcy or a petition or an answer seeking or consenting to reorganization or an arrangement with creditors or to take advantage of any bankruptcy, reorganization, insolvency, readjustment of debt, dissolution or liquidation law or statute, or an answer admitting the material allegations of a petition filed against it in any proceeding under any such law, or take corporate action for the purposes of effecting any of the foregoing, or (f) by any act indicate its consent to, approval of or acquiescence in any such proceeding or the appointment of any receiver or trustee for any of its property, or suffer any such receivership, trusteeship or proceeding to continue undischarged for a period of sixty (60) days, or (g) by any act indicate its consent to, approval of or acquiescence in any order, judgment or decree by any court of competent jurisdiction or any Governmental Authority enjoining or otherwise prohibiting the operation of a material portion of the

Borrower's or any Subsidiary's business or the use or disposition of a material portion of the Borrower's or any Subsidiary's assets.

6.1.6 Involuntary Bankruptcy, etc.

(a) An order for relief shall be entered in any involuntary case brought against the Borrower or any Subsidiary under the Bankruptcy Code, or (b) any such case shall be commenced against the Borrower or any Subsidiary and shall not be dismissed within sixty (60) days after the filing of the petition, or (c) an order, judgment or decree under any other Law is entered by any court of competent jurisdiction or by any other Governmental Authority on the application of a Governmental Authority or of a Person other than the Borrower or any Subsidiary (i) adjudicating the Borrower, or any Subsidiary bankrupt or insolvent, or (ii) appointing a receiver, trustee or liquidator of the Borrower or of any Subsidiary, or of a material portion of the Borrower's or any Subsidiary's assets, or (iii) enjoining, prohibiting or otherwise limiting the operation of a material portion of the Borrower's or any Subsidiary's business or the use or disposition of a material portion of the Borrower's or any Subsidiary's assets, and such order, judgment or decree continues unstayed and in effect for a period of thirty (30) days from the date entered.

6.1.7 Judgment.

Unless adequately insured or bonded in the opinion of the Lender, the entry of a final judgment for the payment of money involving more than \$1,000,000 against the Borrower or any Subsidiary, and the failure by the Borrower or such Subsidiary to discharge the same, or cause it to be discharged, within thirty (30) days from the date of the order, decree or process under which or pursuant to which such judgment was entered, or to secure a stay of execution pending appeal of such judgment.

6.1.8 Default Under Other Borrowings.

Default shall be made with respect to any Indebtedness for Borrowed Money (other than the Loans and the Outstanding Letter of Credit Obligations) if the effect of such default is to accelerate the maturity of such Indebtedness for Borrowed Money or to permit the holder or obligee thereof or other party thereto to cause any such Indebtedness for Borrowed Money to become due prior to its stated maturity.

6.1.9 Challenge to Agreements.

The Borrower shall challenge the validity and binding effect of any provision of any of the Financing Documents or shall state its intention to make such a challenge of any of the Financing Documents or any of the Financing Documents shall for any reason (except to the extent permitted by its express terms) cease to be effective.

6.1.10 Material Adverse Change.

The Lender in its sole discretion determines in good faith that a material adverse change has occurred in the financial condition of the Borrower.

6.1.11 Liquidation, Termination, Dissolution, Change in Management, etc.

The Borrower shall liquidate, dissolve or terminate its existence or shall suspend or terminate a substantial portion of its business operations or any change occurs in the Management of the Borrower without the prior written consent of the Lender.

Section 6.2 Remedies.

Upon the occurrence of any Default or Event of Default, the Lender may at any time thereafter exercise any one or more of the following rights, powers or remedies:

6.2.1 Acceleration.

The Lender may declare the Obligations to be immediately due and payable, notwithstanding anything contained in this Agreement or in any of the other Financing Documents to the contrary, without presentment, demand, protest, notice of protest or of dishonor, or other notice of any kind, all of which the Borrower hereby waives.

6.2.2 Further Advances.

The Lender may from time to time without notice to the Borrower suspend, terminate or limit any further loans or other extensions of credit under this Agreement and under any of the other Financing Documents. Further, upon the occurrence of an Event of Default or Default specified in Sections 0 (Receiver; Bankruptcy) or 0 (Involuntary Bankruptcy, etc.), the Commitments and any agreement in any of the Financing Documents to provide additional credit shall immediately and automatically terminate and the unpaid principal amount of the Notes (with accrued interest thereon) and all other Obligations then outstanding, shall immediately become due and payable without further action of any kind and without presentment, demand, protest or notice of any kind, all of which are hereby expressly waived by the Borrower.

6.2.3 Performance by Lender.

Upon the occurrence and continuation of an Event of Default, the Lender without notice to or demand upon the Borrower and without waiving or releasing any of the Obligations or any Default or Event of Default, may (but shall be under no obligation to) at any time thereafter make such payment or perform such act for the account and at the expense of the Borrower, and may enter upon the premises of the Borrower for that purpose and take all such action thereon as the Lender may consider necessary or appropriate for such purpose and the Borrower hereby irrevocably appoints the Lender as its attorney-in-fact to do so, with power of substitution, in the name of the Lender or in the name of the Borrower or otherwise, for the use and benefit of the Lender, but at the cost and expense of the Borrower and without notice to the Borrower. All sums so paid or advanced by the Lender together with interest thereon from the date of payment, advance or incurring until paid in full at the Post-Default Rate and all costs and expenses, shall be deemed part of the Enforcement Costs, shall be paid by the Borrower to the Lender on demand, and shall constitute and become a part of the Obligations.

6.2.4 Other Remedies.

The Lender may from time to time proceed to protect or enforce its rights by an action or actions at law or in equity or by any other appropriate proceeding, whether for the specific performance of any of the covenants contained in this Agreement or in any of the other Financing Documents, or for an injunction against the violation of any of the terms of this Agreement or any of the other Financing Documents, or in aid of the exercise or execution of any right, remedy or power granted in this Agreement, the Financing Documents, and/or applicable Laws. The Lender is authorized to offset and apply to all or any part of the Obligations all moneys, credits and other property of any nature whatsoever of the Borrower now or at any time hereafter in the possession of, in transit to or from, under the control or custody of, or on deposit with, the Lender.

ARTICLE VII

MISCELLANEOUS

Section 7.1 Notices.

All notices, requests and demands to or upon the parties to this Agreement shall be in writing and shall be deemed to have been given or made when delivered by hand on a Business Day, or two (2) days after the date when deposited in the mail, postage prepaid by registered or certified mail, return receipt requested, or when sent by overnight courier, on the Business Day next following the day on which the notice is delivered to such overnight courier, addressed as follows:

Borrower:	American Woodmark Corporation 3102 Shawnee Drive Winchester, Virginia 22601 Attention: Chief Financial Officer
Lender:	Bank of America, N. A 6610 Rockledge Drive, 3 rd / Floor Bethesda, Maryland 20815 Attention: Michael J. Landini

By written notice, each party to this Agreement may change the address to which notice is given to that party, provided that such changed notice shall include a street address to which notices may be delivered by overnight courier in the ordinary course on any Business Day.

Section 7.2 Amendments; Waivers.

This Agreement and the other Financing Documents may not be amended, modified, or changed in any respect except by an agreement in writing signed by the Lender and the Borrower. No waiver of any provision of this Agreement or of any of the other Financing Documents, nor consent to any departure by the Borrower therefrom, shall in any event be effective unless the same shall be in writing. No course of dealing between the Borrower and the Lender and no act or failure to act from time to time on the part of the Lender shall constitute a waiver, amendment or modification of any provision of this Agreement or any of the other Financing Documents or any right or remedy under this Agreement, under any of the other Financing Documents or under applicable Laws.

Without implying any limitation on the foregoing:

- (a) Any waiver or consent shall be effective only in the specific instance, for the terms and purpose for which given, subject to such conditions as the Lender may specify in any such instrument.
- (b) No waiver of any Default or Event of Default shall extend to any subsequent or other Default or Event of Default, or impair any right consequent thereto.
- (c) No notice to or demand on the Borrower in any case shall entitle the Borrower to any other or further notice or demand in the same, similar or other circumstance.
- (d) No failure or delay by the Lender to insist upon the strict performance of any term, condition, covenant or agreement of this Agreement or of any of the other Financing Documents, or to exercise any right, power or remedy consequent upon a breach thereof, shall constitute a waiver, amendment or modification of any such term, condition, covenant or agreement or of any such breach or preclude the Lender from exercising any such right, power or remedy at any time or times.
- (e) By accepting payment after the due date of any amount payable under this Agreement or under any of the other Financing Documents, the Lender shall not be deemed to waive the right either to require prompt payment when due of all other amounts payable under this Agreement or under any of the other Financing Documents, or to declare a default for failure to effect such prompt payment of any such other amount.

Section 7.3 Cumulative Remedies.

The rights, powers and remedies provided in this Agreement and in the other Financing Documents are cumulative, may be exercised concurrently or separately, may be exercised from time to time and in such order as the Lender shall determine and are in addition to, and not exclusive of, rights, powers and remedies provided by existing or future applicable Laws. In order to entitle the Lender to exercise any remedy reserved to it in this Agreement, it shall not be necessary to give any notice, other than such notice as may be expressly required in this Agreement. Without limiting the generality of the foregoing, the Lender may:

- (a) proceed against the Borrower with or without proceeding against any Person who may be liable (by endorsement, guaranty, indemnity or otherwise) for all or any part of the Obligations;
- (b) proceed against the Borrower with or without proceeding under any of the other Financing Documents or against any collateral and security for all or any part of the Obligations;
- (c) without reducing or impairing the obligation of the Borrower and without notice, release or

compromise with any guarantor or other Person liable for all or any part of the Obligations under the Financing Documents or otherwise;

(d) without reducing or impairing the obligations of the Borrower and without notice thereof: approve the making of advances under the Revolving Loan under this Agreement, approve the issuance of Letters of Credit under this Agreement, waive any provision of this Agreement or the other Financing Documents, exercise or fail to exercise rights of set-off or other rights, or accept partial payments or extend from time to time the maturity of all or any part of the Obligations.

Section 7.4 Severability.

In case one or more provisions, or part thereof, contained in this Agreement or in the other Financing Documents shall be invalid, illegal or unenforceable in any respect under any Law, then without need for any further agreement, notice or action:

(a) the validity, legality and enforceability of the remaining provisions shall remain effective and binding on the parties thereto and shall not be affected or impaired thereby;

(b) the obligation to be fulfilled shall be reduced to the limit of such validity;

(c) if such provision or part thereof pertains to repayment of the Obligations, then, at the sole and absolute discretion of the Lender, all of the Obligations of the Borrower to the Lender shall become immediately due and payable; and

(d) if the affected provision or part thereof does not pertain to repayment of the Obligations, but operates or would prospectively operate to invalidate this Agreement in whole or in part, then such provision or part thereof only shall be void, and the remainder of this Agreement shall remain operative and in full force and effect.

Section 7.5 Assignments by Lender.

The Lender may, without notice to, or consent of, the Borrower, sell, assign or transfer to or participate with any Person or Persons all or any part of the Obligations, and each such Person or Persons shall have the right to enforce the provisions of this Agreement and any of the other Financing Documents as fully as the Lender, provided that the Lender shall continue to have the unimpaired right to enforce the provisions of this Agreement and any of the other Financing Documents as to so much of the Obligations that the Lender has not sold, assigned or transferred. In connection with the foregoing, the Lender shall have the right to disclose to any such actual or potential purchaser, assignee, transferee or participant all financial records, information, reports, financial statements and documents obtained in connection with this Agreement and any of the other Financing Documents or otherwise.

Section 7.6 Successors and Assigns.

This Agreement and all other Financing Documents shall be binding upon and inure to the benefit of the Borrower and the Lender and their respective successors and assigns, except that the Borrower shall not have the right to assign its rights hereunder or any interest herein without the prior written consent of the Lender.

Section 7.7 Continuing Agreements.

All covenants, agreements, representations and warranties made by the Borrower in this Agreement, in any of the other Financing Documents, and in any certificate delivered pursuant hereto or thereto shall survive the making by the Lender of the Loans, the issuance of Letters of Credit by the Lender and the execution and delivery of the Notes, shall be binding upon the Borrower regardless of how long before or after the date hereof any of the Obligations were or are incurred, and shall continue in full force and effect so long as any of the Obligations are outstanding and unpaid. From time to time upon the Lender's request, and as a condition of the release of any one or more of the Security Documents, the Borrower and other Persons obligated with respect to the Obligations shall provide the Lender with such acknowledgments and agreements as the Lender may require to the effect that there exists no defenses, rights of setoff or recoupment, claims, counterclaims, actions or causes of action of any kind or nature whatsoever against the Lender, its agents and others, or to the extent there are, the same are waived and released.

Section 7.8 Enforcement Costs.

The Borrower shall pay to the Lender on demand all Enforcement Costs, together with interest thereon from the date incurred or advanced until paid in full at a per annum rate of interest equal at all times to the Post-Default Rate. Enforcement Costs shall be immediately due and payable at the time advanced or incurred, whichever is earlier. Without implying any limitation on the foregoing, the Borrower shall pay, as part of the Enforcement Costs, upon demand any and all stamp and other Taxes and fees payable or determined to be payable in connection with the execution and delivery of this Agreement and the other Financing Documents and to save the Lender harmless from and against any and all liabilities with respect to or resulting from any delay in paying or omission to pay any Taxes or fees referred to in this Section. The provisions of this Section shall survive the execution and delivery of this Agreement, the repayment of the other Obligations and shall survive the termination of this Agreement.

Section 7.9 Applicable Law; Jurisdiction.

7.9.1 Applicable Law.

As a material inducement to the Lender to enter into this Agreement, the Borrower acknowledges and agrees that the Financing Documents, including, this Agreement, shall be governed by the Laws of the State, as if each of the Financing Documents and this Agreement had each been executed, delivered, administered and performed solely within the State even though for the convenience and at the request of the Borrower, one or more of the Financing Documents may be executed elsewhere. The Lender acknowledges, however, that remedies under certain of the Financing Documents that relate

to property outside the State may be subject to the laws of the state in which the property is located.

7.9.2 Jurisdiction.

The Borrower irrevocably submits to the jurisdiction of any state or federal court sitting in the State over any suit, action or proceeding arising out of or relating to this Agreement or any of the other Financing Documents. The Borrower irrevocably waives, to the fullest extent permitted by law, any objection that it may now or hereafter have to the laying of the venue of any such suit, action or proceeding brought in any such court and any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum. Final judgment in any such suit, action or proceeding brought in any such court shall be conclusive and binding upon the Borrower and may be enforced in any court in which the Borrower is subject to jurisdiction, by a suit upon such judgment, provided that service of process is effected upon the Borrower in one of the manners specified in this Section or as otherwise permitted by applicable Laws.

7.9.3 Appointment of Agent for Service of Process.

The Borrower hereby irrevocably designates and appoints Ann L. Ramsey, Esquire, McGuireWoods Battle & Boothe LLP, at 7 St. Paul Street, Suite 1000, Baltimore, Maryland, 21202, as the Borrower's authorized agent to receive on the Borrower's behalf service of any and all process that may be served in any suit, action or proceeding of the nature referred to in this Section in any state or federal court sitting in the State. If such agent shall cease so to act, the Borrower shall irrevocably designate and appoint without delay another such agent in the State satisfactory to the Lender and shall promptly deliver to the Lender evidence in writing of such other agent's acceptance of such appointment and its agreement that such appointment shall be irrevocable.

7.9.4 Service of Process.

The Borrower hereby consents to process being served in any suit, action or proceeding of the nature referred to in this Section by (a) the mailing of a copy thereof by registered or certified mail, postage prepaid, return receipt requested, to the Borrower at the Borrower's address designated in or pursuant to Section 7.1 (Notices), and (b) serving a copy thereof upon the agent, if any, designated and appointed by the Borrower as the Borrower's agent for service of process by or pursuant to this Section. The Borrower irrevocably agrees that such service (y) shall be deemed in every respect effective service of process upon the Borrower in any such suit, action or proceeding, and (z) shall, to the fullest extent permitted by law, be taken and held to be valid personal service upon the Borrower. Nothing in this Section shall affect the right of the Lender to serve process in any manner otherwise permitted by law or limit the right of the Lender otherwise to bring proceedings against the Borrower in the courts of any jurisdiction or jurisdictions.

Section 7.10 Duplicate Originals and Counterparts.

This Agreement may be executed in any number of duplicate originals or counterparts, each of such duplicate originals or counterparts shall be

deemed to be an original and all taken together shall constitute but one and the same instrument.

Section 7.11 Headings.

The headings in this Agreement are included herein for convenience only, shall not constitute a part of this Agreement for any other purpose, and shall not be deemed to affect the meaning or construction of any of the provisions hereof.

Section 7.12 No Agency.

Nothing herein contained shall be construed to constitute the Borrower as the Lender's agent for any purpose whatsoever or to permit the Borrower to pledge any of the Lender's credit. The Lender shall not, by anything herein or in any of the Financing Documents or otherwise, assume the Borrower's obligations under any contract or agreement assigned to the Lender, and the Lender shall not be responsible in any way for the performance by the Borrower of any of the terms and conditions thereof.

Section 7.13 Date of Payment.

Should the principal of or interest on any of the Notes become due and payable on other than a Business Day, the maturity thereof shall be extended to the next succeeding Business Day and in the case of principal, interest shall be payable thereon at the rate per annum specified in the applicable Note during such extension.

Section 7.14 Entire Agreement.

This Agreement is intended by the Lender and the Borrower to be a complete, exclusive and final expression of the agreements contained herein. Neither the Lender nor the Borrower shall hereafter have any rights under any prior agreements pertaining to the matters addressed by this Agreement but shall look solely to this Agreement for definition and determination of all of their respective rights, liabilities and responsibilities under this Agreement.

Section 7.15 Waiver of Trial by Jury.

THE BORROWER AND THE LENDER HEREBY JOINTLY AND SEVERALLY WAIVE TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO WHICH THE BORROWER AND THE LENDER MAY BE PARTIES, ARISING OUT OF OR IN ANY WAY PERTAINING TO (A) THIS AGREEMENT OR (B) ANY OF THE FINANCING DOCUMENTS. THIS WAIVER CONSTITUTES A WAIVER OF TRIAL BY JURY OF ALL CLAIMS AGAINST ALL PARTIES TO SUCH ACTIONS OR PROCEEDINGS, INCLUDING CLAIMS AGAINST PARTIES WHO ARE NOT PARTIES TO THIS AGREEMENT.

This waiver is knowingly, willingly and voluntarily made by the Borrower and the Lender, and the Borrower and the Lender hereby represent that no representations of fact or opinion have been made by any individual to induce this waiver of trial by jury or to in any way modify or nullify its effect. The Borrower and the Lender further represent that they have been represented in the signing of this Agreement and in the making of this waiver by independent legal counsel, selected of their own free will, and that they have had the opportunity to discuss this waiver with counsel.

Section 7.16 Liability of the Lender.

The Borrower hereby agrees that the Lender shall not be chargeable for any negligence, mistake, act or omission of any accountant, examiner, agency or attorney employed by the Lender in making examinations, investigations or collections.

By inspecting any properties of the Borrower or by accepting or approving anything required to be observed, performed or fulfilled by the Borrower or to be given to the Lender pursuant to this Agreement or any of the other Financing Documents, the Lender shall not be deemed to have warranted or represented the condition, sufficiency, legality, effectiveness or legal effect of the same, and such acceptance or approval shall not constitute any warranty or representation with respect thereto by the Lender.

Section 7.17 Indemnification.

The Borrower agrees to indemnify and hold harmless, the Lender, the Lender's parent and Affiliates and the Lender's parent's and Affiliates' officers, directors, shareholders, employees and agents (each an "Indemnified Party," and collectively, the "Indemnified Parties"), from and against any and all claims, liabilities, losses, damages, costs and expenses (whether or not such Indemnified Party is a party to any litigation), including without limitation, reasonable attorney's fees and costs and costs of investigation, document production, attendance at depositions or other discovery, incurred by any Indemnified Party with respect to, arising out of or as a consequence of (a) this Agreement or any of the other Financing Documents, including without limitation, any failure of the Borrower to pay when due (at maturity, by acceleration or otherwise) any principal, interest, fee or any other amount due under this Agreement or the other Financing Documents, or any other Event of Default (b) the use by the Borrower of any proceeds advanced hereunder; (c) the transactions contemplated hereunder; or (d) any claim, demand, action or cause of action being asserted against (i) the Borrower or any of its Affiliates by any other Person, or (ii) any Indemnified Party by the Borrower in connection with the transactions contemplated hereunder. Notwithstanding anything herein or elsewhere to the contrary, the Borrower shall not be obligated to indemnify or hold harmless any Indemnified Party from any liability, loss or damage resulting from the gross negligence, willful misconduct or unlawful actions of such Indemnified Party. Any amount payable to the Lender under this Section will bear interest at the Post-Default Rate from the due date until paid.

IN WITNESS WHEREOF, each of the parties hereto have executed and delivered this Agreement under their respective seals as of the day and year first written above.

WITNESS OR ATTEST:

AMERICAN WOODMARK CORPORATION

By: _____ (Seal)
Kent Guichard
Chief Financial Officer

WITNESS:

BANK OF AMERICA, N. A.

By: _____ (Seal)
Michael J. Landini
Senior Vice President

LIST OF EXHIBITS

A Additional Borrower Joinder Supplement

B-1. Revolving Credit Note

B-2 Term Note

C. Form of Compliance Certificate

EXHIBIT A

ADDITIONAL BORROWER JOINDER SUPPLEMENT

THIS ADDITIONAL BORROWER JOINDER SUPPLEMENT (this "Agreement") is made this day of 200 , by and among AMERICAN WOODMARK CORPORATION, a corporation organized under the laws of the Commonwealth of Virginia ("Designated Borrower"), the other "Existing Borrowers" (as that term is defined below), , a corporation (the "Additional Borrower"), and wholly-owned subsidiary of Designated Borrower, and BANK OF AMERICA, N.A., a national banking association (the "Lender").

NOW, THEREFORE, for value received the undersigned agree as follows:

1. Reference is hereby made to the Financing and Security Agreement dated as of May 31, 2001 (as amended, modified, restated, substituted, extended and renewed at any time and from time to time, the "Financing Agreement") by and among Designated Borrower, and , constituting each Person which is included in the definition of "Borrower" (as that term is defined in the Financing Agreement) immediately prior to the date of this Agreement (together with Designated Borrower, the "Existing Borrowers") and the Lender. Capitalized terms not otherwise defined in this Agreement shall have the meanings given to them in the Financing Agreement.

2. (a) The Additional Borrower and the Existing Borrowers hereby acknowledge, confirm and agree that on and as of the date of this Agreement the Additional Borrower has become an "Additional Borrower" (as that term is defined in the Financing Agreement), and, along with the Existing Borrowers, is included in the definition of "Borrower" under the Financing Agreement and the other Financing Documents for all purposes thereof, and as such shall be jointly and severally liable, as provided in the Financing Documents, for all Obligations thereunder (whether incurred or arising prior to, on, or subsequent to the date hereof) and otherwise bound by all of the terms, provisions and conditions thereof.

(b) Without in any way implying any limitation on any of the provisions of this Agreement, the Financing Agreement, or any of the other Financing Documents, the Additional Borrower hereby assigns, pledges and grants to the Lender, and agrees that the Lender shall have a perfected and continuing security interest in, and Lien on, (i) all of the Borrower's Accounts, Inventory, Chattel Paper, Documents, Instruments, Equipment, Securities, and General Intangibles, whether now owned or existing or hereafter acquired or arising, (ii) all returned, rejected or repossessed goods, the sale or lease of which shall have given or shall give rise to an

Account or Chattel Paper, (iii) all insurance policies relating to the foregoing, (iv) all books and records in whatever media (paper, electronic or otherwise) recorded or stored, with respect to the foregoing and all equipment and general intangibles necessary or beneficial to retain, access and/or process the information contained in those books and records, and (v) all cash and non-cash proceeds and products of the foregoing. The Additional Borrower further agrees that the Lender shall have in respect thereof all of the rights and remedies of a secured party under the Uniform Commercial Code as well as those provided in this Agreement, under each of the other Financing Documents and under applicable Laws.

(c) Without in any way implying any limitation on any of the provisions of this Agreement, the Additional Borrower agrees to execute such financing statements, instruments, and other documents as the Lender may require including, without limitation, an allonge for each of the Notes.

(d) Without in any way implying any limitation on any of the provisions of this Agreement, the Additional Borrower hereby represents and warrants that all of the representations and warranties contained in the Financing Documents are true and correct on and as of the date hereof as if made on and as of such date, both before and after giving effect to this Joinder Supplement, and that no Event of Default or Default has occurred and is continuing or exists or would occur or exist after giving effect to this Joinder Supplement.

3. Each Person included in the term "Borrower" hereby covenants and agrees with the Lender as follows:

(a) The Obligations include all present and future indebtedness, duties, obligations, and liabilities, whether now existing or contemplated or hereafter arising, of any one or more of the Additional Borrower or the Existing Borrowers.

(b) Reference in this Agreement, the Financing Agreement and the other Financing Documents to the "Borrower" or otherwise with respect to any one or more of the Persons now or hereafter included in the definition of "Borrower" shall mean each and every such Person and any one or more of such Persons, jointly and severally, unless the context requires otherwise (by way of example, and not limitation, if only one such Person is the owner of the real property which is the subject of a mortgage).

(c) Each Person included in the term "Borrower" in the discretion of its respective management is to agree among themselves as to the allocation of the benefits of Letters of Credit and the proceeds of Loans, provided, however, that each such Person be deemed to have represented and warranted to the Lender at the time of allocation that each benefit and

use of proceeds is a Permitted Use.

(d) For administrative convenience, each Person included in the term "Borrower" hereby irrevocably appoints Designated Borrower as the Borrower's attorney-in-fact, with power of substitution (with the prior written consent of the Lender in the exercise of its sole and absolute discretion), in the name of Designated Borrower or in the name of the Borrower or otherwise to take any and all actions with respect to the this Agreement, the other Financing Documents, the Obligations and/or the Collateral (including, without limitation, the proceeds thereof) as Designated Borrower may so elect from time to time, including, without limitation, actions to (i) request advances under the Loans, apply for and direct the benefits of Letters of Credits, and direct the Lender to disburse or credit the proceeds of any Loan directly to an account of Designated Borrower, any one or more of such Persons or otherwise, which direction shall evidence the making of such Loan and shall constitute the acknowledgement by each such Person of the receipt of the proceeds of such Loan or the benefit of such Letter of Credit, (ii) enter into, execute, deliver, amend, modify, restate, substitute, extend and/or renew this Agreement, any Additional Borrower Joinder Supplement, any other Financing Documents, security agreements, mortgages, deposit account agreements, instruments, certificates, waivers, letter of credit applications, releases, documents and agreements from time to time, and (iii) endorse any check or other item of payment in the name of such Person or in the name of Designated Borrower. The foregoing appointment is coupled with an interest, cannot be revoked without the prior written consent of the Lender, and may be exercised from time to time through Designated Borrower' duly authorized officer, officers or other Person or Persons designated by Designated Borrower to act from time to time on behalf of Designated Borrower.

(e) Each Person included in the term "Borrower hereby irrevocably authorizes the Lender to make Loans to any one or more all of such Person, and hereby irrevocably authorizes the Lender to issue or cause to be issued Letters of Credit for the account of any or all of such Persons, pursuant to the provisions of this Agreement upon the written, oral or telephone request any one or more of the Persons who is from time to time a Responsible Officer of a Borrower under the provisions of the most recent certificate of corporate resolutions and/or incumbency of the Person included in the term "Borrower" on file with the Lender and also upon the written, oral or telephone request of any one of the Persons who is from time to time a Responsible Officer of Designated Borrower under the provisions of the most recent certificate of corporate resolutions and/or incumbency for Designated Borrower on file with the Lender.

(f) The Lender assumes no responsibility or liability for any errors, mistakes, and/or discrepancies in the oral, telephonic, written or other transmissions of any instructions, orders, requests and confirmations between the Lender and any one or more of the Persons included in the term "Borrower" in connection with the Credit Facilities, any Loan, any Letter of Credit or any other transaction in connection with the provisions of this Agreement.

4. Without implying any limitation on the joint and several nature of the Obligations, the Lender agrees that, notwithstanding any other provision of this Agreement, the Persons included in the term "Borrower," may create reasonable inter-company indebtedness between or among the Borrowers with respect to the allocation of the benefits and proceeds of the advances and Credit Facilities under this Agreement. The Borrowers agree among themselves, and the Lender consents to that agreement, that each Borrower shall have rights of contribution from all of the other Borrowers to the extent such Borrower incurs Obligations in excess of the proceeds of the Loans received by, or allocated to purposes for the direct benefit of, such Borrower. All such indebtedness and rights shall be, and are hereby agreed by the Borrowers to be, subordinate in priority and payment to the indefeasible repayment in full in cash of the Obligations, and, unless the Lender agrees in writing otherwise, shall not be exercised or repaid in whole or in part until all of the Obligations have been indefeasibly paid in full in cash. The Borrowers agree that all of such inter-company indebtedness and rights of contribution are part of the Collateral and secure the Obligations. Each Borrower hereby waives all rights of counterclaim, recoupment and offset between or among themselves arising on account of that indebtedness and otherwise. Each Borrower shall not evidence the inter-company indebtedness or rights of contribution by note or other instrument, and shall not secure such indebtedness or rights of contribution with any Lien or security. Notwithstanding anything contained in this Agreement to the contrary, the amount covered by each Borrower under the Obligations shall be limited to an aggregate amount (after giving effect to any collections from, rights to receive contribution from or payments made by or on behalf of any other Borrower in respect of the Obligations) which, together with other amounts owing by such Borrowers to the Lender under the Obligations, is equal to the largest amount that would not be subject to avoidance under the Bankruptcy Code or any applicable provisions of any applicable, comparable state or other Laws.

5. (a) Each Person included in the term "Borrower" hereby represents and warrants to the Lender that each of them will derive benefits, directly and indirectly, from each Letter of Credit and from each Loan, both in their separate capacity and as a member of the integrated group to which each such Person belongs and because the successful operation of the integrated group is dependent upon the continued successful performance of the functions of the integrated group as a whole, because (i) the terms of the consolidated financing provided under this Agreement are more favorable than would otherwise would be obtainable by such Persons individually, and (ii) the additional administrative and other costs and reduced flexibility associated with individual financing arrangements which would otherwise be required if obtainable would substantially reduce the value to such Persons of the financing

(b) Each Person included in the term "Borrower" hereby represents and warrants that all of the representations and warranties contained in the Financing Documents are true and correct on and as of the date hereof as if made on and as of such date, both before and after giving effect to this Agreement, and that no Event of Default or Default has

occurred and is continuing or exists or would occur or exist after giving effect to this Agreement.

6. Guaranty.

(a) Each Person included in the term "Borrower" hereby unconditionally and irrevocably, guarantees to the Lender:

(i) the due and punctual payment in full (and not merely the collectibility) by the other Persons included in the term "Borrower" of the Obligations, including unpaid and accrued interest thereon, in each case when due and payable, all according to the terms of this Agreement, the Notes and the other Financing Documents;

(ii) the due and punctual payment in full (and not merely the collectibility) by the other Persons included in the term "Borrower" of all other sums and charges which may at any time be due and payable in accordance with this Agreement, the Notes or any of the other Financing Documents;

(iii) the due and punctual performance by the other Persons included in the term "Borrower" of all of the other terms, covenants and conditions contained in the Financing Documents; and

(iv) all the other Obligations of the other Persons included in the term "Borrower".

(b) The obligations and liabilities of each Person included in the term "Borrower" as a guarantor under this paragraph 6 shall be absolute and unconditional and joint and several, irrespective of the genuineness, validity, priority, regularity or enforceability of this Agreement, any of the Notes or any of the Financing Documents or any other circumstance which might otherwise constitute a legal or equitable discharge of a surety or guarantor. Each Person included in the term "Borrower" in its capacity as a guarantor expressly agrees that the Lender may, in its sole and absolute discretion, without notice to or further assent of such Borrower and without in any way releasing, affecting or in any way impairing the joint and several obligations and liabilities of such Person as a guarantor hereunder:

(i) waive compliance with, or any defaults under, or grant any other indulgences under or with respect to any of the Financing Documents;

(ii) modify, amend, change or terminate any provisions of any of the Financing Documents;

(iii) grant extensions or renewals of or with respect to

the Credit Facilities, the Notes or any of the other Financing Documents;

- (iv) effect any release, subordination, compromise or settlement in connection with this Agreement, any of the Notes or any of the other Financing Documents;
 - (v) agree to the substitution, exchange, release or other disposition of the Collateral or any part thereof, or any other collateral for the Loan or to the subordination of any lien or security interest therein;
 - (vi) make advances for the purpose of performing any term, provision or covenant contained in this Agreement, any of the Notes or any of the other Financing Documents with respect to which the Borrower shall then be in default;
 - (vii) make future advances pursuant to the Financing Agreement or any of the other Financing Documents;
 - (viii) assign, pledge, hypothecate or otherwise transfer the Commitments, the Obligations, the Notes, any of the other Financing Documents or any interest therein, all as and to the extent permitted by the provisions of this Agreement;
 - (ix) deal in all respects with the other Persons included in the term "Borrower" as if this paragraph 6 were not in effect;
 - (x) effect any release, compromise or settlement with any of the other Persons included in the term "Borrower", whether in their capacity as a Borrower or as a guarantor under this paragraph 6 or any other guarantor; and
 - (xi) provide debtor-in-possession financing or allow use of cash collateral in proceedings under the Bankruptcy Code, it being expressly agreed by all Persons included in the term "Borrower" that any such financing and/or use would be part of the Obligations.
- (c) The obligations and liabilities of each Person included in the term "Borrower", as guarantor under this paragraph 6 shall be primary, direct and immediate, shall not be subject to any counterclaim, recoupment, set off reduction or defense based upon any claim that such Person may have against any one or more of the other Persons included in the term "Borrower", the Lender and/or any other guarantor and shall not be conditional or contingent upon pursuit or enforcement by the Lender of any remedies it may have against Persons included in the term "Borrower" with respect to this Agreement, the Notes or any of the other Financing Documents, whether

pursuant to the terms thereof or by operation of law. Without limiting the generality of the foregoing, the Lender shall not be required to make any demand upon any of the Persons included in the term "Borrower", or to sell the Collateral or otherwise pursue, enforce or exhaust its or their remedies against the Persons included in the term "Borrower" or the Collateral either before, concurrently with or after pursuing or enforcing its rights and remedies hereunder. Any one or more successive or concurrent actions or proceedings may be brought against each Person included in the term "Borrower" under this paragraph 6, either in the same action, if any, brought against any one or more of the Persons included in the term "Borrower" or in separate actions or proceedings, as often as the Lender may deem expedient or advisable. Without limiting the foregoing, it is specifically understood that any modification, limitation or discharge of any of the liabilities or obligations of any one or more of the Persons included in the term "Borrower", any other guarantor or any obligor under any of the Financing Documents, arising out of, or by virtue of, any bankruptcy, arrangement, reorganization or similar proceeding for relief of debtors under federal or state law initiated by or against any one or more of the Persons included in the term "Borrower", in their respective capacities as borrowers and guarantors under this paragraph 6, or under any of the Financing Documents shall not modify, limit, lessen, reduce, impair, discharge, or otherwise affect the liability of each Borrower under this paragraph 6 in any manner whatsoever, and this paragraph 6 shall remain and continue in full force and effect. It is the intent and purpose of this paragraph 6 that each Person included in the term "Borrower" shall and does hereby waive all rights and benefits which might accrue to any other guarantor by reason of any such proceeding, and the Persons included in the term "Borrower" agree that they shall be liable for the full amount of the obligations and liabilities under this paragraph 6 regardless of, and irrespective to, any modification, limitation or discharge of the liability of any one or more of the Persons included in the term "Borrower", any other guarantor or any obligor under any of the Financing Documents, that may result from any such proceedings.

(d) Each Person included in the term "Borrower", as guarantor under this paragraph 6, hereby unconditionally, jointly and severally, irrevocably and expressly waives:

(i) presentment and demand for payment of the Obligations and protest of non-payment;

(ii) notice of acceptance of this paragraph 6 and of presentment, demand and protest thereof;

(iii) notice of any default hereunder or under the Notes or any of the other Financing Documents and notice of all indulgences;

- (iv) notice of any increase in the amount of any portion of or all of the indebtedness guaranteed by this paragraph 6;
 - (v) demand for observance, performance or enforcement of any of the terms or provisions of this paragraph 6, the Notes or any of the other Financing Documents;
 - (vi) all errors and omissions in connection with the Lender's administration of all indebtedness guaranteed by this paragraph 6;
 - (vii) any right or claim of right to cause a marshalling of the assets of any one or more of the other Persons included in the term "Borrower";
 - (viii) any act or omission of the Lender which changes the scope of the risk as guarantor hereunder; and
 - (ix) all other notices and demands otherwise required by law which such Person may lawfully waive.
- (e) Within ten (10) days following any request of the Lender so to do, each Person included in the term "Borrower" will furnish the Lender and such other persons as the Lender may direct with a written certificate, duly acknowledged stating in detail whether or not any credits, offsets or defenses exist with respect to this paragraph 6.

7. This Agreement shall be governed by and construed and enforced in accordance with the laws of the Commonwealth of Virginia, without regard to principles of choice of law.

WITNESS the due execution hereof as of the day and year first written above.

WITNESS:

ADDITIONAL BORROWER

By: (SEAL)
Name:

Title:

WITNESS: AMERICAN WOODMARK CORPORATION

By: (SEAL)
Name:
Title:

WITNESS:

BANK OF AMERICA, N. A.

By:

Name:

Title:

EXHIBIT B-1

REVOLVING CREDIT NOTE

\$35,000,000 Bethesda, Maryland

May 31, 2001

FOR VALUE RECEIVED, AMERICAN WOODMARK CORPORATION, a corporation organized under the laws of the Commonwealth of Virginia (the "Borrower"), promises to pay to the order of BANK OF AMERICA, N. A., a national banking association (the "Lender"), the principal sum of THIRTY FIVE MILLION DOLLARS (\$35,000,000) (the "Principal Sum"), or so much thereof as has been or may be advanced or re-advanced to or for the account of the Borrower pursuant to the terms and conditions of the Financing Agreement (as hereinafter defined), together with interest thereon at the rate provided in the Financing Agreement. All capitalized terms used, but not specifically defined herein, shall have the meanings given such terms in the Financing Agreement.

1. Interest.

Commencing as of the date hereof and continuing until repayment in full of all sums due hereunder, the unpaid Principal Sum shall bear interest at the Applicable Interest Rate. The rate of interest charged under this Note shall change immediately and contemporaneously with any change in the Applicable Interest Rate. 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.

2. Payments and Maturity.

The unpaid Principal Sum, together with interest thereon at the rate provided above, shall be payable as follows:

- (a) Interest shall be paid at the times for the payment of interest set forth in Section 2.4 of the Financing Agreement; and
- (b) Unless sooner paid, the unpaid Principal Sum, together with interest accrued and unpaid thereon, shall be due and payable in full on the Revolving Credit Termination Date.

The fact that the balance hereunder may be reduced to zero from time to time pursuant to the Financing Agreement will not affect the continuing validity of this Note or the Financing Agreement, and the balance may be increased to the Principal Sum after any such reduction to zero.

3. Default Interest.

Upon the occurrence of an Event of Default (as hereinafter defined), the unpaid Principal Sum shall bear interest thereafter at the Post-Default Rate (as defined in the Financing Agreement) until such Event of Default is cured.

4. Late Charges.

If the Borrower shall fail to make any payment under the terms of this Note within fifteen (15) days after the date such payment is due, the Borrower shall pay to the Lender on demand a late charge equal to five percent (5%) of such payment.

5. Application and Place of Payments.

All payments, made on account of this Note shall be applied first to the payment of any late charge then due hereunder, second to the payment of any prepayment fee then due hereunder, third to the payment of accrued and unpaid interest then due hereunder, and the remainder, if any, shall be applied to the unpaid Principal Sum. All payments on account of this Note shall be paid in lawful money of the United States of America in immediately available funds during regular business hours of the Lender at its principal office in Bethesda, Maryland or at such other times and places as the Lender may at any time and from time to time designate in writing to the Borrower.

6. Prepayment.

(a) The Borrower may prepay the Principal Sum in whole or in part at any time without premium or penalty.

(b) Payment of the indebtedness evidenced by this Note in whole or in part subsequent to an Event of Default shall be deemed to be a prepayment of the Principal Sum subject to any prepayment fee due hereunder.

7. Financing Agreement and Other Financing Documents.

This Note is the "Revolving Credit Note" described in a Financing Agreement of even date herewith by and between the Borrower and the Lender (as amended, modified, restated, substituted, extended and renewed at any time and from time to time, the "Financing Agreement"). The indebtedness evidenced by this Note is included within the meaning of the term "Obligations" as defined in the Financing Agreement. The term "Financing Documents" as used in this Note shall mean collectively this Note, the Financing Agreement and any other instrument, agreement, or document previously, simultaneously, or hereafter executed and delivered by the Borrower, and/or any other person, singularly or jointly with any other person, evidencing, securing, guaranteeing, or in connection with the Principal Sum, this Note and/or the Financing Agreement.

8. Events of Default.

The occurrence of any one or more of the following events shall constitute an event of default (individually, an "Event of Default" and collectively, the "Events of Default") under the terms of this Note:

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

(b) The occurrence of an event of default (as defined therein) under the terms and conditions of any of the other Financing Documents.

9. Remedies.

Upon the occurrence of an Event of Default, at the option of the Lender, all amounts payable by the Borrower to the Lender under the terms of this Note shall immediately become due and payable by the Borrower to the Lender without notice to the Borrower or any other person, and the Lender shall have all of the rights, powers, and remedies available under the terms of this Note, any of the other Financing Documents and all applicable laws. The Borrower and all endorsers, guarantors, and other parties who may now or in the future be primarily or secondarily liable for the payment of the indebtedness evidenced by this Note hereby severally waive presentment, protest and demand, notice of protest, notice of demand and of dishonor and non-payment of this Note and expressly agree that this Note or any payment hereunder may be extended from time to time without in any way affecting the liability of the Borrower, guarantors and endorsers.

10. Expenses.

The Borrower promises to pay to the Lender on demand by the Lender all costs and expenses incurred by the Lender in connection with the collection and enforcement of this Note, including, without limitation, reasonable attorneys' fees and expenses and all court costs.

11. Notices.

Any notice, request, or demand to or upon the Borrower or the Lender shall be deemed to have been properly given or made when delivered in accordance with Section 7.1 of the Financing Agreement.

12. Miscellaneous.

Each right, power, and remedy of the Lender as provided for in this Note or any of the other Financing Documents, or now or hereafter existing under any applicable law or otherwise shall be cumulative and concurrent and shall be in addition to every other right, power, or remedy provided for in this Note or any of the other Financing Documents or now or hereafter existing under any applicable law, and the exercise or beginning of the exercise by the Lender of any one or more of such rights, powers, or remedies shall not preclude the simultaneous or later exercise by the Lender of any or all such other rights, powers, or remedies. No failure or delay by the Lender to insist upon the strict performance of any term, condition, covenant, or agreement of this Note or any of the other Financing Documents, or to exercise any right, power, or remedy consequent upon a breach thereof, shall constitute a waiver of any such term, condition, covenant, or agreement or of any such breach, or preclude the Lender from exercising any such right, power, or remedy at a later time or times. By accepting payment after the due date of any amount payable under the terms of this Note, the Lender shall not be deemed to waive the right either to require prompt payment when due of all other amounts payable under the terms of this Note or to declare an Event of Default for the failure to effect such prompt payment of any such other amount. No course of dealing or conduct shall be effective to amend, modify, waive, release, or change any provisions of this Note.

13. Partial Invalidity.

In the event any provision of this Note (or any part of any provision) is held by a court of competent jurisdiction to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision (or remaining part of the affected provision) of this Note; but this Note shall be construed as if such invalid, illegal, or unenforceable provision (or part thereof) had not been contained in this Note, but only to the extent it is invalid, illegal, or unenforceable.

14. Captions.

The captions herein set forth are for convenience only and shall not be deemed to define, limit, or describe the scope or intent of this Note.

15. Applicable Law.

The Borrower acknowledges and agrees that this Note shall be governed by the laws of the State of Maryland, even though for the convenience and at the request of the Borrower, this Note may be executed elsewhere.

16. Consent to Jurisdiction.

The Borrower irrevocably submits to the jurisdiction of any state or federal court sitting in the State of Maryland over any suit, action, or proceeding arising out of or relating to this Note or any of the other Financing Documents. The Borrower irrevocably waives, to the fullest extent permitted by law, any objection that the Borrower may now or hereafter have to the laying of venue of any such suit, action, or proceeding brought in any such court and any claim that any such suit, action, or proceeding brought in any such court has been brought in an inconvenient forum. Final judgment in any such suit, action, or proceeding brought in any such court shall be conclusive and binding upon the Borrower and may be enforced in any court in which the Borrower is subject to jurisdiction by a suit upon such judgment, provided that service of process is effected upon the Borrower as provided in this Note or as otherwise permitted by applicable law.

17. Service of Process.

The Borrower hereby irrevocably designates and appoints Ann L. Ramsey, Esquire, McGuireWoods Battle & Boothe LLP, at 7 St. Paul Street, Suite 1000, Baltimore, Maryland 21202, as the Borrower's authorized agent to receive on the Borrower's behalf service of any and all process that may be served in any suit, action, or proceeding instituted in connection with this Note in any state or federal court sitting in the State of Maryland. If such agent shall cease so to act, the Borrower shall irrevocably designate and appoint without delay another such agent in the State of Maryland satisfactory to the Lender and shall promptly deliver to the Lender evidence in writing of such agent's acceptance of such appointment and its agreement that such appointment shall be irrevocable.

The Borrower hereby consents to process being served in any suit, action, or proceeding instituted in connection with this Note by (a) the mailing of a copy thereof by certified mail, postage prepaid, return receipt requested, to the Borrower and (b) serving a copy thereof upon the agent

hereinabove designated and appointed by the Borrower as the Borrower's agent for service of process. The Borrower irrevocably agrees that such service shall be deemed in every respect effective service of process upon the Borrower in any such suit, action or proceeding, and shall, to the fullest extent permitted by law, be taken and held to be valid personal service upon the Borrower. Nothing in this Section shall affect the right of the Lender to serve process in any manner otherwise permitted by law or limit the right of the Lender otherwise to bring proceedings against the Borrower in the courts of any jurisdiction or jurisdictions.

18. WAIVER OF TRIAL BY JURY.

THE BORROWER AND THE LENDER HEREBY WAIVE TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO WHICH THE BORROWER AND THE LENDER MAY BE PARTIES, ARISING OUT OF OR IN ANY WAY PERTAINING TO (A) THIS NOTE OR (B) THE FINANCING DOCUMENTS. IT IS AGREED AND UNDERSTOOD THAT THIS WAIVER CONSTITUTES A WAIVER OF TRIAL BY JURY OF ALL CLAIMS AGAINST ALL PARTIES TO SUCH ACTIONS OR PROCEEDINGS, INCLUDING CLAIMS AGAINST PARTIES WHO ARE NOT PARTIES TO THIS NOTE.

THIS WAIVER IS KNOWINGLY, WILLINGLY AND VOLUNTARILY MADE BY THE BORROWER, AND THE BORROWER HEREBY REPRESENTS THAT NO REPRESENTATIONS OF FACT OR OPINION HAVE BEEN MADE BY ANY INDIVIDUAL TO INDUCE THIS WAIVER OF TRIAL BY JURY OR TO IN ANY WAY MODIFY OR NULLIFY ITS EFFECT. THE BORROWER FURTHER REPRESENTS THAT IT HAS BEEN REPRESENTED IN THE SIGNING OF THIS NOTE AND IN THE MAKING OF THIS WAIVER BY INDEPENDENT LEGAL COUNSEL, SELECTED OF ITS OWN FREE WILL, AND THAT IT HAS HAD THE OPPORTUNITY TO DISCUSS THIS WAIVER WITH COUNSEL.

IN WITNESS WHEREOF, the Borrower has caused this Note to be executed under seal by its duly authorized officers as of the date first written above.

WITNESS OR ATTEST:

AMERICAN WOODMARK CORPORATION

By: _____ (Seal)
Kent Guichard
Chief Financial Officer

EXHIBIT B-2

TERM NOTE

\$10,000,000 Bethesda, Maryland

May 31, 2001

FOR VALUE RECEIVED, AMERICAN WOODMARK CORPORATION, a corporation organized under the laws of the Commonwealth of Virginia (the "Borrower"), promises to pay to the order of BANK OF AMERICA, N. A., a national banking association (the "Lender"), the principal sum of TEN MILLION DOLLARS (\$10,000,000) (the "Principal Sum"), together with interest thereon at the rate provided in the Financing Agreement. All capitalized terms used, but not specifically defined herein, shall have the meanings given such terms in the Financing Agreement.

1. Interest.

Commencing as of the date hereof and continuing until repayment in full of all sums due hereunder, the unpaid Principal Sum shall bear interest at the Applicable Interest Rate. The rate of interest charged under this Note shall change immediately and contemporaneously with any change in the Applicable Interest Rate. 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.

2. Payments and Maturity.

The unpaid Principal Sum, together with interest thereon at the rate provided above, shall be payable as follows:

- (a) Interest only on the unpaid Principal Sum shall be due and payable quarterly, commencing August 31, 2001, and on the last day of each fiscal quarter thereafter to maturity; and
- (b) Unless sooner paid, the unpaid Principal Sum, together with interest accrued and unpaid thereon, shall be due and payable in full on May 31, 2006.

3. Default Interest.

Upon the occurrence of an Event of Default (as hereinafter defined), the unpaid Principal Sum shall bear interest thereafter at the Post-Default Rate (as defined in the Financing Agreement) until such Event of Default is cured.

4. Late Charges.

If the Borrower shall fail to make any payment under the terms of this Note within fifteen (15) days after the date such payment is due, the Borrower shall pay to the Lender on demand a late charge equal to five percent (5%) of such payment.

5. Application and Place of Payments.

All payments, made on account of this Note shall be applied first to the payment of any late charge then due hereunder, second to the payment of any prepayment fee then due hereunder, third to the payment of accrued and unpaid interest then due hereunder, and the remainder, if any, shall be applied to the unpaid Principal Sum. All payments on account of this Note shall be paid in lawful money of the United States of America in immediately available funds during regular business hours of the Lender at its principal office in Bethesda, Maryland or at such other times and places as the Lender may at any time and from time to time designate in writing to the Borrower.

6. Prepayment.

(a) The Borrower may prepay the Principal Sum in whole or in part at any time without premium or penalty.

(b) Payment of the indebtedness evidenced by this Note in whole or in part subsequent to an Event of Default shall be deemed to be a prepayment of the Principal Sum subject to any prepayment fee due hereunder.

7. Financing Agreement and Other Financing Documents.

This Note is the "Term Note" described in a Financing Agreement of even date herewith by and between the Borrower and the Lender (as amended, modified, restated, substituted, extended and renewed at any time and from time to time, the "Financing Agreement"). The indebtedness evidenced by this Note is included within the meaning of the term "Obligations" as defined in the Financing Agreement. The term "Financing Documents" as used in this Note shall mean collectively this Note, the Financing Agreement and any other instrument, agreement, or document previously, simultaneously, or hereafter executed and delivered by the Borrower and/or any other person, singularly or jointly with any other person, evidencing, securing, guaranteeing, or in connection with the Principal Sum, this Note and/or the Financing Agreement.

8. Events of Default.

The occurrence of any one or more of the following events shall constitute an event of default (individually, an "Event of Default" and collectively, the "Events of Default") under the terms of this Note:

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

(b) The occurrence of an event of default (as defined therein) under the terms and conditions of any of the other Financing Documents.

9. Remedies.

Upon the occurrence of an Event of Default, at the option of the Lender, all amounts payable by the Borrower to the Lender under the terms of this Note shall immediately become due and payable by the Borrower to the Lender without notice to the Borrower or any other person, and the Lender shall have all of the rights, powers, and remedies available under the terms of this Note, any of the other Financing Documents and all applicable laws.

The Borrower and all endorsers, guarantors, and other parties who may now or in the future be primarily or secondarily liable for the payment of the indebtedness evidenced by this Note hereby severally waive presentment, protest and demand, notice of protest, notice of demand and of dishonor and non-payment of this Note and expressly agree that this Note or any payment hereunder may be extended from time to time without in any way affecting the liability of the Borrower, guarantors and endorsers.

10. Expenses.

The Borrower promises to pay to the Lender on demand by the Lender all costs and expenses incurred by the Lender in connection with the collection and enforcement of this Note, including, without limitation, reasonable attorneys' fees and expenses and all court costs.

11. Notices.

Any notice, request, or demand to or upon the Borrower or the Lender shall be deemed to have been properly given or made when delivered in accordance with Section 7.1 of the Financing Agreement.

12. Miscellaneous.

Each right, power, and remedy of the Lender as provided for in this Note or any of the other Financing Documents, or now or hereafter existing under any applicable law or otherwise shall be cumulative and concurrent and shall be in addition to every other right, power, or remedy provided for in this Note or any of the other Financing Documents or now or hereafter existing under any applicable law, and the exercise or beginning of the exercise by the Lender of any one or more of such rights, powers, or remedies shall not preclude the simultaneous or later exercise by the Lender of any or all such other rights, powers, or remedies. No failure or delay by the Lender to insist upon the strict performance of any term, condition, covenant, or agreement of this Note or any of the other Financing Documents, or to exercise any right, power, or remedy consequent upon a breach thereof, shall constitute a waiver of any such term, condition, covenant, or agreement or of any such breach, or preclude the Lender from exercising any such right, power, or remedy at a later time or times. By accepting payment after the due date of any amount payable under the terms of this Note, the Lender shall not be deemed to waive the right either to require prompt payment when due of all other amounts payable under the terms of this Note or to declare an Event of Default for the failure to effect such prompt payment of any such other amount. No course of dealing or conduct shall be effective to amend, modify, waive, release, or change any provisions of this Note.

13. Partial Invalidity.

In the event any provision of this Note (or any part of any provision) is held by a court of competent jurisdiction to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision (or remaining part of the affected provision) of this Note; but this Note shall be construed as if such invalid, illegal, or unenforceable provision (or part thereof) had not been contained in this Note, but only to the extent it is invalid, illegal, or unenforceable.

14. Captions.

The captions herein set forth are for convenience only and shall not be deemed to define, limit, or describe the scope or intent of this Note.

15. Applicable Law.

The Borrower acknowledges and agrees that this Note shall be governed by the laws of the State of Maryland, even though for the convenience and at the request of the Borrower, this Note may be executed elsewhere.

16. Consent to Jurisdiction.

The Borrower irrevocably submits to the jurisdiction of any state or federal court sitting in the State of Maryland over any suit, action, or proceeding arising out of or relating to this Note or any of the other Financing Documents. The Borrower irrevocably waives, to the fullest extent permitted by law, any objection that the Borrower may now or hereafter have to the laying of venue of any such suit, action, or proceeding brought in any such court and any claim that any such suit, action, or proceeding brought in any such court has been brought in an inconvenient forum. Final judgment in any such suit, action, or proceeding brought in any such court shall be conclusive and binding upon the Borrower and may be enforced in any court in which the Borrower is subject to jurisdiction by a suit upon such judgment, provided that service of process is effected upon the Borrower as provided in this Note or as otherwise permitted by applicable law.

17. Service of Process.

The Borrower hereby irrevocably designates and appoints Ann L. Ramsey, Esquire, McGuireWoods Battle & Boothe LLP, at 7 St. Paul Street, Suite 1000, Baltimore, Maryland 21202, as the Borrower's authorized agent to receive on the Borrower's behalf service of any and all process that may be served in any suit, action, or proceeding instituted in connection with this Note in any state or federal court sitting in the State of Maryland. If such agent shall cease so to act, the Borrower shall irrevocably designate and appoint without delay another such agent in the State of Maryland satisfactory to the Lender and shall promptly deliver to the Lender evidence in writing of such agent's acceptance of such appointment and its agreement that such appointment shall be irrevocable.

The Borrower hereby consents to process being served in any suit, action, or proceeding instituted in connection with this Note by (a) the mailing of a copy thereof by certified mail, postage prepaid, return receipt requested, to the Borrower and (b) serving a copy thereof upon the agent hereinabove designated and appointed by the Borrower as the Borrower's agent for service of process. The Borrower irrevocably agrees that such service shall be deemed in every respect effective service of process upon the Borrower in any such suit, action or proceeding, and shall, to the fullest extent permitted by law, be taken and held to be valid personal service upon the Borrower. Nothing in this Section shall affect the right of the Lender to serve process in any manner otherwise permitted by law or limit the right of the Lender otherwise to bring proceedings against the Borrower in the courts of any jurisdiction or jurisdictions.

18. WAIVER OF TRIAL BY JURY.

THE BORROWER AND THE LENDER HEREBY WAIVE TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO WHICH THE BORROWER AND THE LENDER MAY BE PARTIES, ARISING OUT OF OR IN ANY WAY PERTAINING TO (A) THIS NOTE OR (B) THE FINANCING DOCUMENTS. IT IS AGREED AND UNDERSTOOD THAT THIS WAIVER CONSTITUTES A WAIVER OF TRIAL BY JURY OF ALL CLAIMS AGAINST ALL PARTIES TO SUCH ACTIONS OR PROCEEDINGS, INCLUDING CLAIMS AGAINST PARTIES WHO ARE NOT PARTIES TO THIS NOTE.

THIS WAIVER IS KNOWINGLY, WILLINGLY AND VOLUNTARILY MADE BY THE BORROWER, AND THE BORROWER HEREBY REPRESENTS THAT NO REPRESENTATIONS OF FACT OR OPINION HAVE BEEN MADE BY ANY INDIVIDUAL TO INDUCE THIS WAIVER OF TRIAL BY JURY OR TO IN ANY WAY MODIFY OR NULLIFY ITS EFFECT. THE BORROWER FURTHER REPRESENTS THAT IT HAS BEEN REPRESENTED IN THE SIGNING OF THIS NOTE AND IN THE MAKING OF THIS WAIVER BY INDEPENDENT LEGAL COUNSEL, SELECTED OF ITS OWN FREE WILL, AND THAT IT HAS HAD THE OPPORTUNITY TO DISCUSS THIS WAIVER WITH COUNSEL.

IN WITNESS WHEREOF, the Borrower has caused this Note to be executed under seal by its duly authorized officers as of the date first written above.

WITNESS OR ATTEST:

AMERICAN WOODMARK CORPORATION

By: _____ (Seal)

Kent Guichard
Chief Financial Officer

EXHIBIT C

COMPLIANCE CERTIFICATE

THIS CERTIFICATE is made as of _____, 200_, by AMERICAN WOODMARK CORPORATION, a corporation organized under the laws of the Commonwealth of Virginia (the "Borrower"), to Bank of America, N. A, a national banking association (the "Lender"), pursuant to Section of the Financing Agreement dated _____, 2001, (as amended, modified, restated, substituted, extended and renewed at any time and from time to time, the "Financing Agreement") by and between the Borrower and the Lender.

I, _____, hereby certify that I am the _____ of the Borrower and am a Responsible Officer (as that term is defined in the Financing Agreement) authorized to certify to the Lender on behalf the Borrower as follows:

1. This Certificate is given to induce the Lender to make advances to the Borrower under the Financing Agreement.
2. This Certificate accompanies the _____ financial statements for the period ended _____, 200_ (the "Current Financials") which the Borrower is furnishing to the Lender pursuant to Section 5.1.1(____) of the Financing Agreement. The Current Financials have been prepared in accordance with GAAP (as that term is defined in the Financing Agreement).
3. As required by Section 5.1.1(____) of the Financing Agreement, I have set forth on Schedule 1 a detailed computation of each financial covenant in Financing Agreement and a cash flow projection report.
4. As of the date hereof, there exists no Default or Event of Default, as defined in the Article 6 of the Financing Agreement, nor any event which, upon notice or the lapse of time, or both, would constitute such an Event of Default.
5. On the date hereof, the representations and warranties contained in Article 3 of the Financing Agreement are true with the same effect as though such representations and warranties had been made on the date hereof.

WITNESS my signature this ____ day of _____, 200_.

AMERICAN WOODMARK CORPORATION

Name:

Title:

Schedule 1

Schedule 2

LIST OF SCHEDULES

Schedule 1.1	Outstanding Letters of Credit
Schedule 3.1.1	Subsidiaries
Schedule 3.1.10	Litigation
Schedule 3.1.13	Other Indebtedness
Schedule 3.1.18	Employee Relations
Schedule 3.1.19	Environmental Matters
Schedule 5.2.3	Indebtedness
Schedule 5.2.8	Transaction with Affiliates

LETTERS OF CREDIT

L/C#	Purpose	Expiration Date	Amount
67339	Mohave County Industrial Revenue Bonds	December 31, 2001	\$ 462,125
34778	Stephens County Industrial Revenue Bonds	December 31, 2001	\$3,192,500
34474	West Virginia Economic Development Authority - Hardy County Lease	July 15, 2001	\$1,164,175

SCHEDULE 3.1.1

SUBSIDIARIES

SUBSIDIARY	FED. ID #	% Owned
Amende Cabinet Corporation Winchester, Virginia 22604	54-1444625	100%

LITIGATION

SEE ATTACHED AMERICAN WOODMARK CORPORATION LITIGATION SUMMARY

SCHEDULE 3.1.13

OTHER INDEBTEDNESS		Original Balance	Current Balance
Lendor			
Mohave County, AZ	IRB		
Industrial Revenue Bonds		\$ 4,000,000	\$ 425,000
Stephens County, GA	IRB		
Industrial Revenue Bonds		\$ 8,000,000	\$ 3,000,000
West Virginia	Note		
Economic Development Authority		\$ 500,000	\$ 401,397
West Virginia	Note		
Economic Development Authority		\$ 1,000,000	\$ 977,649
West Virginia	Lease		
Economic Development Authority		\$ 5,275,600	\$ 3,960,604
Wells Fargo Bank	Note	\$ 2,500,000	\$ 1,500,000
GMAC	Note	\$ 35,339	\$ 2,328
Pitney Bowes	Lease	\$ 102,969	\$ 19,672
The Industrial Development Board of The City of Humboldt, Tennessee	Lease	\$20,366,888	\$20,261,781

SCHEDULE 3.1.18

EMPLOYEE RELATIONS

Section 3.1.18(a):

The following are the American Woodmark Corporation locations with collective bargaining agreements:

109 Byrd Avenue
Berryville, VA

United Brotherhood of Carpenters and Joiners
of America #2488

25 Industrial Park Blvd.

United Brotherhood of Carpenters and Joiners of
America #2101

Section 3.1.18(d):

Written employment contracts in excess of \$100,000:

Between New Business Development I Corporation and Randy Craig - \$65,000 annually plus benefits.

Bonus agreements in excess of \$100,000:

American Woodmark Corporation Shareholder Value Plan for Employees as adopted May 14, 1996, and amended May 1, 1999.

American Woodmark Corporation Executive Bonus Program (Annual Cash Bonus) as annually adopted by the Board.

ENVIRONMENTAL MATTERS

SEE ATTACHED AMERICAN WOODMARK CORPORATION LITIGATION SUMMARY REGARDING SEABOARD, SITE OF ENVIRONMENTAL CLEANUP

SCHEDULE 5.2.3

INDEBTEDNESS

BORROWER	LENDOR	Original Amount Outstanding	Current Amount Outstanding
American Woodmark Corporation	Amende Cabinet Corporation	\$4,500,000	\$4,500,000

TRANSACTIONS WITH AFFILIATES

BORROWER	LENDOR	Original Amount Outstanding	Current Amount Outstanding
American Woodmark Corporation	Amende Cabinet Corporation	\$4,500,000	\$4,500,000

CASE	REPRESENTATIVES	COSTS	CASE DESCRIPTION	STATUS
1. Claimant: ----- North Carolina DEHNR	Law Firm: ----- McGuire, Woods	Legal Fees: ----- Covered by AWC	The Seaboard Chemical Corp. operated a waste disposal site in North Carolina until 1990. When the North Carolina Department of Environment, Health and	At the recommendation of our attorneys, AWC joined the Seaboard Group, an organization that was formed to minimize
Defendant: ----- Seaboard Group	Attorney: ----- Donald Anderson	Settlement: ----- Covered by AWC	Natural Resources refused to renew their license, Seaboard went bankrupt and was financially unable to close (reclaim)	participating company's liability and fund the clean-up. AWC also joined in participation
Amount: ----- Approximately \$35,000	AWC Rep: ----- Dave Blount		the operation.	of Seaboard Group II.
Date of Suit: ----- March 26, 1991			State law dictates that those participating in waste disposal have ultimate responsibility for closure and clean-up of the site. Since AWC disposed of hazardous waste at the Seaboard site from 1980-1988, Woodmark has a responsibility to provide for closure of site.	Phase I, above ground clean-up has been completed. AWC paid \$34,000 towards Phase I work. The Seaboard Group refunded AWC \$7,598.80 due to additional PRP's having been identified. An additional \$232.97 was refunded on May 8, 1997.
				Seaboard Group II has been created to coordinate Phase II work, below ground clean-up of water and soil.
				Remedial investigation was concluded in September 1998. A report is due to NCDENR by 12/31/98. A feasibility study is due by 2/29/99.
				In December of 1999, the State of North Carolina requested additional remedial investigation to research potential ground water contamination. Their research will not be concluded until the fall of 2000. The group still has on hand \$3.5 million eliminating any short term assessments.
				Most of the remedial investigation and feasibility study work is done, but additional work in the field is necessary.
				It now appears that this work will be completed in time for a remedy selection to be made in the fall of 2001.
				A de minimis settlement is likely to be offered by the end of calendar year 2001 or in early 2002, at which time this matter would come to an end for AWC.

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American Woodmark Corporation, Litigation Summary: CLASS ACTION Reported as of May 16, 2001

CASE	REPRESENTATIVES	COSTS	CASE DESCRIPTION	
1.	<p>Claimant: ----- Torres - et al</p> <p>Defendant: ----- All Valley Financial, AWC, et al</p> <p>Amount: ----- Unknown</p> <p>Received 7/01/00</p>	<p>Law Firm: ----- Anderson & Kriger</p> <p>Attorney: ----- Dallas Simmons</p> <p>AWC Rep: ----- G. Eanes</p>	<p>Legal Fees: ----- Insurance</p> <p>Settlement: ----- AWC - warranty Insurance - bodily injury and property damage</p>	<p>Class action suit for construction defects, cabinets are not specifically named in the allegations.</p>
2.	<p>Claimant: ----- Guy et al</p> <p>Defendant: ----- Anden Group et al Including AWC</p> <p>Amount: ----- Unknown</p> <p>Received 08/01/00</p>	<p>Law Firm: ----- Anderson & Kriger</p> <p>Attorney: ----- Dallas Simmons</p> <p>AWC Rep: ----- G. Eanes</p>	<p>Legal Fees: ----- Insurance</p> <p>Settlement: ----- AWC - warranty Insurance - bodily injury and property damage</p>	<p>Class action suit for construction defects, cabinets are not specifically named in the allegations.</p>
3.	<p>Claimant: ----- Pacific Legends East Pacific Homes - Cross Complaint - Furcolo & Assoc</p> <p>Defendant: ----- Pacific Homes AWC</p> <p>Amount: ----- Unknown</p> <p>Received 6/14/00</p>	<p>Law Firm: -----</p> <p>Attorney: ----- Kemper to assign an attorney</p> <p>AWC Rep: ----- G. Eanes</p>	<p>Legal Fees: ----- Insurance</p> <p>Settlement: ----- Warranty - AWC Insurance - bodily injury & property damage</p>	<p>Class action suit for construction defects, cabinets are not named in allegations.</p>
CASE	STATUS			
1.	<p>Claimant: ----- Torres - et al</p> <p>Defendant: ----- All Valley Financial, AWC, et al</p> <p>Amount: ----- Unknown</p> <p>Received 7/01/00</p>			
<p>Our attorney has filed an answer to the complaint on 8/16/00.</p> <p>Hearing scheduled for 2/21/01, at which time this case and Guy (below) will be combined into one.</p> <p>3/30/01 received Case Management Order to consolidate these cases.</p>				
2.	<p>Claimant: ----- Guy et al</p> <p>Defendant: ----- Anden Group et al Including AWC</p> <p>Amount: ----- Unknown</p> <p>Received 08/01/00</p>			
<p>Our attorney has requested a list of specific defects to determine our cost to repair or settle.</p> <p>Hearing scheduled for 2/21/01, at which time this case and Torres (above) will be combined into one.</p> <p>3/30/01 received Case Management Order to consolidate these cases.</p>				

3. Claimant: Kemper is handling defense. There appears to be

Pacific Legends East no liability from the detail list of
Pacific Homes - Cross construction defects.
Complaint - Furcolo &
Assoc No change in status.

Defendant:

Pacific Homes
AWC

Amount:

Unknown

Received 6/14/00

*****Confidential*****

American Woodmark Corporation, Litigation Summary: CLASS ACTION Reported as of May 16, 2001

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CASE                REPRESENTATIVES                COSTS                CASE DESCRIPTION
-----
4.  Claimant:
    -----
    Chan; et al
    Calton Homes - Cross
    Compliant -

    Defendant:
    -----
    Calton Homes, and
    AWC et,al

    Amount:
    -----
    Unknown

    Date Received by AWC
    7/17/00

    Law Firm:
    -----
    Borsak & Assoc

    Attorney:
    -----
    John Davis

    AWC Rep:
    -----
    G. Eanes

    Legal Fees:
    -----
    Insurance
    Settlement:
    -----
    AWC - warranty
    Insurance - bodily
    injury & property
    damage

    Class action suit against Carlton Homes.

    Carlton Homes is suing all their
    contractors and subcontractors. Cabinets
    are named in the allegations of defects.

    Work was performed by AWC during 1991 and
    1992.
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CASE                STATUS
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4.  Claimant:
    -----
    Chan; et al
    Calton Homes - Cross
    Compliant -

    Defendant:
    -----
    Calton Homes, and
    AWC et,al

    Amount:
    -----
    Unknown

    Date Received by
    AWC 7/17/00

    Our attorney is working to get a list of
    specific defects to determine our cost to repair
    or settle, as of today, we have not received
    that list.
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American Woodmark Corporation, Litigation Summary: CLASS ACTION Reported as of May 16, 2001

CASE	REPRESENTATIVES	COSTS	CASE DESCRIPTION	
5.	<p>Claimant: ----- Guffey et al Mesa Home, Cross Complaint, Larber, Greefield, Daddoc, Palito & Pensilly Defendant: Mesa Homes AWC et al Amount: ----- Unknown Date Received by AWC 12/12/00</p>	<p>Law Firm: ----- Lorber, Greenfield, Baddoe, Dolito, and Dongilly Attorney: ----- Dallas Simmons AWC Rep: -----</p>	<p>Legal Fees: ----- Unknown Settlement: ----- AWC - warranty Insurance - bodily injury and property damage</p>	<p>Class action suit against Mesa Homes. Mesa Homes filed a cross complaint suing all their contractors and sub-contractors. Cabinets are not specifically named in the allegations of defect.</p>
6.	<p>Claimant: ----- Willsey et al Calton Homes, Cross-complaint Defendant: ----- Calton Homes AWC et al Amount: ----- Unknown Date Received 12/14/00</p>	<p>Law Firm: ----- Borsch & Associates Attorney: ----- John Davis AWC Rep: ----- Glenn Eanes</p>	<p>Legal Fees: ----- Insurance Settlement: ----- AWC - warranty Insurance - property, damage, and bodily injury</p>	<p>Class action suit. Construction defects.</p>
CASE	STATUS			
5.	<p>Claimant: ----- Guffey et al Mesa Home, Cross Complaint, Larber, Greefield, Daddoc, Palito & Pensilly Defendant: Mesa Homes AWC et al Amount: ----- Unknown Date Received by AWC 12/12/00</p>	<p>Have forwarded complaints to Marsh to forward to Kemper, to see if Kemper will provide defense. 2/03/01 - Our Attorney notified us that we will be dismissed from this case without prejudice. 3/22/01 - We had not received the dismissal notice, our attorney follow-up indicated the trial date was May 5, 2001.</p>		
6.	<p>Claimant: ----- Willsey et al Calton Homes, Cross-complaint Defendant: ----- Calton Homes AWC et al Amount: ----- Unknown Date Received 12/14/00</p>	<p>Forwarded cross-complaint to Marsh to forward to our Insurance Company on 12/14/00. 1/24/01 - Received a letter from Carlton Homes Attorney (Jeffery Borsch) requesting AWC assume defense. The letter was forwarded to Marsh to forward to Kemper. No change in status.</p>		

American Woodmark Corporation, Litigation Summary: CLASS ACTION Reported as of May 16, 2001

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CASE                REPRESENTATIVES                COSTS                CASE DESCRIPTION
-----
7.  Claimant:
-----
    Maynard          Law Firm:
                    Duke Gerstal Shearer,
                    LLP

    Defendant:
    -----
    Beaser Homes     Attorney:
                    Lake & Mouglin

    Amount:
    -----
    Unknown          AWC Rep:
                    G. Eanes

                    Legal Fees:
                    Unknown

                    Settlement:
                    AWC - warranty
                    Insurance -
                    property damage
                    and bodily injury

    Class action suit for construction
    defects.  AWC is not named in suit.
    Beaser has not filed a cross complaint
    against their sub-contractors.  Cabinets
    are not specifically listed in the
    allegations.
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8.  Claimant:
-----
    Prevo, et al     Law Firm:
                    Lorber, Greenfield,
                    Baddoe, Dolito, and
                    Dongilly

    Defendant:
    -----
    Mesa Homes & AWC Attorney:
                    Dallas Simmons

    Amount:
    -----
    Unknown          AWC Rep:
                    G. Eanes

                    Legal Fees:
                    Insurance

                    Settlement:
                    AWC - Warranty
                    Insurance.
                    Property and bodily
                    injury.

    Class action for construction defects.
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CASE                STATUS
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7.  Claimant:
-----
    Maynard          Beaser has requested that our insurance company,
                    Kemper, participate in defense and cost of
                    settlement.  Kemper has denied coverage in this
                    case.  Kemper will review claim if AWC is sued.

    Defendant:
    -----
    Beaser Homes

    Amount:
    -----
    Unknown          No change.
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8.  Claimant:
-----
    Prevo, et al     2/08/01 - Received copy of a letter from our
                    attorney to Claimants attorney.  AWC is to be
                    dismissed, failing this, our attorney has
                    requested on extension in the trial date from
                    5/05/01 to 5/05/02.

    Defendant:
    -----
    Mesa Homes & AWC

    Amount:
    -----
    Unknown          3/22/01 - Our attorney is still waiting for
                    dismissal order.  Trial set for May 5, 2001.
                    Have not heard if trial was postponed or if we
                    were dismissed.
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Confidential

American Woodmark Corporation, Litigation Summary: GENERAL Reported as of May 16, 2001

CASE	REPRESENTATIVES	COSTS	CASE DESCRIPTION
1. Claimant: ----- Doris Schilling	Law Firm: ----- Randall L. Miller	Legal Fees: ----- Insurance	Drawer front came off of cabinet drawer and struck Mrs. Schilling's feet and left ankle.
Defendant: ----- AWC	Attorney: ----- Thomas Grace Bodell, Bove, Grace & Van Horn	Settlement: ----- Insurance, Damages	Second type of occurrence striking Mrs. Schilling on left foot.
Amount: ----- In excess of \$50,000	AWC Rep: ----- Glenn Eanes		
2. Claimant: ----- Craig Taylor (defendant), and Joe Digilaimo	Law Firm: ----- Robert O. Kozory	Legal Fees: ----- Insurance	Accident occurred on 8/4/99. Van pool accident - hit a deer. Craig Taylor claims injuries. VPSI owned the van and carried the insurance. Joe Digilaimo, our employee, was the driver, AWC paid for the van pool.
Defendant: ----- VPSI & AWC	Attorney: ----- Craig Coxen of Nancy L. Harrison Law Offices	Settlement: ----- Insurance. VPSI should be responsible	
Amount: ----- \$24,000	AWC Rep: -----		AWC has asked to be removed as a defendant in this case.

CASE	STATUS
1. Claimant: ----- Doris Schilling	Claim filed August 1, 1998.
Defendant: ----- AWC	Suit filed December 30, 1999.
Amount: ----- In excess of \$50,000	Received interrogatories for us to answer 5/8/00.
	Response filed July 10, 2000. Bob Arslin and Mike Robinson gave their depositions on 12/04/00.
	12/13/00 - received update on dispositions including Doris Schilling's. Our attorney felt good about the disposition.
	3/5/01 - Received settlement demand for \$97,500.
2. Claimant: ----- Craig Taylor (defendant), and Joe Digilaimo	Court date has been set for 3/22/00.
Defendant: ----- VPSI & AWC	Court date has been continued indefinitely as of 3/27/00.
Amount: ----- \$24,000	No change in status.

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CASE	REPRESENTATIVES	COSTS	CASE DESCRIPTION	STATUS	
3.	<p>Claimant: ----- Craig Nedderman, Lowe's</p> <p>Defendant: ----- AWC</p> <p>Amount: ----- Unknown</p>	<p>Law Firm: ----- Nemeth, Freang, Masters, Hasinski, and Devetski, P.C.</p> <p>Attorney: ----- Shawn D. Ryan</p> <p>AWC Rep: ----- </p>	<p>Legal Fees: ----- AWC</p> <p>Settlement: ----- AWC</p>	<p>Mr. Nedderman purchased an AWC kitchen. Issues with kitchen were reported from 5/25/98 through 11/17/98. He returned the AWC kitchen and bought Kraftmaid. Lowe's offered \$11,000 to settle, looking to AWC for 50% of settlement.</p> <p>Mr. Nedderman demands \$12,500 to settle. Summons does not include a cost.</p>	<p>We received notice on 3/9/00. Our original position was that we have lived up to all our commitments and we will not participate further.</p> <p>Received summons on 8/31/00. Answered complaint on 10/06/00.</p> <p>4/13/01 - AWC/Kemper is working to settle with Nedderman for minimal amount. AWC has indemnified Lowe's. Lowe's is not settling, will have Nedderman seek relief from AWC. AWC will settle only once.</p>
4.	<p>Claimant: ----- Randall Lee Cooper</p> <p>Defendant: ----- Washington Homes, Inc.</p> <p>Amount: ----- Unknown</p> <p>Received 6/23/00</p>	<p>Law Firm: ----- Lawrence W.B. Cumberland</p> <p>Attorney: ----- Nancy L. Harrison</p> <p>AWC Rep: ----- G. Eanes</p>	<p>Legal Fees: ----- Insurance</p> <p>Settlement: ----- Insurance</p>	<p>Washington Homes tendered defense and indemnification to Kemper, due to faulty installation resulting in injury to Christian Cooper. Installation was performed by our sub-contractor, Marlon S. Gentry. Kemper has tendered defense and indemnification to Montgomery Mutual Insurance Co, Mr. Gentry's Insurance carrier.</p>	<p>Kemper has denied coverage; however, if AWC is found liable Kemper will have to respond. Not sure of status with Montgomery Mutual as of 12/14/00.</p> <p>Received suit on 1/15/01. Forward information relating to Marlon Gentry (the installer) to Kemper on 1/26/01.</p> <p>3/15/01 - Kemper selected Nancy L. Harrison to handle defense. We provided Ms. Harrison with our files related to M. Gentry. She is working on this case to push against M. Gentry.</p>
5.	<p>Claimant: ----- Donna Lee</p> <p>Defendant: ----- AWC</p> <p>Amount: ----- Unknown</p>	<p>Law Firm: ----- John Gemmill, Sanders & Parks</p> <p>Attorney: ----- Junker, Shiaros, Harrington</p> <p>AWC Rep: ----- Glenn Eanes</p>	<p>Legal Fees: ----- Insurance</p> <p>Settlement: ----- Insurance</p>	<p>Improper installation of utility cabinet caused Mrs. Lee to fall backwards.</p>	<p>Insurance is monitoring.</p> <p>Donna Lee requested a meeting between Shea Homes and the Lee's. Shea requested AWC's presence, AWC requested a Kemper representative also attend. Meeting was held on 10/20/00, no commitments were made.</p> <p>2/12/01 - Executed settlement authority for Kemper to settle for up to \$50,000.</p> <p>Status change new on suit - AWC served on 2/27/01.</p>

*** Confidential ***

CASE	REPRESENTATIVES	COSTS	CASE DESCRIPTION	STATUS
6.	Claimant: ----- Robin Yvonne Defendant: ----- THD/AWC Amount: ----- Unknown	Law Firm: ----- N/A Attorney: ----- N/A AWC Rep: ----- J. Schaefer/G. Eanes	Legal Fees: ----- AWC or Insurance (being reviewed) Settlement: ----- AWC	Ms. Yvonne had a difficult experience throughout the buying process with THD. This culminated with some damaged cabinets and a delayed shipment. Ms. Yvonne has filed a suit with THD. THD is seeking indemnification. AWC is researching the case. We believe we have made end consumer whole and believe suit is with THD.

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CASE	REPRESENTATIVES	COSTS	CASE DESCRIPTION	STATUS
1. Claimant: ----- Julie James	Law Firm: ----- N/A	Legal Fees: ----- N/A	Customer purchased mobile home from American Testing, which contained AWC cabinets. Customer claims AWC cabinets are source of formaldehyde, which is bothersome to the mobile home owner. Customer seeking compensation.	AWC denies the allegation, but elected to offer a settlement to bring about peace. Settlement and release mailed to customer on 11/8/96. Settlement amount is \$600.
Defendant: ----- AWC	Attorney: ----- N/A	Settlement: ----- Covered by Insurance		As of 10/31/98 no release has been received, nor has the settlement check been cashed. AWC Marketing is addressing the issue with our customer, American Testing. AWC placed a stop pay on the check.
Amount: ----- \$600	AWC Rep: ----- Glenn Eanes			No change in status.
2. Claimant: ----- Marcia Liebman	Law Firm: ----- N/A	Legal Fees: ----- Covered by insurance	Ms. Liebman claims cabinets fell from wall. It appears that this is faulty installation as mounting screws did not hit studs.	Kemper is denying claim since customer did their own installation.
Defendants: ----- AWC	Attorney: ----- N/A	Settlement: ----- Covered by insurance		No change during 1/st/ 2/nd/ 3/rd/ or 4/th/ Quarters.
Amount: ----- Undetermined	AWC Rep: ----- Nick Ungaro			

Confidential

CASE	REPRESENTATIVES	COSTS	CASE DESCRIPTION	STATUS
3. Claimant: ----- Honey Auten (not currently in litigation)	Law Firm: ----- N/A Attorney: ----- N/A	Legal Fees: ----- Paid by AWC Settlement: ----- Paid by AWC	Home owner claims discoloration. Harlan Williamson states that cabinets are within spec.	Sent letter to Commonwealth of Virginia and Office of Attorney General. We stated our position on 2/11/99, still waiting on a response. No response has been received as of January 10, 2000. We believe the matter may be closed. No change in status.
Defendant: ----- AWC	AWC Rep: ----- Harlan Williamson			
Amount: ----- Undetermined				
4. Claimant: ----- Patricia Harris	Law Firm: ----- None	Legal Fees: ----- Insurance	Drawer front came of cabinet and fell on Ms. Harris' foot.	Filed with Insurance carrier on August 3, 1999. No change in status.
Defendant: ----- AWC	Attorney: ----- None	Settlement: ----- Insurance		
Amount: ----- Unknown	AWC Rep: -----			

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American Woodmark Corporation, Litigation Summary: POTENTIAL Reported as of May 16, 2001

CASE	REPRESENTATIVES	COSTS	CASE DESCRIPTION	STATUS	
5.	Claimant: ----- Jeff Hendricks Defendant: ----- AWC Amount: ----- \$1000 - \$1500	Law Firm: ----- Unknown Attorney: ----- Unknown AWC Rep: ----- Nick Synder	Legal Fees: ----- Insurance Settlement: ----- Insurance	DLS driver struck Mr. Hendricks truck damaging right corner. DLS Driver operating on behalf of AWC struck claimant's vehicle, breaking a tail light and denting a bumper Matter has been turned over to Kemper for handling.	This has been turned over to Marsh and McLennan. Estimates range in the \$1000.00 to \$1500.00.
6.	Claimant: ----- Justin Clarysse Defendant: ----- AWC Amount: ----- . \$1,500	Law Firm: ----- Unknown Attorney: ----- Unknown AWC Rep: -----	Legal Fees: ----- Settlement: -----	DLS Driver operating on behalf of AWC struck claimant's vehicle, breaking a tail light and denting a bumper Matter has been turned over to Kemper for handling.	

*** Confidential***

American Woodmark Corporation, Litigation Summary: POTENTIAL Reported as of May 16, 2001

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CASE                REPRESENTATIVES                COSTS
-----
7.    Claimant:
      -----
      Lisa Hewell

      Defendant:
      -----
      AWC

      Amount
      -----
  
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      Law Firm:
      -----
      Law Firm:
      -----
      AWC Rep:
      -----
  
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      Legal Fees:
      -----
      Settlement:
      -----
  
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8.    Claimant:
      -----
      Al & Mary Alcontara,
      et al

      Defendant:
      -----
      Palm Gardens, Ltd.,
      et al

      Amount:
      -----
      Unknown

      Law Firm:
      -----
      Schulmer & Grade LLP,
      Matthew L. Grade

      Attorney:
      -----
      The Litigation Defense
      Group LLC, Jennifer L.
      Taylor

      AWC Rep:
      -----
      G. Eanes

      Legal Fees:
      -----
      Kemper

      Settlement:
      -----
      AWC
  
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-----
9.    Claimant:
      -----
      Troy Alexander et al

      Defendant:
      -----
      Mesa Homes

      Amount:
      -----
      $170,000/home

      Law Firm:
      -----
      Verborn, Whitake,
      & Peta LLP
      Fred Adelman

      Attorney:
      -----
      Dallas Simmons

      AWC Rep:
      -----
      Glenn Eanes

      Legal Fees:
      -----
      Kemper

      Settlement:
      -----
      AWC
  
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CASE	CASE DESCRIPTION	STATUS	
7.	<p>Claimant: ----- Lisa Hewell</p> <p>Defendant: ----- AWC</p> <p>Amount -----</p>	<p>Mrs. Hewell is the wife of Eric Hewell who died as a result of an industrial accident in the Toccoa facility. As you will recall there was a complete OSHA inspection where we received three minor fines.</p> <p>We had no contact from Mrs. Hewell until recently when she called K. Lafy and stated that she didn't feel we "handled things" very well and we would be hearing from her attorney.</p> <p>This case bears watching. While AWC was not found to be in major violation of any safety rules, if this "threat" were to materialize and then proceed further, juries are often sympathetic to suits of this nature.</p>	<p>AWC's risk of exposure is minimal.</p> <p>No change in status.</p>
8.	<p>Claimant: ----- Al & Mary Alcontara, et al</p> <p>Defendant: -----</p>	<p>Class action suit for construction defects related to stucco, asphalt, masonry block walls, roofing, drywall, slabs, concrete, and soils, as well as other areas. Cabinets are not named in the allegations</p>	<p>Palm Gardens through their attorney has tendered defense to Kemper, our insurance carrier, based on a certificate of insurance we issued held by Rhodes Design & Development, one of the named defendants.</p> <p>Kemper has denied coverage; however, after further review is providing defense coverage.</p>

Palm Gardens, Ltd.,
et al

AWC has not been named as a defendant as of this date.

Amount:

Unknown

No change.

9. Claimant: Construction defects. Cabinets are
----- specifically named, but no detail list
Troy Alexander et al of defects are known.

While AWC has not been named as a defendant,
Mesa's attorney has tendered defense to AWC and
we in turn to Kemper, effective 4/26/01.

Defendant:

Mesa Homes

Amount:

\$170,000/home

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***** Confidential *****

American Woodmark Corporation, Litigation Summary: POTENTIAL Reported as of May 16, 2001

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CASE                REPRESENTATIVES          COSTS
-----
10. Claimant:      Law Firm:              Legal Fees:
-----
    Don & Delores Malone  The Haynes Law Firm   AWC

    Defendant:      Attorney:              Settlement:
-----
    Lowes & AWC      None                   AWC

    Amount:         AWC Rep:
-----
    >$5,000.00      S. Swiger
    
```

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-----
11. Claimant:      Law Firm:              Legal Fees:
-----
    David Schuble      -----
                                AWC & Home Depot

    Defendant:      Attorney:              Settlement:
-----
    Home Depot & AWC  -----
                                AWC & Home Depot

    Amount:         AWC Rep:
-----
    $13,814.71      -----
    
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CASE DESCRIPTION    STATUS
-----
Product defect claim. We replaced one
damaged cabinet 8/18/99 and nineteen
doors 6/28/00. Doors were within our
quality standards.

Customer claims economic damages of $3,900 plus
$1,000 attorney's fees.

Received letter on 6/13/00. Ordered replacement
doors on 6/14/00, and shipped on 6/27/00. No
other communication on this issue.

No change in status.

-----
Product defects

Kemper is handling this claim due Florida
statute 627,7264. Claim denied.

We have tried on numerous occasions to satisfy
this customer. We are not doing anymore at this
time.

No change in status.
=====
    
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CASE	REPRESENTATIVES	COSTS
12. Claimant: Wayne Merrill	Law Firm: N/A	Legal Fees: -----
Defendant: Mountain City Cabinets	Attorney: N/A	Settlement: -----
Amount: Unknown	AWC Rep: C. Whittle	
13. Claimant: Ellen Hardy	Law Firm: -----	Legal Fees: -----
Defendant: -----	Attorney: -----	Settlement: -----
Amount: -----	AWC Rep: -----	
14. Claimant Brenda Owen	Law Firm: -----	Legal Fees: -----
Defendant: -----	Attorney: -----	Settlement: -----
Amount: -----	AWC Rep: -----	

CASE DESCRIPTION	STATUS
Mountain City Cabinets customer claims that they purchased cabinets believed to be guaranteed for vendor satisfaction; however, when the cabinets arrived there were quality problems discovered. Customers claims that they were not getting satisfaction from Mountain City and they have contacted the Attorney General	AWC sold salvage cabinets to Mountain City as seconds or defects with no warranty. Issue is sole responsibility of Mountain City. AWC is pressing Mountain City to resolve. No change in status
Approximately 2 years ago Ellen Hardy suffered a serious hand injury on the Rye Shaper. She has since rehabilitated and returned to work. Several months ago, Moorefield received a call from an attorney representing this woman who informed AWC that they were pursuing a suit against the manufacturer of this particular piece of equipment. AWC was not being held accountable.	AWC checked with legal counsel (MWBB). If AWC is involved at all it appears that it will be from an informational standpoint. There does not appear to be any risk of exposure of liability. No change in status.
Notice of Charge of Discrimination from former employee (dated 10/2/00), received in Kingman 11/24/00, responded to 12/7/00.	No further update as of this date.

American Woodmark Corporation, Litigation Summary: CLOSED Reported as of May 16, 2001

CASE	REPRESENTATIVES	COSTS	CASE DESCRIPTION
1. Claimant: ----- Local 2101 Carpenters East Coast Industrial Council Defendant: ----- AWC-Hardy County Plant	Law Firm: ----- Attorney: ----- MWBB, Bill Twomey AWC Rep: ----- Jeff Reedy	Legal Fees: ----- Settlement: -----	Unfair labor charge relating to a no smoking policy instituted as a result of county regulations.
2. Claimant: ----- Brenda Richards Defendant: -----	Law Firm: ----- Attorney: ----- AWC Rep: -----	Legal Fees: ----- Settlement: -----	EEOC case
3. Claimant: ----- Christopher Sampson Defendant: -----	Law Firm: ----- Attorney: ----- AWC Rep: -----	Legal Fees: ----- Settlement: -----	Discrimination - wrongful termination (Humboldt). Basis: disability and retaliation.
4. Claimant: ----- Fereydory Boudi et al Defendant: ----- Mesa Homes et al Including AWC Amount: ----- \$4,200 Dated Received by AWC 08/10/00	Law Firm: ----- Stutz, Gallagher, Artians, Shinoff, & Holtz Attorney: ----- Dallas Simmons AWC Rep: ----- G. Eanes	Legal Fees: ----- Insurance Settlement: ----- AWC-warranty Insurance - bodily injury & property damage	Class action suit for construction defects, cabinets are named in the allegations of defects. Work was performed by AWC between 2/01/90 and 2/1/91.

CASE	STATUS
1. Claimant: ----- Local 2101 Carpenters East Coast Industrial Council Defendant: ----- AWC-Hardy County Plant	Union filed charge with NLRB - charges were dropped, however we have not yet received that in writing. Bill Twomey has received a letter stating that the charge has been withdrawn.
2. Claimant: ----- Brenda Richards Defendant: -----	Case dismissed.
3. Claimant: -----	EEOC case was dismissed.

Christopher Sampson

Defendant:

4. Claimant: Contingent settlement has been reached as of

Fereydory Boudi et al 9/26/00 for \$4,200. The settlement is
contingent on a global settlement being
Defendant: reached. Insurance paid settlement, AWC has not

Mesa Homes et al been billed.

Including AWC
Amount: 12/18/01 - Received final settlement agreement
----- which we executed and returned to our attorney.
\$4,200

Dated Received by AWC
08/10/00

***** Confidential *****

American Woodmark Corporation, Litigation Summary: CLOSED Reported as of May 16, 2001

CASE	REPRESENTATIVES	COSTS	CASE DESCRIPTION	
5.	Claimant: ----- John Toal Defendant: ----- AWC Amount: ----- *\$10,000	Law Firm: ----- N/A Attorney: ----- N/A AWC Rep: ----- Glenn Eanes	Legal Fees: ----- Paid by AWC Settlement ----- Paid by AWC	Customer purchased cabinets through Hechinger Company, claims heat from his kitchen range is causing cabinet doors & drawer fronts to peel. Claimant has had legal representation, Adams & Edens, write a letter requesting remuneration to redesign and re-install his cabinets and those of his daughters.
6.	Claimant: ----- Danielle Baker Defendant: ----- AWC Brain Scott Stevens Service Amount: -----	Law Firm: ----- Craig A. Edmonston Attorney: ----- N/A AWC Rep: ----- Glenn Eanes	Legal Fees: ----- Insurance Settlement: ----- Insurance	Faulty installation of a cabinet resulting in cabinet falling from wall and being caught by claimant. Should be the Installers liability. Installer is Brain Scott Stevens.

CASE	STATUS
5.	This issue has been turned over to our insurance carrier, as well, Hechinger has liability for the kitchen layout given to Mr. Toal. Kemper has denied coverage since it is only a product liability issue as no other property was damaged. No change during 1/st/, 2/nd/, 3/rd/, or 4/th/ Quarters. Claim over three years old with no activity.
6.	We have placed our insurance carry on notice. The installer's Insurance Company, as of November 22, 1999, was negotiating a settlement. AWC will be released upon the final settlement. June 29, 2000 received a faxed signed copy of settlement for our file.

* - Less than sign

*** Confidential ***

EIGHTH AMENDMENT TO REIMBURSEMENT AGREEMENT

THIS EIGHTH AMENDMENT TO REIMBURSEMENT AGREEMENT (this "Agreement") is made as of the 1st day of June, 2001, by AMERICAN WOODMARK CORPORATION, a corporation organized under the laws of the Commonwealth of Virginia (the "Company"), and BANK OF AMERICA, N. A. a national banking association, formerly known as NCNB National Bank of North Carolina (the "Bank").

RECITALS

A. The Company and the Bank entered into a Reimbursement Agreement dated December 1, 1987, as amended by a First Amendment to Reimbursement Agreement dated as of April 30, 1990, a Second Amendment to Reimbursement Agreement dated as of October 31, 1990, a Third Amendment to Reimbursement Agreement dated as of July 31, 1991, a Fourth Amendment to Reimbursement Agreement dated as of December 18, 1991, a Fifth Amendment to Reimbursement Agreement dated as of March 23, 1991, a Sixth Amendment to Reimbursement Agreement dated as of August 31, 1993 and as modified by a letter dated May 21, 1990 from the Bank to the Company and a Seventh Amendment to Reimbursement Agreement dated as of March 26, 2001 (the same, as amended, modified, substituted, extended, and renewed from time to time, collectively, the "Reimbursement Agreement").

B. The Reimbursement Agreement provides for some of the agreements between the Company and the Bank with respect to the "Letter of Credit" (as defined in the Reimbursement Agreement).

C. The Company has requested that the Bank amend the financial covenants contained in the Reimbursement Agreement.

D. The Bank is willing to agree to the Company's request on the condition, among others, that this Agreement be executed.

AGREEMENTS

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, receipt of which is hereby acknowledged, the Company and the Bank agree as follows:

1. The Company and the Bank agree that the Recitals above are a part of this Agreement. Unless otherwise expressly defined in this Agreement, terms defined in the Reimbursement Agreement shall have the same meaning under this Agreement.

2. The Company represents and warrants to the Bank as follows:

(a) Company is a corporation duly organized, and validly existing and in good standing under the laws of the Commonwealth of Virginia and is duly qualified to do business as a foreign corporation in good standing in every other state wherein the conduct of its business or the ownership of its property requires such qualification;

(b) Company has the power and authority to execute and deliver this Agreement and perform its obligations hereunder and has taken all

necessary and appropriate corporate action to authorize the execution, delivery and performance of this Agreement;

(c) The Reimbursement Agreement, as heretofore amended and as amended by this Agreement, and each of the other Financing Documents remains in full force and effect, and each constitutes the valid and legally binding obligation of Company, enforceable in accordance with its terms;

(d) All of Company's representations and warranties contained in the Reimbursement Agreement are true and correct on and as of the date of Company's execution of this Agreement; and

(e) No Event of Default and no event which, with notice, lapse of time or both would constitute an Event of Default, has occurred and is continuing under the Reimbursement Agreement or the other Financing Documents which has not been waived in writing by the Bank.

3. The Reimbursement Agreement is hereby amended by deleting Sections 4.01(f) through (j) in their entirety and inserting the following sections in place thereof:

"(f) maintain, tested as of the end of each fiscal quarter for the quarter then ending and the three (3) immediately preceding quarters, a Fixed Charge Coverage Ratio equal to not less than 2.25 to 1.0. "Fixed Charge Coverage Ratio" means for any period, the ratio of (i) EBITDA plus lease payments to (ii) the aggregate of all lease payments, interest expense, scheduled payments due on indebtedness for borrowed money, dividends, share repurchases and taxes paid. "EBITDA" means as to the Company and its Subsidiaries for any period of determination thereof, the sum of earnings before deduction of interest and taxes plus depreciation and amortization.

(g) maintain, tested as of the end of each fiscal quarter for the quarter then ending and the three (3) immediately preceding quarters, a Funded Debt to EBITDA Ratio equal to not less than 2.0 to 1.0. "Funded Debt" is defined as the sum of senior debt, letter of credit obligations, stockholder debt, Subordinated Indebtedness and the value of all capitalized and synthetic leases. "Subordinated Indebtedness" means all indebtedness, incurred at any time by the Company, which is in amounts, subject to repayment terms, and subordinated to the obligations hereunder, as set forth in one or more written agreements, all in form and substance satisfactory to the Bank in its sole and absolute discretion.

(h) at all times maintain a minimum Tangible Net Worth equal to not less than \$65,000,000 through December 31, 2001 which amount shall increase cumulatively as of the end of each fiscal year for the succeeding fiscal year in an amount equal to sixty seven percent (67%) of net income for the fiscal year then ending, with no reduction for losses incurred. "Tangible Net Worth" means as to the Company and its Subsidiaries at any date of determination thereof, the sum at such time of: the Net Worth less the total of (a) all Assets which would be classified as intangible assets under GAAP consistently applied, (b) leasehold improvements, (c) applicable reserves, allowances and other similar properly deductible items to the extent such reserves, allowances and other

similar properly deductible items have not been previously deducted by the Bank in the calculation of Net Worth, (d) any revaluation or other write-up in book value of assets subsequent to the date of the most recent financial statements delivered to the Bank, and (e) the amount of all loans and advances to, or investments in, any Person, excluding Cash Equivalents and deposit accounts maintained by the Company or its Subsidiaries with any financial institution.

(i) Intentionally Deleted

(j) Intentionally Deleted"

4. The Company hereby issues, ratifies and confirms the representations, warranties and covenants contained in the Reimbursement Agreement, as amended hereby. The Company agrees that this Agreement is not intended to and shall not cause a novation with respect to any or all of the obligations under the Reimbursement Agreement.

5. The Company acknowledges and warrants that the Bank has acted in good faith and has conducted in a commercially reasonable manner its relationships with the Company in connection with this Agreement and generally in connection with the Reimbursement Agreement, the Company hereby waiving and releasing any claims to the contrary.

6. The Company shall pay at the time this Agreement is executed and delivered all fees, commissions, costs, charges, taxes and other expenses incurred by the Bank and its counsel in connection with this Agreement, including, but not limited to, reasonable fees and expenses of the Bank's counsel and all recording fees, taxes and charges.

7. This Agreement may be executed in any number of duplicate originals or counterparts, each of such duplicate originals or counterparts shall be deemed to be an original and all taken together shall constitute but one and the same instrument. The Company agrees that the Bank may rely on a telecopy of any signature of the Company. The Bank agrees that the Company may rely on a telecopy of this Agreement executed by the Bank.

IN WITNESS WHEREOF, the Company and the Bank have executed this Agreement under seal as of the date and year first written above.

WITNESS OR ATTEST:

AMERICAN WOODMARK CORPORATION

By: _____ (Seal)
Kent Guichard
Chief Financial Officer

WITNESS:

BANK OF AMERICA, N. A.

By: _____ (Seal)
Michael J. Landini
Senior Vice President

SECOND AMENDMENT TO REIMBURSEMENT AGREEMENT

THIS SECOND AMENDMENT TO REIMBURSEMENT AGREEMENT (this "Agreement") is made as of the 1st day of June, 2001, by AMERICAN WOODMARK CORPORATION, a corporation organized under the laws of the Commonwealth of Virginia (the "Company"), and BANK OF AMERICA, N. A. a national banking association, formerly known as NNCB National Bank of North Carolina (the "Bank").

RECITALS

A. The Company and the Bank entered into a Reimbursement Agreement dated December 1, 1986, as modified by a letter dated May 21, 1990 from the Bank to the Company and a First Amendment to Reimbursement Agreement dated March 26, 2001 (the same, as amended, modified, substituted, extended, and renewed from time to time, collectively, the "Reimbursement Agreement").

B. The Reimbursement Agreement provides for some of the agreements between the Company and the Bank with respect to the "Letter of Credit" (as defined in the Reimbursement Agreement).

C. The Company has requested that the Bank amend the financial covenants contained in the Reimbursement Agreement.

D. The Bank is willing to agree to the Company's request on the condition, among others, that this Agreement be executed.

AGREEMENTS

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, receipt of which is hereby acknowledged, the Company and the Bank agree as follows:

1. The Company and the Bank agree that the Recitals above are a part of this Agreement. Unless otherwise expressly defined in this Agreement, terms defined in the Reimbursement Agreement shall have the same meaning under this Agreement.

2. The Company represents and warrants to the Bank as follows:

(a) Company is a corporation duly organized, and validly existing and in good standing under the laws of the Commonwealth of Virginia and is duly qualified to do business as a foreign corporation in good standing in every other state wherein the conduct of its business or the ownership of its property requires such qualification;

(b) Company has the power and authority to execute and deliver this Agreement and perform its obligations hereunder and has taken all necessary and appropriate corporate action to authorize the execution, delivery and performance of this Agreement;

(c) The Reimbursement Agreement, as heretofore amended and as amended by this Agreement, and each of the other Financing Documents remains in full force and effect, and each constitutes the valid and legally binding obligation of Company, enforceable in accordance with its terms;

(d) All of Company's representations and warranties contained in the Reimbursement Agreement are true and correct on and as of the date of execution of this Agreement; and

(e) No Event of Default and no event which, with notice, lapse of time or both would constitute an Event of Default, has occurred and is continuing under the Reimbursement Agreement or the other Financing Documents which has not been waived in writing by the Bank.

3. The Reimbursement Agreement is hereby amended by deleting Sections 4.01(f) through (j) in their entirety and inserting the following sections in place thereof:

"(f) maintain, tested as of the end of each fiscal quarter for the quarter then ending and the three (3) immediately preceding quarters, a Fixed Charge Coverage Ratio equal to not less than 2.25 to 1.0. "Fixed Charge Coverage Ratio" means for any period, the ratio of (i) EBITDA plus lease payments to (ii) the aggregate of all lease payments, interest expense, scheduled payments due on indebtedness for borrowed money, dividends, share repurchases and taxes paid. "EBITDA" means as to the Company and its Subsidiaries for any period of determination thereof, the sum of earnings before deduction of interest and taxes plus depreciation and amortization.

(g) maintain, tested as of the end of each fiscal quarter for the quarter then ending and the three (3) immediately preceding quarters, a Funded Debt to EBITDA Ratio equal to not less than 2.0 to 1.0. "Funded Debt" is defined as the sum of senior debt, letter of credit obligations, stockholder debt, Subordinated Indebtedness and the value of all capitalized and synthetic leases. "Subordinated Indebtedness" means all indebtedness, incurred at any time by the Company, which is in amounts, subject to repayment terms, and subordinated to the obligations hereunder, as set forth in one or more written agreements, all in form and substance satisfactory to the Bank in its sole and absolute discretion.

(h) at all times maintain a minimum Tangible Net Worth equal to not less than \$65,000,000 through December 31, 2001 which amount shall increase cumulatively as of the end of each fiscal year for the succeeding fiscal year in an amount equal to sixty seven percent (67%) of net income for the fiscal year then ending, with no reduction for losses incurred. "Tangible Net Worth" means as to the Company and its Subsidiaries at any date of determination thereof, the sum at such time of: the Net Worth less the total of (a) all Assets which would be classified as intangible assets under GAAP consistently applied, (b) leasehold improvements, (c) applicable reserves, allowances and other similar properly deductible items to the extent such reserves, allowances and other similar properly deductible items have not been previously deducted by the Bank in the calculation of Net Worth, (d) any revaluation or other write-up in book value of assets subsequent to the date of the most recent financial statements delivered to the Bank, and (e) the amount of all loans and advances to, or investments in, any Person, excluding Cash

Equivalents and deposit accounts maintained by the Company or its Subsidiaries with any financial institution.

(i) Intentionally Deleted

(j) Intentionally Deleted"

4. The Company hereby issues, ratifies and confirms the representations, warranties and covenants contained in the Reimbursement Agreement, as amended hereby. The Company agrees that this Agreement is not intended to and shall not cause a novation with respect to any or all of the obligations under the Reimbursement Agreement.

5. The Company acknowledges and warrants that the Bank has acted in good faith and has conducted in a commercially reasonable manner its relationships with the Company in connection with this Agreement and generally in connection with the Reimbursement Agreement, the Company hereby waiving and releasing any claims to the contrary.

6. The Company shall pay at the time this Agreement is executed and delivered all fees, commissions, costs, charges, taxes and other expenses incurred by the Bank and its counsel in connection with this Agreement, including, but not limited to, reasonable fees and expenses of the Bank's counsel and all recording fees, taxes and charges.

7. This Agreement may be executed in any number of duplicate originals or counterparts, each of such duplicate originals or counterparts shall be deemed to be an original and all taken together shall constitute but one and the same instrument. The Company agrees that the Bank may rely on a telecopy of any signature of the Company. The Bank agrees that the Company may rely on a telecopy of this Agreement executed by the Bank.

IN WITNESS WHEREOF, the Company and the Bank have executed this Agreement under seal as of the date and year first written above.

WITNESS OR ATTEST:

AMERICAN WOODMARK CORPORATION

By: _____ (Seal)
Kent Guichard
Chief Financial Officer

WITNESS:

BANK OF AMERICA, N. A.

_____ By: _____ (Seal) Michael J. Landini Senior Vice President

Exhibit 10.6 (d)

MASTER INDUSTRIAL DEVELOPMENT LEASE AGREEMENT

between

**THE INDUSTRIAL DEVELOPMENT BOARD OF THE
CITY OF HUMBOLDT, TENNESSEE**

and

AMERICAN WOODMARK CORPORATION

Dated as of December 15, 2000

This Instrument Prepared By:

G. Griffin Boyte
Warmath and Boyte
314 N. 22nd Avenue
P.O. Box 406
Humboldt, TN 38343-0406
(901) 784-1550

THIS MASTER INDUSTRIAL DEVELOPMENT LEASE AGREEMENT ("Lease or Agreement") is entered into as of December 15, 2000, by and between THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF HUMBOLDT, TENNESSEE, a public non-profit corporation organized and existing under the laws of the State of Tennessee ("Board or Lessor") and AMERICAN WOODMARK CORPORATION, a corporation organized and existing under the laws of the State of Virginia ("Lessee"),

RECITALS

1. Chapter 210 of the Public Acts of the State of Tennessee of 1955, constituting Chapter 53 of Title 7 of the Tennessee Code Annotated, as amended and supplemented (the "Act"), authorizes Lessor to acquire, own, lease and/or dispose of property, structures, equipment and facilities for industry, commerce, distribution and research, in order to create or preserve jobs and employment opportunities and improve the economic welfare of the people of the State of Tennessee.
2. Lessor has found and determined, and hereby finds and determines, that the industrial, commercial and economic welfare of the State of Tennessee will benefit by the Project (as hereinafter defined).
3. Lessor is authorized by the Act to issue industrial development revenue notes to defray the cost of acquiring, constructing, installing and equipping facilities such as the Project and to secure the note(s) as provided in the Act.
4. To induce Lessee to operate a manufacturing facility in the City of Humboldt, Gibson County, Tennessee, Lessor is the owner of the Land (hereinafter defined) previously acquired from the City of Humboldt, Tennessee, and Lessor will construct, or cause to be constructed, a Building (hereinafter defined) and acquire and install, or cause to be acquired and installed, the Equipment (hereinafter defined) thereon in accordance with Lessee's requirements, and Lessor will lease said Land, Building and Equipment to Lessee under the terms and conditions of this Agreement.
5. To obtain funds for the construction and equipping on the Land of the Building and Equipment, Lessor will issue and sell its 2000-1 Note (hereinafter defined) under and pursuant to the Act. The 2000-1 Note will be secured by the Deed of Trust, Security Agreement and the Assignment (all hereinafter defined).
6. Lessor has been authorized by resolutions duly adopted by the City of Humboldt, Tennessee, and Gibson County, respectively, to negotiate and enter into an agreement with Lessee to make payments in lieu of taxes, according to the provisions set forth in this Lease, and Lessor has obtained all consents and approvals, if any, required by the provisions of Tennessee law for the issuance and delivery from time to time of the Notes and the execution and delivery of this Agreement, the Deeds of Trust and the Assignment.
7. Lessor has determined and found that the payments in lieu of ad valorem tax agreement entered into with Lessee in connection with the leasing of the Project, as set forth in Article IV hereof, is in furtherance of Lessor's public purposes, as defined in the Act, including, without limitation, Section 7-53-305 of the Act.
8. Lessor is authorized and empowered by the provisions of the Act to execute and deliver the Security Agreement and the Deed of Trust

for the Project and to assign to the holder of the 2000-1 Note, Lessor's interest in this Agreement pursuant to the Assignment.

9. Lessor proposes to lease the Project to Lessee, and Lessee desires to lease and rent the Project from Lessor upon the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual covenants hereinafter contained, the parties hereto covenant, agree and bind themselves as follows: provided, that any obligation of Lessor created by or arising out of this Agreement shall never constitute a debt or a pledge of the faith and credit or the taxing power of Lessor, the City of Humboldt, Tennessee, or Gibson County, Tennessee, or any other political subdivision or taxing district of the State of Tennessee, and the obligations of Lessor arising hereunder or under the Note, the Deed of trust, Security Agreement or the Assignment shall be payable solely out of the rents payable hereunder, anything herein contained to the contrary by implication or otherwise notwithstanding.

ARTICLE I. DEFINITIONS

All capitalized terms used herein shall have the following meanings:

"Additional Rent" means the additional rent due to Lessor in accordance with Section 3.3(d) and Article IV.

"Ad Valorem Property Taxes" means all real and personal property taxes or assessments which would ordinarily be assessed or levied against the Project, or any part thereof, if privately owned by Lessee, including any penalties or interest for real or personal property taxes which may be hereafter assessed or levied against any of the foregoing during the Lease Term for the nonpayment of such taxes.

"Assignment" means the Assignment of Rents and Lease dated as of this date, from Lessor to the Lessee, and all amendments, supplements and restatements thereof, to further secure the payment of the Note.

"Bill of Sale" means (i) the 2000 Bill of Sale, and (ii) any other bill of sale delivered by Lessee, as seller, to Lessor, as purchaser, from time to time, pursuant to Section 3.11 of this Lease, to effect the sale of Equipment to Lessor.

"Building" means all improvements affixed to the Land, including leasehold improvements (but excluding Equipment), as such currently exist on the date hereof, or are hereafter constructed or modified including, but not limited to, improvements which are hereafter constructed or modified and which are acquired by the Lessor with the proceeds of any Additional Notes.

"Completion Date" means the day upon which the construction of the Building on the Land has been completed in accordance with Lessee's plans and specifications, all as certified by the Lessee.

"Cost" with respect to the Project shall be deemed to include all present and future costs and expenses expended or incurred by Lessor or Lessee in connection with the sale and lease of the Project, including, but not limited to:

(a) the cost of preparation of all documents necessary or appropriate to effect the purchase of the Project by the Board, the leasing of the Project to Lessee and in the event Lessee exercises its option to purchase the Project, the sale of the Project to Lessee in accordance with the provisions of this Agreement;

(b) all taxes, including, without limitation, recording and transfer taxes, and expenses associated with the filing of: (i) deed of transfer to the Board by the City of Humboldt, Tennessee; (ii) the Deeds of Trust; (iii) the Assignment, together with such additional transfer taxes as may be due and owing in connection with the recording of additional deeds of trust or modifications to or supplements of the deeds of trust; and (iv) the deed of transfer from Lessor to Lessee at such time as Lessee may exercise its option to purchase the Project as provided in Article XI;

(c) the cost of any title insurance premiums incurred in connection with the leasing of the Project to Lessee and the conveyance of the Project to Lessee at such time as Lessee may exercise its option to purchase the Project as provided in Article XI;

(d) all fees and expenses paid or payable by Lessee for professional services retained by Lessor or Lessee in connection with the transactions contemplated by this Agreement, including reasonable attorneys' fees and expenses and reasonable financial advisors' fees (if any) and expenses incurred in connection therewith; and

(e) any and all other reasonable expenses incurred by or on behalf of Lessor in connection with the transactions contemplated hereby, including, without limitation, expenses incurred in the preparation, execution and delivery and recording of instruments pursuant to Section 6.2, and reasonable costs and expenses, including reasonable counsel fees incurred by Lessor pursuant to Lessor's obligations under Section 3.10.

"County" means Gibson County, Tennessee.

"Deed of Trust" means the Deed of Trust and Security Agreement dated as of the date hereof, from Lessor to American Woodmark Corporation, as Trustee (the "Trustee") for the benefit of Lessee, pursuant to which Lessor grants to the Trustee a mortgage lien on the Project and grants to Lessee a security interest in the Equipment to secure payment of amounts due to Lessee from Lessor under the 2000-1 Note.

"Default" means any Default under this Agreement as specified in and defined by Section 10.1.

"Equipment" means all those items of furniture, fixtures, machinery and equipment now existing or hereafter acquired and located or to be located or affixed to the Building or elsewhere on the Land and which have been or are acquired:

(i) with the proceeds from the 2000-1 Note, or for which Lessee is reimbursed with proceeds from the 2000-1 Note, and any item of personal property acquired and installed in the Building or elsewhere on the Land in substitution therefor, all of which is described generally in Exhibit "A", attached hereto; and

(ii) with the proceeds from any Additional Notes, or for which Lessee is reimbursed with proceeds from the Additional Notes,

and any items of personal property acquired and installed in the Building or on the Land in substitution therefor.

"Fair Market Value" means with respect to any item of Equipment, the sale value such item of equipment would obtain in an arm's-length transaction between an informed and willing seller under no compulsion to sell and in informed and willing buyer-user. A comparable sale of like or similar property is an arm's-length transaction in reasonably close proximity to the valuation date shall constitute the best evidence of the Fair Market Value of any such item. In the absence of a comparable sale, the lesser of cost or the depreciated book value of such item shall constitute the best evidence of the item's Fair Market Value.

"Land" means the land described in Exhibit "B" attached hereto.

"Lease" means this Master Industrial Development Lease Agreement and each supplement hereto, as same may from time to time be amended, modified or supplemented.

"Lease Term" means, with respect to the Project or with respect to any item of Equipment, the term of the leasehold estate created in this Agreement as set forth in Section 3.2, or in the applicable Supplement.

"Lessee Documents" means this Lease.

"Lessor Documents" means the 2000-1 Note, this Lease, the Deed of Trust and Security Agreement and the Assignment.

"Net Proceeds", when used with respect to any insurance proceeds or any condemnation award, means the amount remaining after deducting all expenses (including reasonable attorneys' fees) incurred in the collection of such proceeds or award from the gross proceeds thereof.

"2000 Bill of Sale" means the Bill of Sale pursuant to which Lessee has conveyed the Equipment to Lessor.

"2000-1 Note" means the non-recourse Twenty Million Three Hundred Sixty-Six Thousand Eight Hundred Eighty-Eight and 20/100 Dollars (\$20,366,888.20) aggregate principal amount Industrial Development Revenue Note (American Woodworking Project) Series 2000 of even date herewith, or any amendments or extensions thereof payable from Lessor to Lessee for the purpose of acquiring and constructing the Building and Equipment or any portion thereof.

"Note" or "Notes" means: (i) the 2000-1 Note; and (ii) each additional non-recourse promissory note ("Additional Note") issued by Lessor and delivered to Lessee from time to time during the term hereof to effect the purchase of any additional part of the Project, as described in Section 3.11 hereof.

"PILOT" means payment-in-lieu-of-taxes as provided in Section 4.1 hereof.

"Project" means the Land, Building and Equipment.

"Project Site" means the Land and Building.

"Register's Office" means the Register's Office of Gibson County, Tennessee.

"Security Agreement" means the Security Agreement dated as of the date hereof, from Lessor to Lessee, pursuant to which Lessor grants to Lessee a security interest in the Equipment.

"State" means the State of Tennessee.

"Supplement" means an Acceptance Supplement substantially in the form of Exhibit "C" attached hereto, pursuant to which Lessor leases to Lessee, from time to time, additional equipment which Lessor shall have acquired in connection with the issuance of Additional Notes in accordance with Section 3.11 hereof.

"Unrelated Assets" means all property and assets presently owned or hereafter acquired or held by Lessor in conjunction with contracts and agreements having no connection, directly or indirectly, with the Project or the transactions contemplated by this Lease.

ARTICLE II REPRESENTATIONS, COVENANTS AND WARRANTIES

Section 2.1 Representations, Covenants and Warranties of Lessor. Lessor represents, covenants and warrants as follows:

(a) Lessor is a Tennessee public nonprofit corporation. Under the provisions of this Act, Lessor is authorized to enter into the transactions contemplated by this Agreement, including, without limitation, executing and delivering the Lessor Documents, and to carry out its obligations hereunder and thereunder. Lessor has duly authorized the execution, delivery and performance of the Lessor Documents. The Lessor Documents constitute the valid and legally binding obligations of Lessor, enforceable in accordance with their terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, liquidation, moratorium or similar laws at the time in effect affecting the rights or remedies of creditors generally or by general principles of equity.

(b) Lessor has received from the City, the County and any other requisite governmental authority sufficient authority and power under Tennessee Code Annotated Section 7-53-305 to authorize, negotiate, enter into, receive and accept in lieu of tax payments, as set forth in Article IV hereof.

(c) Lessor will at all times during the Lease Term remain in existence as a public nonprofit corporation under the Act with full power and authority to take such action as may be required of it during the Lease Term, including executing and delivering a good and sufficient deed of transfer and bills of sale to transfer the Project to Lessee if and when Lessee shall elect to exercise its option to purchase the Project pursuant to Article XI.

(d) Lessor will not sell, pledge or otherwise encumber any of its rights or obligations under this Agreement other than as contemplated herein.

(e) The Project constitutes a "project" within the meaning of the Act, and Lessor will not cause the Project to cease to constitute a "project" within the meaning of the Act except as contemplated by Section 10.2

(f) Neither the execution and delivery of the Lessor Documents nor the consummation of the transactions contemplated hereby and

thereby, nor the fulfillment of or compliance with the terms and conditions hereof or thereof materially conflicts with or results in a material breach of the terms, conditions or provisions of any agreement or instrument to which Lessor is now a party or by which Lessor is found, or constitutes a material default under any of the foregoing.

(g) There is no action, suit, proceeding, inquiry or investigation, in law or in equity, before or by any court, public board or body, pending or, to Lessor's best knowledge, threatened against or affecting Lessor or any of its officers, nor to Lessor's best knowledge is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect the transactions contemplated by the Lessor Documents or which would materially adversely affect, in any way, the validity or enforceability of the Lessor Documents or any other material agreement or instrument to which Lessor is a party, used or contemplated for use in the consummation of the transactions contemplated hereby.

(h) The 2000-1 Note does not constitute a debt or liability or pledge of the faith and credit of the City, the County or the State.

(i) Lessor will not claim for federal, state or local income tax purposes, any tax benefits (including any tax credits or cost recovery deductions) relating to the Project (the "Tax Benefits") and at Lessee's expense will make any and all elections and take any and all actions as Lessee may reasonably request in order to enable Lessee to claim any and all of the Tax Benefits.

(j) Lessor has not received any notice of any violation of, nor to the best knowledge of Lessor, has Lessor violated any ordinance, regulation, law, statute, rule or restriction relating to the Project, including, but not limited to, any applicable governmental laws or regulations relating to hazardous waste or use of hazardous or toxic materials or substances.

Section 2.2 Representations, Covenants and Warranties of Lessee. Lessee represents, covenants and warrants as follows:

(a) Lessee is a corporation duly organized, validly existing and in good standing under the laws of the State of Virginia. Lessee is qualified to do business and is in good standing under the laws of the State. Lessee is not in violation of any provisions of its Charter or Bylaws, as amended, has the corporate power to enter into the Lessee Documents, and has duly authorized the execution and delivery of the Lessee Documents.

(b) The Lessee Documents constitute the valid, legal and binding obligations of Lessee, enforceable against Lessee in accordance with their respective terms, except as the same may be limited by bankruptcy, insolvency or similar laws at the time in effect affecting the rights of creditors generally or by general principles of equity.

(c) Neither the execution and delivery of the Lessee Documents, nor the consummation of the transactions contemplated hereby and thereby, nor the fulfillment of or compliance with the terms and conditions hereof or thereof materially conflicts with or results in a material breach of or constitutes a default under the Charter or the Bylaws of Lessee or the terms, conditions or provisions of any material agreement or instrument or any order, decree, writ or judgment to which

Lessee is now a party or by which Lessee is bound, or constitutes a material default under any of the foregoing.

(d) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, pending or, to Lessee's best knowledge, threatened, against or affecting Lessee or any of its officers, nor to Lessee's best knowledge, is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect the transactions contemplated by the Lessee Documents or which would materially adversely affect, in any way, the validity or enforceability of the Lessee Documents, or any material agreement or instrument to which Lessee is a party, used or contemplated for use in the consummation of the transactions contemplated hereby.

(e) Lessee will use due diligence to cause the Project to be operated substantially in accordance with the laws, rulings, regulations, rules, restrictions, covenants and ordinances (including any law, ruling, regulation, rule, restriction, covenant and ordinance relating to hazardous waste or the use of hazardous or toxic materials or substances) of all applicable governing bodies, including the governments of the United States and the State, and the departments, agencies and political subdivisions thereof. Lessee either has obtained or will obtain all requisite approvals of the State and of other federal, state, regional and local governmental bodies for the acquisition, construction, improving, equipping and operation of the Project. Lessee shall, throughout the Lease Term, cause the Project to be used in a manner that will constitute a "project" within the meaning of the Act. Lessee has represented to Lessor its intention to operate and use the Project as a manufacturing facility, and it agrees to operate and utilize the Project at all times during the Lease Term as a facility authorized pursuant to the Act.

(f) The lease of the Project from Lessor to Lessee induced Lessee to locate or remain in, and to retain or expand and increase employment within, the State.

**ARTICLE III
DEMISING CLAUSES; LEASE PROVISIONS;
COMMENCEMENT AND COMPLETION OF PROJECT**

Section 3.1 Demise of Lessor's Interest in the Project.

Lessor hereby leases to Lessee and Lessee hereby leases from Lessor, at the rental set forth in Section 3.3 and in any Supplement, the Project, including those parcels or items of personal property which are described and more specifically identified in Schedule A to each Supplement which is or may hereafter be executed from time to time by the parties hereto. Each item of personal property shall be subjected to this Agreement by the execution by the Lessor and Lessee of this Lease, or one or more Supplements.

(a) Lessee shall arrange for delivery and installation of each item of Equipment, and Lessor shall have no responsibility or obligation whatsoever with respect to such arrangement except as set forth in this Lease.

Section 3.2 Effective Date of Agreement; Duration of Lease Term.

(a) The Lease and each Supplement shall become effective as of the respective dates thereof and shall expire on December 15, 2020, unless terminated earlier by Lessor or Lessee in accordance with the

terms hereof or unless extended in order for Lessee to benefit from the credits described in Section 4.3(a) hereof.

(b) Notwithstanding the provisions of Section 3.2(a), Lessee's option to purchase the Project in accordance with Article XI shall remain in full force and effect for a period of one hundred eighty (180) days following the termination of this Agreement. During such one hundred eighty (180) day period, Lessor shall give the notice provided in Section 10.2(a).

Section 3.3 Amounts Payable.

(a) Lessee hereby covenants and agrees to pay to the Lessor the following amounts during the Lease Term as rent for the lease of the Project, on the following dates:

On the fifteenth day of March, June, September and December of each year, in the amount of \$512,445.28 each, with the first payment being March 15, 2001.

If the day on which rent is payable is a Saturday, Sunday or public holiday under the laws of the State, rent shall be payable on the next succeeding business day.

(b) Lessee also shall pay all Costs with respect to the Project associated with the transactions contemplated hereby.

(c) In the event Lessee shall fail to make any of the payments required in Section 3.3(a), Lessor shall have the right to set off the amounts then due and payable against any amounts then or thereafter due under the Notes, or if the Notes shall have been paid in full, to exercise such other rights or remedies as may be set forth in the Lease and this Agreement.

(d) In the event Lessee shall fail to make proper provision for self- insurance as set forth in Section 8.7, or to make any other payments required herein, including, but not-limited to, payments for insurance for the Project or repairs or maintenance expenses, Lessor shall have the right, but not the obligation, to obtain such insurance and to make any such payments on account of the Project, and Lessee shall immediately reimburse such amounts to Lessor as additional rent due hereunder (the "Additional Rent"). Furthermore, the payments in lieu of taxes required to be paid pursuant to Article IV hereof shall constitute Additional Rent hereunder.

Section 3.4 Obligations of Lessee Unconditional. The obligation of Lessee to make the payments required in Sections 3.3, 3.8 and 4.1 and to perform and observe the other agreements contained herein or therein shall be absolute and unconditional and shall not be subject to any defense or any right of setoff, counterclaim or recoupment arising out of any breach by Lessor of any obligation to Lessee, whether hereunder or otherwise. Nothing contained in this Section 3.4 shall be construed to release Lessor from the performance of any of the agreements on its part herein contained, and in the event Lessor should fail to perform any such agreement on its part, Lessee may institute such action against Lessor as Lessee may deem necessary to compel performance so long as such action does not abrogate the obligations of Lessee contained in the first sentence of this Action.

Section 3.5 Intentionally Omitted.

Section 3.6 Agreement to Acquire, Construct, Install and Equip the Project Subject to the provisions of Section 3.10 hereof, Lessor agrees that:

- (a) It will acquire the Project, including, but not limited to, any additional portion of the Project which Lessee requests that Lessor acquire in accordance with Section 3.11 hereof.
- (b) It shall not execute any contract for or with respect to the acquisition, construction, installation and equipping of the Project or any part thereof without the prior written approval of Lessee.
- (c) Before entering into any contract for the construction of the Building or any part thereof, it will cause the contractor to execute and deliver any bond as Lessee may reasonably request.

Lessor agrees that it will enter into, or accept the assignment of, such contracts as Lessee may request, such assignments to be in form reasonably acceptable to Lessor, in order to effectuate the purposes of this Section but that it will not execute any other contract or give any order for such acquisition, construction, installation and equipping of the Project unless and until Lessee shall have approved the same in writing.

Lessor hereby makes, constitutes and appoints Lessee as its true and lawful agent, and Lessee hereby accepts such agency, (a) to acquire, construct, install and equip the Project, (b) to make, execute, acknowledge and deliver any contracts, order, receipts, writings and instructions, either in the name of the Lessee solely or as the stated agent for Lessor, with any other persons, firms or corporations, and in general to do all things which may be requisite or proper, all for the acquisition and installation of the Project with the same powers and with the same validity as Lessor could do if acting in its own behalf, (c) pursuant to the provisions of this Lease, to pay all fees, costs and expenses incurred in the acquisition of the Project from funds made available therefor in accordance with this Lease, and (d) to ask, demand, sue for, levy, recover and receive all such sums of money, debts, dues and other demands whatsoever which may be due, owing and payable to Lessor under the terms of any contract, order, receipt, writing or instruction in connection with the acquisition of the Project, and to enforce the provisions of any contract, agreement, obligation, bond or other performance security. So long as Lessee is not in default under any of the provisions of this Lease, this appointment of Lessee to act as agent and all authority hereby conferred are granted and conferred irrevocably to the Completion Date and thereafter until all activities in connection with the acquisition of the Project shall have been completed, and shall not be terminated prior thereto by act of Lessor or of Lessee or by operation of law. However, Lessee shall enter into no agreement or contract on behalf of Lessor which would, in any manner, subject the Lessor's Unrelated Assets to any claim, charge, liability or lien.

Lessee agrees, pursuant to the authority and power granted in the preceding paragraph, promptly to commence acquisition, construction and installation of the Project and to proceed with such acquisition, construction, installation and equipping with due diligence, in a good and workmanlike manner and in compliance with all legal requirements, ordinances and restrictions, and to complete such rehabilitation, acquisition and installation within one (1) year after the date hereof.

Lessor agrees to use its reasonable best efforts to cause the acquisition of the Project to be completed with all reasonable dispatch and in accordance with the schedule desired by the Lessee.

Section 3.7 Agreement to Issue Notes; Application of Note Proceeds. In order to acquire the Land, and to provide funds for payment of the costs of the acquisition, construction, installation and equipping of the Building and Equipment provided for in Section 3.6 hereof, Lessor shall issue the 2000-1 Note.

Section 3.8 Use of Proceeds. The proceeds of the 2000-1 Note will be utilized by Lessee only for the payment of, or reimbursement of Lessee for payment of, the following costs and expenses:

- (a) The fees, taxes and expenses for recording or filing any of the Lessor Documents or the Lessee Documents; the fees, taxes and expenses for recording or filing any financing statements and any other documents or instruments that either Lessor or Lessee may deem desirable to file or record in order to perfect or protect the lien of any of the Lessor Documents;
- (b) The legal and fiscal fees and expenses incurred in connection with the authorization and issuance of the Notes, the preparation of the Lessor Documents or the Lessee Documents, and all other documents in connection therewith;
- (c) The fees for architectural, engineering and supervisory services with respect to the Project;
- (d) All costs in connection with acquisition of the Land, site preparation of the Land, construction of the Building and acquisition and installation of the Equipment;
- (e) To such extent as they shall not be paid by a contractor for construction with respect to any part of the Building, payment of the premiums on all insurance required to be taken out and maintained during the construction of the Building; and
- (f) Any other costs and expenses relating to the Project which would constitute a cost or expense for which Lessor may issue Notes.

In connection with any payment under this Section 3.8 for, or reimbursement of the Lessee for, the acquisition and installation of Equipment the Lessee, at the time of request for such payment, shall deliver to the Lessor, a bill of sale (naming the Lessor as the Purchaser) specifically listing each item of such Equipment.

Nothing contained in this Lease or in any related document shall impose upon Lessor any obligation to see to the proper application of the proceeds of the Notes disbursed in accordance with the terms hereof, regardless of any inspection or other actions taken.

Upon completion of the acquisition, construction, installation and equipping of the Project, Lessee shall cause all costs and expenses in connection therewith to be paid, and shall deliver to Lessor a certificate signed by Lessee's authorized representative that (i) construction and equipping of the Building has been completed in all respects and all costs of labor, services, materials and supplies used in such renovation have been paid, and

(ii) all other facilities necessary in connection with the Project have been acquired and constructed and all costs and expenses incurred in connection therewith have been paid. Notwithstanding the foregoing, such certificate may state that it is given without prejudice to any rights against third parties which exist at the date of such certificate or which may subsequently come into being.

Section 3.9 Lessee Required to Pay Costs of the Project in Event Note Proceeds Insufficient. In the event the proceeds of the 2000-1 Note available for payment of the costs of the Project and the other costs, fees and expenses listed in Section 3.8 should not be sufficient to pay the same in full, Lessee agrees to complete the Project and to pay all that portion of the costs of the Project and the other costs, fees and expenses listed in Section 3.8 as may be in excess of the monies available therefor from the proceeds of the 2000-1 Note. Lessor does not make any warranty, either express or implied, that the proceeds of the 2000-1 Note which, under the provisions of this Lease, will be available for payment of the costs of the Project, will be sufficient to pay all the costs which will be incurred in that connection.

Section 3.10 Lessor to Pursue Remedies Against Contractors, Subcontractors and Suppliers and Their Sureties. In the event of default of any contractor, subcontractor or supplier under any contract made by it in connection with the Project or in the event of breach of warranty with respect to any material, workmanship or performance guarantee, Lessor will, at the written request of Lessee, promptly proceed (subject to Lessor's advice to the contrary), either separately or in conjunction with others, to exhaust the remedies of Lessor against the contractor, subcontractor, or supplier so in default and against each surety for the performance of such contract. Lessee agrees to advise Lessor of the steps it intends to take in connection with any such default. If Lessee shall so notify Lessor, Lessee may, in its own name or in the name of Lessor, prosecute or defend any action or proceeding or take any other action involving any such contractor, subcontractor or surety which the Lessee deems reasonably necessary, and in such event Lessor hereby agrees to cooperate fully with Lessee and to take all action necessary to effect the substitution of Lessee for Lessor in any such action or proceeding. Any amounts recovered by way of damages, refunds, adjustments or otherwise in connection with the foregoing shall be paid to Lessee.

Section 3.11 Additional Notes. At the request of Lessee, Lessor shall, from time to time, but in no event after _____, _____, issue one or more Additional Notes to finance the completion of the acquisition, construction, installation, equipping, improving or expansion of the Project. In connection with such issuances, from time to time, of Additional Notes, the property, plant and equipment acquired with the proceeds of such Notes, including without limitation, the cost of any

replacement, enhancements, additions and expansions to the Project, (i) shall become part of the Project and shall be included under this Agreement and the rent shall be adjusted accordingly, and (ii) shall be subject to the PILOT Schedule set forth in Section 4.1 hereof in lieu of Ad Valorem Property Taxes.

**ARTICLE IV
PAYMENTS IN LIEU OF TAXES**

(a) PILOT Schedule. In addition to Lessee's obligations to pay rent in accordance with Section 3.3, Lessee shall make payments to the City and County, as Additional Rent, in lieu of Ad Valorem Property Taxes for the Project as follows:

Year	Payments in Lieu of Tax Amount
2001-2010	-0-
2011	10% of the amount that Lessee would have to pay in Ad Valorem Property Taxes if the Project were owned by Lessee, rather than by Lessor.
2012	20% of the amount that Lessee would have to pay in Ad Valorem Property Taxes if the Project were owned by Lessee, rather than by Lessor.
2013	30% of the amount that Lessee would have to pay in Ad Valorem Property Taxes if the Project were owned by Lessee, rather than by Lessor.

2014	40% of the amount that Lessee would have to pay in Ad Valorem Property Taxes if the Project were owned by Lessee, rather than by Lessor.
2015	50% of the amount that Lessee would have to pay in Ad Valorem Property Taxes if the Project were owned by Lessee, rather than by Lessor.
2016	60% of the amount that Lessee would have to pay in Ad Valorem Property Taxes if the Project were owned by Lessee, rather than by Lessor.
2017	70% of the amount that Lessee would have to pay in Ad Valorem Property Taxes if the Project were owned by Lessee, rather than by Lessor.
2018	80% of the amount that Lessee would have to pay in Ad Valorem Property Taxes if the Project were owned by Lessee, rather than by Lessor.
2019	90% of the amount that Lessee would have to pay in Ad Valorem Property Taxes if the Project were owned by Lessee, rather than by Lessor.
After 2019	100% of the amount that Lessee would have to pay in Ad Valorem Property Taxes if the Project were owned by Lessee, rather than by Lessor.

and each installment shall be subject to being decreased by certain credits as set forth in Section 4.3.

(b) Subsequent Improvements to Project Financed with Additional Notes. As set forth in Section 3.11 of this Lease, Lessor and Lessee contemplate that from time to time Lessor will issue Additional Notes for the purpose of further improving the Project by (i) construction of further buildings and improvements, and/or (ii) the acquisition and installation of additional Equipment, (i) and (ii) collectively "Subsequent Improvements". In the event Lessor issues Additional Notes for the purpose of acquiring, constructing, installing or equipping Subsequent Improvements, then such Subsequent Improvements shall be subject to the PILOT Schedule set forth in Section 4.1(a) above in all respects, as set forth in Section 3.11 above.

Section 4.2 Payment Date. Payments in lieu of taxes shall be paid (a) in the same manner, at the same time and to the same tax collector(s) as ad valorem taxes are normally due and payable in the City and the County, or (b) in the event that such tax collector(s) bill Lessee for payments in lieu of taxes at a date later than the time at which ad valorem taxes are normally due and payable, in a timely manner when billed. All PILOTs shall constitute a lien on the Project, having the same priority as Ad Valorem Property Taxes in accordance with the provisions of Tennessee Code Annotated, Section 67-5-2101.

Section 4.3 Credits Against Amounts Payable.

- (a) Lessee shall receive the following credits, on a dollar-for-dollar basis, against the payments in lieu of taxes due under Section 4.1:
- (i) an aggregate of all Ad Valorem Property Taxes paid if payable by Lessee on account of the Project for a period commencing January 1, 2001, and continuing through the termination of the Lease Term;
 - (ii) an aggregate of all sales taxes paid to the State on account of payments of rent by Lessee pursuant to this Agreement.
- (b) Lessee shall be entitled to take any credits due pursuant to Section 4.3(a) in the year in which such amounts are paid by Lessee. If the credits due Lessee in any one (1) year exceed the PILOT to be paid for that year, any excess credit shall be carried forward and applied against the PILOT for the next succeeding year(s).
- (c) At such time as the Project shall be legally placed upon the ad valorem tax rolls of the City and the County, with ad valorem taxes assessable to Lessee, the payments in lieu of taxes required herein shall automatically terminate, and Lessee shall pay that portion of the PILOT prorated for the portion of the year the Project was leased by Lessee and thereafter Lessee shall pay such ad valorem taxes as may then be properly assessed to it on account of its ownership of the Project.
- (d) In the event Lessee's leasehold interest in the Project shall become subject to ad valorem taxes at any time during the Lease Term, the amount of such tax payable by Lessee as a result of such assessment shall be credited against any in lieu of tax payments due under Section 4.1 until such additional tax payments shall have been fully recouped.
- (e) Not less than thirty (30) days prior to making any payment in excess of One Thousand Dollars (\$1,000.00) which Lessee intends to credit against amounts payable in lieu of taxes due under Section 4.1, Lessee shall notify the City and the County of Lessee's intent to credit such payment against amounts payable in lieu of taxes by sending written notice to:

Mayor, City of Humboldt
Humboldt Municipal Center
1421 Osborne Street
Humboldt, TN 38343

and

Gibson County Trustee
Gibson County Courthouse
Trenton, TN 38343

- (f) Credits against the payments in lieu of taxes shall be applied pro- rata against the amounts owed to the city and to the County pursuant to Section 4.1 in the same proportion that the City rate bears to the County tax rate.

Section 4.4 Provisions for Calculating Amount of PILOTs. As part of the Project, and for the public purpose of increasing and maintaining

employment in the State, the Building will be constructed and the Equipment will be acquired and installed for the purpose of constructing a manufacturing facility at the Project.

Section 4.5 Computation of PILOT; Challenge.

(a) Intentionally Deleted.

(b) Computation. For the years in which the PILOTs are expressed as a percentage of taxes that would be due with respect to the Project if the Project were owned by LESSEE, the amount of each year PILOTs shall be computed as set forth below.

(c) Valuation of Project Site by Assessor. Subject to Lessee's right of appeal as set forth in subsection (d), if the County Tax Assessor or successor official (the "Assessor") has assigned values to the Project Site as if the Project Site were appraised for property tax purposes, then the PILOTs for each tax year shall be computed using the values assigned by the Assessor.

(d) Disagreement with Assessor. It is the intent of the parties that in the event the Lessee disagrees with the values assigned to the Project by the Assessor, Lessee shall have available to it the same rights and remedies as if the Project were owned by Lessee, rather than by Lessor. Lessor and Lessee acknowledge that for so long as the Project is owned by Lessor, the local and/or state boards of equalization and/or the courts (collectively the "Assessing Authorities") (i) may be unwilling to consider Lessee's appeal from the assessor's valuation or (ii) may believe that they are prevented by applicable law from considering Lessee's appeal. Therefore, in addition to the rights and remedies that would be available to Lessee if the Project were owned by Lessee (rather than by Lessor), if Lessee disagrees with the valuation assigned to the Project by the Assessor, and the assessing Authorities have declined to exercise its jurisdictional powers due to the fact that the Project is owned by the Lessor, Lessee shall be entitled to the remedies set forth in subsections (f) and (g).

(e) Failure of Assessor to Assess. Lessor and Lessee acknowledge that

(i) the Assessor may have no legal duty to value the Project and may, therefore, be unwilling to determine the Project's value, or (ii) at the applicable time the Assessor may be prevented by applicable law from determining a value for the Project. Lessee and Lessor will use their best efforts to cause the Assessor to determine, no later than October 1, 2001, the value of the Project and thereafter to reappraise the Project at the times that industrial property similar in character and location to the Project is either required by law to be reappraised or customarily reappraised by the Assessor, including, without limitation, any time at which an addition or improvement of substantial value shall be made to the Project.

(f) Assessor Will Not Value. In the event that, on or before October 1st in any tax year in which a new value for the Project shall be required, the Assessor fails to provide such value, Lessee and Lessor will use their best efforts to negotiate a mutually acceptable value equivalent to the value at which the Assessor would have appraised the Project had the Assessor appraised or reappraised it as the case may be.

(g) Procedure If No Agreement. In the event that the Assessor will not value the Project and Lessee and Lessor are unable to arrive at a mutually acceptable valuation of the Project for any tax year which such a valuation is necessary for purposes of calculating the applicable

PILOT in accordance with this Article 4 by December 1 of each year, Lessor and Lessee shall each appoint an independent appraiser not later than January 10 succeeding such December 1. Within fifteen (15) days after the appointment of the last of the two (2) independent appraisers, the two so appointed shall, by mutual agreement, appoint a third independent appraiser. The three (3) independent appraisers so appointed shall consider the assessed values for the tax year in question which the Assessor has given to taxable industrial property similar in character and location to the Project. Based upon the above-cited consideration, as well as upon the then applicable law relating to the relationship of market value of taxable property to its assessed value for tax purposes, and such other information as may be deemed relevant, such independent appraisers shall determine by majority vote a value for the Project, which value shall be that which such Assessor would have given to said Property if it were not exempt from taxes. Not later than April 1 next succeeding their appointment, the three (3) independent appraisers shall advise Lessor and Lessee in writing of this valuation which they have determined for the Project, and such valuation shall be binding on Lessor and Lessee and shall be used to calculate the PILOTs with respect to the Project. All of the fees and expenses of the three (3) appraisers with respect to such valuation shall be paid in full by Lessee, and Lessee shall not be entitled to credit the amount of such fees and expenses against the PILOT.

(h) Duration of Value. The determination of the value of the Project Site as (i) made by the Assessor or (ii) mutually agreed to by Lessor and Lessee or (iii) made by the panel of appraisers, shall be used as a basis for calculation of the Project PILOTs for succeeding tax years until other industrial property similar in character to the Project shall be required by law to be reappraised, or until the Assessor in the exercise of the Assessor's discretion shall undertake a lawful reappraisal of industrial properties, in either of which cases a new assessed value shall be determined for the Project as set forth in this Section 4.4

(i) Lessee's Equipment Report. In the event there is a challenge of the valuation of the Equipment, then in order to facilitate the determination of a value for the Equipment, Lessee shall furnish the Assessor, within thirty (30) days of the notice of the challenge, a report of all tangible personal property which constitutes a part of the Equipment. This report shall be similar in form and detail as that required pursuant to Tennessee Code Annotated, Section 67-5-903.

(j) Equipment PILOTs. Lessor and Lessee agree that for purposes of calculating the PILOTs with respect to the Equipment, the Equipment shall be valued in accordance with the provisions of Tennessee Code Annotated, Section 67-5-903, including the equipment groups and statutory depreciation tables set forth in Tennessee Code Annotated, Section 67-5-903, as it may be from time to time amended.

(k) Change in Law. If, as a result of a change in the applicable laws governing the assessment and levy of taxes on real property and tangible personal property, the application of the detailed provisions of this Section 4.4 would result in PILOTs in amounts or at times materially different from the PILOTs that would be payable with respect to the Project for comparable periods but for such change in the applicable law, then in such event the provisions of this Section 4.7 shall be superseded by arrangements which will cause the Lessee to make PILOTs to the County and to the City in such amounts and at such times as more nearly correspond to the PILOTs calculated based on the change in the applicable law; provided, however, that in no event shall Lessee be obligated to make PILOTs to the County or to the City during each of the calendar years 2001 through 2011, inclusive, which in an aggregate annual amount would be larger than the respective payments to the County and City for such years determined in accordance with subsection (g).

(l) Right to Challenge Valuation and/or PILOT Computation. In the event that either the City or the County or Lessee believes: (i) that the PILOTs have been calculated incorrectly, or (ii) that the amount of the PILOTs does not accurately reflect the intent of the parties set forth in this Article IV; or (iii) that the Project (or any part of the Project) has not been valued correctly for the purpose of calculating the PILOTs, then the City and/or the County and/or Lessee shall be entitled to challenge the correctness of the PILOT payments set forth in Section 4.1, as it may be amended from time to time. Any challenge made by the City shall be made in writing to Lessor and shall be signed by the Mayor of the City, with copies to Lessee and the County. Any challenge made by the County shall be made in writing to Lessor and shall be signed by the County Executive, with copies to Lessee and the City. Any challenge made by Lessee shall be made in writing to Lessor and shall be signed by an authorized representative of Lessee, with copies to the Mayor of the City and the County Executive. Making such challenge shall trigger the procedures and remedies set forth in this Section 4.4, so that upon receipt of written notice of challenge, Lessor shall request the Assessor to value the Project (or the part of the Project being challenged), and the merits of the challenge shall be determined as set forth in this Section 4.4.

ARTICLE V DAMAGE, DESTRUCTION AND CONDEMNATION

Section 5.1 Damage, Destruction and Condemnation. Unless Lessee shall have exercised its option to purchase the Project pursuant to the provisions of Article XI hereof, if prior to full payment of the Notes (i) the Project, or any portion thereof, is destroyed (in whole or in part) or is damaged by fire or other casualty or (ii) title to or any interest in, or the temporary use of, the Project damaged by fire or other casualty or (ii) title to or any interest in, or the temporary use of, the Project or any part thereof shall be taken under the exercise of power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority, Lessee shall be obligated to continue to pay the amounts specified in sections 3.3 and 4.1.

Section 5.2 Application of Net Proceeds. During the Lease Term, the Net Proceeds of any insurance proceeds or condemnation award resulting from any events described in section 5.1 shall be payable to Lessee. Such funds or any other funds as Lessee shall elect to utilize shall be utilized by Lessee to promptly repair, restore, modify or improve the Project. In the event Lessee shall fail to commence such

repair, restoration, modification or improvement of the Project within sixty (60) days from the date of loss, described in Section 5.1, in such manner and to the extent that upon the completion thereof the Project, as repaired, restored, modified or improved will continue to be a "project" within the meaning of the Act, Lessor shall have the option to declare this Agreement in default in accordance with Section 10.1(b), and to take such action as Lessor shall determine in accordance with Article X.

Section 5.3 Insufficiency of Net Proceeds. In the event the Net Proceeds are insufficient to pay in full the cost of any repair, restoration, modification or improvement referred to in Section 5.2, then unless Lessee shall have exercised its option to purchase the Project pursuant to the provisions of Article XI, Lessee will nonetheless complete the work and will pay any cost in excess of the amount of the Net Proceeds. Lessee agrees that if by reason of any such insufficiency of the Net Proceeds, Lessee shall make any payments pursuant to the provisions of this Section, Lessee shall not be entitled to any reimbursement therefor from Lessor, nor shall Lessee be entitled to any diminution of the amounts payable under Section 3.3(a) hereof.

ARTICLE VI SPECIAL COVENANTS

Section 6.1 Quiet Enjoyment. Lessor agrees that it will defend Lessee in the quiet enjoyment and peaceable possession of the Project from from all claims of all persons whomsoever claiming by or through Lessor through the term of this Agreement, so long as no default has occurred and is continuing in Lessee's performance of the covenants, conditions and agreements to be performed by it hereunder or so long as the period for remedying any default in such performance shall not have expired.

Section 6.2 Further Assurance and Corrective Instruments. Lessor and Lessee agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for carrying put the expressed intention of this Agreement, including, without limitation, U.C.C. financing statements, continuation-statements and termination statements.

Section 6.3 Compliance with Laws. Lessee shall promptly comply or cause compliance with or obtain waivers of all laws, ordinances, orders, rules, regulations, and requirements of duly constituted public authorities applicable to the Project, at no expense to Lessor, whether or not the same are foreseen or unforeseen, ordinary or extraordinary. Lessee shall not be required to comply or cause compliance with such laws, ordinances, orders, rules, regulations or requirements, so long as Lessee shall give written notice to Lessor, and at its expense, shall be contesting the same or the validity thereof in good faith and in accordance with applicable law. Such contest may be made by Lessee in the name of Lessor or of Lessee, or both, as Lessee shall determine, and Lessor agrees that it will, at Lessee's expense, cooperate with Lessee therein as Lessee may reasonably request.

ARTICLE VII MAINTENANCE, REPAIR, IMPROVEMENTS AND REPLACEMENT

Section 7.1 Lessee's Agreement to Maintain and Repair. Lessee shall cause the Building to be constructed and the Equipment to be acquired and installed as set out in Article III of this Agreement and agrees that, at its expense, it will keep and maintain the Project in good order and condition, subject to ordinary wear and tear. Lessee shall promptly make or cause to be made all interior and exterior, structural and non-structural, ordinary and extraordinary, foreseen and unforeseen repairs to the Building and the Equipment, including the maintenance, repair and replacement necessary to keep the Equipment installed on the Lane in good repair and operating condition to the end that the Project is kept in good order and condition, subject to ordinary wear and tear, whether or not such repairs are due to any laws, rules, regulations or ordinances hereinafter enacted which involve a change of policy on the part of the governmental body enacting the same. All replacements, renewals, attachments and accessories made to or placed on or fixed to any part of the Project, shall become a part of the same and the property of Lessor as made.

Section 7.2 Additional Plant and Facilities. Lessee shall have the right to construct on the Land any other plant and facilities other than the Building or make any major alterations, additions or improvements without Lessor's consent so long as such other plant, facilities, alterations, additions and improvements shall not constitute a violation of Lessee's covenants as set forth in Section 2.2(e) of this Agreement; provided, however, subject in all respects to the provisions of Section 4.1(b) hereof, such additional plant, facilities, alterations, additions and improvements shall be fully subject to Ad Valorem Property Taxes notwithstanding the fact that title to the Land is held by Lessor.

Section 7.3 Lessor's Repairs. At Lessee's request or if a Default has occurred and is continuing, Lessor may, but shall not be required to, rebuild or make any repairs, replacements or renewals of any nature or description to the Project or make any expenditure whatsoever in connection with this Agreement or in order to maintain the Project in the condition required by this Agreement. Lessee expressly waives the

right contained in any law now or hereafter in effect to make any repairs at the expense of Lessor. If Lessor shall (in its sole discretion) advance funds with which to make such repairs, replacements, renewals or other expenditures, such sums shall be payable by Lessee as Additional Rent hereunder, pursuant to Section 3.3(c).

Section 7.3 Lessor's Repairs. At Lessee's request or if a Default has occurred and is continuing, Lessor may, but shall not be required to, rebuild or make any repairs, replacements or renewals of any nature or description to the Project or make any expenditure whatsoever in connection with this agreement or in order to maintain the Project in the condition required by this Agreement. Lessee expressly waives the right contained in any law now or hereafter in effect to make any repairs at the expense of Lessor. If Lessor shall (in its sole discretion) advance funds with which to make such repairs, replacements, renewals or other expenditures, such sums shall be payable by Lessee as Additional Rent hereunder, pursuant to Section 3.3(c).

Section 7.4 Removal of Equipment. In the event Lessee determines that any items of Equipment have become inadequate, obsolete or worn out or no longer useful in the operation of the Project or Lessee desires to remove any Equipment due to a process change in the facility, and if such removal thereof will not materially interfere with the operation of the Project for the purpose of this Agreement nor cause the Project to cease to be a "project" within the meaning of the Act, and so long as Lessee is not in default hereunder, Lessee may remove such items of Equipment from the Project and sell, trade-in, exchange or otherwise dispose of the same. In the event Lessee exercises its rights under this Section 7.4, then Lessor shall execute the appropriate bills of sale or other documents required to facilitate Lessee's exercise of such rights.

ARTICLE VIII INSURANCE

Section-8.1 General Requirements. All insurance required hereby shall (i) be placed with responsible insurance companies qualified to do insurance business in the State and which shall be reasonably acceptable to Lessor, (ii) be evidenced by certificates filed with Lessor, (iii) be in form and substance reasonably acceptable to Lessor, (iv) contain an undertaking by the respective insurers that such policies shall not be modified or cancelled without prior written notice, nor without similar notice given to Lessor, and (v) provide that the proceeds of such insurance shall be payable to Lessee.

Section 8.2 Fire and Extended Coverage. Lessee shall, at its expense, keep the Project insured against loss or damage by fire, earthquake and other casualty, with an extended coverage endorsement in an amount reasonable and customary in Lessee's industry.

Section 8.3 Public Liability Insurance. Lessee shall, at its expense, maintain comprehensive general public liability insurance naming Lessor as an additional insured against claims for bodily injury, death or property damage occurring on, in or about the Project in an amount of not less than \$2,000,000.00 for injury or death of a single person, \$2,000,000.00 for a single accident and \$2,000,000.00 for property damage. This requirement may be met by furnishing a certificate as evidence of more than one policy, provided that the total coverage is in at least the amounts specified.

Section 8.4 Builder's Risk Policy. During the time the Project is being constructed, Lessee shall, at its expense, maintain a standard form Builder's Risk Policy on a replacement cost basis, with an "all-risk" endorsement, a course of construction endorsement, and with a collapse provision, in an amount approved by Lessor.

Section 8.5 Workmen's Compensation Insurance. Lessee shall, at its expense, maintain statutory compensation insurance and employer's liability insurance for all persons working in or about the Project.

Section 8.6 Renewal. During the Lease Term, Lessee shall maintain insurance policies in such amounts and for such purposes as are required by this Article VIII.

Section 8.7 Self-Insurance. In lieu of maintaining the insurance required in Sections 8.1 through 8.6, Lessee may self-insure against any risks related to the Project.

ARTICLE IX
ASSIGNMENT, SELLING, SUBLEASING; INDEMNIFICATION

Section 9.1 Assignment, Selling and Subleasing. Lessor and Lessee agree that Lessee shall have the right to assign this Agreement in connection with the sale, transfer or other conveyance of the Project and shall have the right to sublease all or any portion of the Project without first obtaining the prior written approval of Lessor, provided, in either case, (i) the assignee or sublessee hereof shall affirmatively agree in writing to accept and adhere to each of the provisions set forth herein, including the obligation to operate and utilize the Project as a facility authorized under the Act and to use the Project as a warehouse and distribution center; (ii) Lessee shall be and remain liable hereunder for the full Lease Term; and (iii) there shall be no Default or condition which with the passage of time or giving of notice would constitute a Default, as set forth in Section 10.1 If, as a result of a merger, reorganization or other form of business combination, Lessee shall cease to exist, Lessor shall have the right to terminate this Agreement in accordance with Article X unless Lessor shall have previously approved such merger, reorganization or form of business combination, provided that such approval shall not be necessary and there shall be no right on the part of Lessor to terminate this Agreement if the surviving entity shall comply with cause (i) in the preceding sentence and shall assume all of Lessee's obligations and liabilities under this Agreement and there shall exist no Default hereunder, as set forth in Section 10.1

Section 9.2 Release and Indemnification Covenants.

(a) Lessee shall and hereby agrees to indemnify and save Lessor harmless against and from all claims by or on behalf of any person, firm, corporation or other legal entity or any governmental body or agency arising from the ownership, operation, use, conduct or management of the Project during the Lease Term, including without limitation, (i) any condition of the Project, including any claim arising out of or resulting from a breach of any applicable environmental or hazardous or toxic waste laws, (ii) any breach or default on the part of Lessee in the performance of any of its obligations under this Agreement, (iii) any act or negligence of Lessee or of any of its agents, contractors, servants, employees or licensees or (iv) any act or negligence of any assignee or sublessee of Lessee, or of any agents, contractors, servants, employees or licensees of any assignee or sublessee of Lessee. Lessee shall indemnify and save Lessor harmless from and against any such claim arising as aforesaid, or in connection with any action or proceeding brought thereon, and upon notice from Lessor, Lessee shall defend it in any such action or proceeding.

(b) It is the intention of the parties hereto that Lessor shall not incur any pecuniary liability by reason of the terms of this Agreement or the undertakings required of Lessor hereunder, by reason of the issuance of the Notes, by reason of the execution of the Deed' of Trust, Security Agreement and the Assignment or by reason of the performance of any act requested of Lessor by Lessee, including all claims, liabilities or losses arising in connection with the violation of the statutes or regulations pertaining to the foregoing and in effect on the date hereof, nevertheless, if Lessor should incur any pecuniary liability arising out of or resulting directly or indirectly from this transaction, the issuance of the Note, the execution of the Deed of Trust, Security Agreement and the Assignment of the Project, or the ownership, operation, use, conduct or management of the Project, except such liability as may be directly attributable to the gross negligence or willful misconduct of Lessor, its agents, servants or employees, then in such event Lessee shall indemnify and hold Lessor harmless against all claims, demands or causes of action whatsoever, by or on behalf of any person, firm or corporation or other legal entity or any governmental agency or body arising out of the same and all costs and expenses, including reasonable attorneys' fees, incurred in connection with any such claim, action or proceeding brought thereon, and upon notice from Lessor, Lessee shall defend Lessor in any such action or proceeding at Lessee's cost. Lessor shall promptly notify Lessee of any claim of lawsuit for which Lessor intends to seek indemnity and shall cooperate with Lessee in the defense of such claim or lawsuit. All references to Lessor in this Section 9.2 shall be deemed to include its directors, officers, employees and agents. In no event shall Lessee be entitled to assert any claim or liability against Lessor's Unrelated Assets.

(c) Lessee's obligations pursuant to this Section 9.2 shall survive the expiration and/or the termination of this Agreement.

ARTICLE X DEFAULTS AND REMEDIES

Section 10.1 Defaults Defined. The following shall be "Defaults" under this agreement and the term "Default" shall mean, whenever it is used in this Agreement, any one or more of the following events:

- (a) Failure by Lessee to pay, when due, any amount required to be paid under Sections 3.3 or 4.1, provided that there shall be no default hereunder if such amounts are paid within ten (10) days of the date of any written notice to Lessee that such payments are due and payable.
- (b) In the event of the damage, destruction or condemnation of the Project in accordance with Article V hereof, failure by Lessee to commence to repair, restore, modify or improve the Project within the time period set forth in Section 5.2 unless Lessee shall have exercised its option to purchase the Project pursuant to Article XI.
- (c) Failure by Lessee to observe the perform in all material respects any other covenant, condition or agreement on its part to be observed or performed hereunder for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied shall have been given to Lessee by Lessor, provided, however, that if the failure (other than a failure to make payments required pursuant to Section 3.3 and 4.1) stated in the notice cannot be remedied

in such thirty (30) day period, it shall not constitute a default if Lessee is diligently taking steps to remedy such failure.

(d) The dissolution or liquidation of Lessee or the filing of a voluntary petition by Lessee in any proceeding under any federal or state law relating to bankruptcy, insolvency, arrangement, reorganization, readjustment of debt or other form of debtor relief or the filing of a petition against Lessee in any such proceeding which shall remain undismissed or unstayed for ninety (90) consecutive days, or failure by Lessee to promptly have discharged any execution, garnishment or attachment as would materially impair the ability of Lessee to carry on its operations at the Project, or assignment by Lessee for the benefit of creditors, or the entry by Lessee into an agreement of composition with its creditors or the written admission by Lessee of its inability to pay its debts generally as they become due.

(e) Failure of Lessee to comply with the requirements set forth in Section 9.1

(f) Acceleration of the amounts due and owing by the Lessor under the Notes.

The provisions of subsections (b) and (c) of this section are subject to the following limitation: if by reason of force majeure Lessee is unable, in whole or in part, to carry out any of its agreements contained therein (other than its obligations or representatives contained in Sections 2.1 (e), 3.3 or 4.1), Lessee shall not be deemed in Default during the continuance of such inability. The term "force majeure" as used herein shall mean, without limitation, the following: acts of God; strikes or other industrial disturbances; acts of public enemies; orders or restraints of any kind of the government of the United States of America or of the State or of any of their departments, agencies or officials, or of any civil or military authority; insurrections; riots; landslides; earthquakes; rims; storms; droughts; floods; explosions; breakage or accident to machinery, transmission pipes or canals; and any other cause or event not reasonably within the control of Lessee. Lessee agrees, however, to remedy with all reasonable dispatch, the cause or causes preventing Lessee from carrying out its agreement, provided that nothing contained herein shall be deemed to require the settlement of strikes and other industrial disturbances by acceding to the demands of the opposing party, or parties, when such course is, in the judgment of Lessee, unfavorable to Lessee.

Section 10.2 Remedies on Default. Whenever any Default referred to in Section 10.1 shall have happened and be continuing, Lessor, except as provided in subsection (a) below, may take any one or any combination of the following remedial steps:

(a) If there shall exist any Default hereunder, Lessor shall have the right, but not the obligation, to terminate this Agreement (excluding, however, the provision regarding Lessee's option to purchase the Project which shall be modified to the extent set forth hereinbelow). Lessor shall give Lessee written notice of its termination of this Lease once every thirty (30) days during the one hundred eighty (180) day period, as provided in section 3.2(b). Each such notice shall be given in accordance with Section 12.2 to all of the persons identified in Section 12.2, and shall include a statement to the effect that the option to purchase shall terminate and Lessee will lose all of its rights in and to the Project if the option to purchase is not exercised prior to the applicable date.

(b) In addition to the remedies set forth in subsection (a) above, Lessor shall have the option of assessing interest on (i) the amount of any payments in lieu of taxes (taking into account such credits under Section 4.3 as Lessee would otherwise be entitled to utilize) then due and payable by Lessee, or (ii) on the amount of any payments due by Lessee pursuant to Sections 3.3(c) and (d) which Lessor shall have elected to pay on Lessee's behalf, at the same rates of interest as interest on the Notes, from the date such amounts were due and payable until they shall be paid in full.

(c) In the event the Note shall have been accelerated, Lessor may accelerate and declare all amounts under this Agreement to be due and payable immediately, and upon such declaration all amounts payable by Lessee under this Agreement shall become and be immediately due and payable.

(d) Lessor may take whatever action at law or in equity it may deem necessary or desirable to collect the amounts then due and thereafter to come due, or to enforce performance and observance of any obligation, agreement or covenant of Lessee under this Agreement.

Section 10.3 No Remedy Exclusive. No remedy herein conferred upon or reserved to Lessor is intended to be exclusive to any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle Lessor to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be required in this Article.

Article 10.4 Agreement to Pay Attorneys' Fees and Expenses. In the event Lessee should default under any of the provisions of this Agreement and Lessor should employ attorneys or incur other expenses for the collection of payments required hereunder or the enforcement of performance or observance of any obligation or agreement on the part of Lessee herein contained, Lessee agrees that it will on demand therefor pay to Lessor the reasonable fee of such attorneys and such other expenses so reasonably incurred by Lessor or its attorneys.

Section 10.5 No Additional Waiver Implied by One Waiver. In the event any agreement contained in this Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

ARTICLE XI OPTION TO PURCHASE

Section 11.1 Exercise of Option to Purchase; Partial Exercise of Option to Purchase.

(a) At any time from and after the date hereof during the Lease Term, and for a period of one hundred eighty (180) days following the termination of this Agreement, as provided in Sections 3.2 and 10.2(a), Lessee shall have the option to purchase the Project for a purchase price equal to the aggregate of

(i) the principal and accrued interest

then due and owing under all outstanding Notes (which amount may be paid by offset against the amounts due and owing under such Notes), plus (ii) the sum of One Thousand Dollars (\$1,000.00). Lessee shall notify Lessor in writing at least ten (10) days before the proposed date of purchase of the Project that Lessee desires to exercise its option to purchase hereunder. Upon payment by Lessee of the purchase price plus all expenses related thereto and any other sums due and payable hereunder, in cash, or by certified check, Lessor shall convey the Project to Lessee. Notwithstanding anything to the contrary contained herein, Lessee's option to purchase may not be exercised by Lessee unless and until (x) all payments in lieu of taxes required to be paid by Lessee in accordance with Article IV hereof, accrued to the date the property is transferred to Lessee, shall have been paid in full, together with any accrued interest thereon as may be payable pursuant to Section 10.2(b), provided that Lessee shall be entitled to first deduct from such payments in lieu of taxes all credits then allowable in accordance with Section 4.e here and (y) all other sums due and owing Lessor pursuant to Section 3.3(c) shall have been paid or the payment thereof shall have been provided for as of the date of the transfer of the Project to Lessee.

(b) Unless Lessor shall agree in writing to allow Lessee to exercise its option to purchase with regard to only a portion of the Project (retaining the right, however, to purchase the remainder thereof in accordance with this Article XI), Lessee shall exercise its option to purchase all of the Project.

Section 11.2 Conveyance of Title. In the event of purchase of the Project (or any portion thereof) by Lessee pursuant to any provision of this Lease, Lessor shall convey to Lessee good and marketable title by (i) a special warranty deed, and (ii) a warranty bill of sale, but Lessor shall not otherwise be obligated to convey, transfer, sell or assign any better title to Lessee than Lessor received from its grantor. Lessee shall accept such title, subject to (i) any liens, encumbrances, charges, exceptions and restrictions not created or caused by Lessor, and (ii) any liens, encumbrances, charges, exceptions and restrictions created or caused by (y) Lessor at the request of Lessee, or (z) any laws, regulations, restrictions and ordinances,

ARTICLE XII MISCELLANEOUS

Section 12.1 Recording. This Lease shall be executed and acknowledged in accordance with the laws of the State and recorded in the Register's Office.

Section 12.2 Notices. All notices, certificates or other communications hereunder shall be written and shall be sufficiently given and shall be deemed given when delivered or mailed by registered mail, postage prepaid, addressed as follows:

If to Lessor, to:	The Industrial Development Board of the City of Humboldt, Tennessee 1200 Main Street Humboldt, TN 38343
If to Lessee, to:	American Woodmark Corporation 3102 Shawnee Drive Winchester, VA 22601

Lessor and Lessee shall provide each other with a copy of each notice relating to the Project received by Lessor or Lessee from any third party. Lessor or Lessee may, by written notice given hereunder, designate any further or different addresses to which subject notices, certificates or other communications shall be sent.

Section 12.3 Binding Effect. This Agreement shall inure to the benefit of and shall be binding upon Lessor, Lessee and their respective successors and assigns.

Section 12.4 Severability. In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provisions hereof.

Section 12.5 Amendments, Changes and Modifications. Except as may be otherwise expressly set forth herein, this Agreement may be amended, changed, modified, altered or terminated with the written consent of both Lessor and Lessee.

Section 12.6 Execution of Counterparts. This Agreement may be simultaneously executed in several counterparts, each of which shall be original and all of which shall constitute but one and the same instrument.

Section 12.7 Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State.

Section 12.8 Captions and References. The captions and headings in this Agreement are for convenience only and shall not in any way define, limit or describe the scope or intent of any provisions or Sections of this Agreement. All references in this Agreement to particular Articles or Sections are references to Articles or Sections in this Agreement unless otherwise stated.

Section 12.9 Termination. Except for such indemnifications as are contained herein, which shall continue in force notwithstanding any termination of this Agreement, this Agreement shall terminate automatically, without any further actions on the part of any party upon the earlier of: (i) the termination of the Lease Term and the expiration of the period of time in which the option to purchase set forth in Article XI may be exercised by Lessee, (ii) the reconveyance of the Project to Lessee or (iii) the expiration of the Lease Term and the expiration of the period of time in which Lessee may exercise the option to purchase the Project set forth in Article XI, in accordance with Section 3.2(b).

Section 12.10 Jurisdiction. In the event of any controversy or claim arising out of or relating to this Lease or the breach hereof which results in the commencement of any legal action or proceeding, Lessor and Lessee hereby consent to the exclusive jurisdiction of the State courts sitting in Gibson County or the U. S. District Court sitting in the Western District of Tennessee in connection with such action or proceeding, Lessor and Lessee further agree that the service of process or of any other papers upon them by registered mail at their respective addresses set forth herein shall be deemed good, proper and effective service upon them.

IN WITNESS WHEREOF, Lessor and Lessee have caused this Master Industrial Development Lease Agreement to be executed as of the date first above written.

**THE INDUSTRIAL DEVELOPMENT BOARD
OF THE CITY OF HUMBOLDT, TENNESSEE**

BY:

ROBERT J. ROOKE, Chairman

ATTEST:

JIM BLANKENSHIP, Secretary

AMERICAN WOODMARK CORPORATION

BY:

GLENN EANES, Treasurer

**STATE OF TENNESSEE
COUNTY OF GIBSON**

Before me personally appeared Robert J. Rooke and Jim Blankenship, with whom I am personally acquainted, and who, upon oath, acknowledged themselves to be Chairman and Secretary, respectively, of The Industrial Development Board of the City of Humboldt, Tennessee, the within named bargainor, and who, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by themselves, as such Chairman and Secretary, respectively.

Witness my hand and seal, at office, in Gibson County, Tennessee, this the 13th day of December, 2000.

NOTARY PUBLIC

MY COMMISSION EXPIRES:

**STATE OF VIRGINIA
City of Virginia**

Before me personally appeared Glenn Eanes, with whom I am personally acquainted, and who, upon oath, acknowledged himself to be Treasurer of American Woodmark Corporation, the within named bargainor, and who, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself, as such Treasurer.

Witness my hand and seal, at office, in Winchester, Virginia, this the 19th day of December, 2000.

Brenda Dupont

NOTARY PUBLIC

MY COMMISSION EXPIRES:

12-31-03

Real Estate
BUILDING 218500 SQ. FT.

Total Real Estate

Personal Property	
IMA EDGEBANDER	13318
FRIULMAC IDRAMAT E BORING MACHINE	2890
TORGEERGE DET TENONOR	47
CREATIVE CONVEYOR 19 SECTIONS 30 FT	11009
CREATIVE LOAD TRANSFER INFEEED	11008
CREATIVE LOAD TRANSFER OUTFEEED	11008
SCHELLING AS-SAW	154077
SCHELLING FL CROSS CUT SAW	211222
DELMAR UP LINE	29000
IMA POINT TO POINT	20337
IMA POINT TO POINT	20338
BIESSE POLYMAC S 89 EDGEBANDER	94008
BIESSE POLYMAC SP 90 HAND TRIMMER	94009
ORION PKG WRAPPER (3)	2000-0510480
SIGNODE BANDER (3)	9938
A FRAME HOIST/CRANE/TROLLY SET DET	
CATWALKS AND STACKER STAND (3)	
DET A FRAME ROLLING RACKS (3)	
BUCKLEY APPLICATOR CORES (20)	
BUCKLEY APPLICATOR ROLL W/EPDM (2)	
BUCKLEY BASECOAT #1 UC31B	579
BUCKLEY BASECOAT #2 DC33B (2)	583
BUCKLEY METERING ROLLS CHROME (3)	
BUCKLEY PRINTER OFFSET ROLL CORES	
BUCKLEY REVERSE ROLL CORE (1)	
BUCKLEY REVERSE ROLL W/EPDM (1)	
BUCKLEY TIECOAT #1 DC33B (2)	584
BUCKLEY TIECOAT #2 UC31B (2)	578
BUCKLEY TRIPLE HEAD PRINTER P6G3 (2)	586
BUCKLEY UV FILL MACHINE #1 PR32B (2)	580
CERAMCO CERAMIC REVERSE ROLLS (3)	
CREATIVE PRINT LINE MATERIAL FEEDER	10990600
CREATIVE STACKER A BIN	10993600
CREATIVE STACKER B BIN	10994600

AMERICAN WOODMARK CORPORATION

Industrial Development Lease Agreement
Asset Listing
December 15, 2000

CREATIVE BUNDLE TURNOVER	10996600
JANTEC PTM 18678-90 BELT CURVE (2)	3104-1
JANTEC TV FR 10X78 STRAIGHT BELT	3104-3
FUSION DRS510 UV OVEN (2)	SC61252DRS3
FUSION DRS520 UV OVEN	SC61252DRS2
FUSION DRS530 UV OVEN	SC1252DRS1
FUSION DUCTWORK (GARDNER)	
HESSEMAN SINGLE HEAD SANDER LSM8	200004291
HESSEMAN TRIPLE HEAD SANDER LSM8	200004292
HIS 1/2 TON HOIST/CRANE/TROLLY SET (7)	618-1
KOCH 20' PREHEAT OVEN #1-PH107-C (2)	9105011
KOCH 20' DRYING OVEN #1 - PH208T-41 (2)	9105013
KOCH 30' DRYING OVEN #3 - BCIO8-T (2)	9105015
KOCH 10' DRYING OVEN #5 - PD106C-4	9105017
PRINT CYLINDER STORAGE STAND	
PRINTLINE INSPECTOR STAND	
CIRCULAR WATER FOUNTAIN 54"	
CONVECTION OVEN	
CHERRY CYLINDER SETS (2)	47745-56
OAK CYLINDER SET (2)	47757-62
HICKORY CYLINDER SET (2)	47763-68
DRUM COVERS (8) PSI-123 BW1 55 GA	
DRUM COVERS (7) PSI-123 L 55 GA	
DRUM COVERS (11) PSI-123 HYD 55 GA	
HYDRALIC AGITATING SYSTEM FOR PAINT	
CARTS FOR 55 GA DRUMS (23)	
RACK FOR TOTE TANKS	
HONEYWELL ALARM SYSTEM	
CRESSWOOD GRINDER	1350200
CRESSWOOD MANUAL MAGNETIC	
INGERSOLL-RAND DRX1000 AIR DRYER	00CDXRA1577
INGERSOLL-RAND EP125 COMPRESSOR	F37334U00091
INGERSOLL-RAND 660 GALLON TANK	
THERMA TP54 OIL/WATER SEPERATOR	914S1-01
DUST COLLECTION SYSTEM 3 TRUNK	
EMPLOYEE PAVILION	
SCRAP CONVEYOR SYSTEM 210'X 24" BELT	
CHIP REMOVAL CONVEY/SCREW/CANOPY	
TEREX MODEL TS26 PERSONNEL LIFT	
TEREX MODEL TS20 PERSONNEL LIFT	
TENNANT SWEEPER MODEL 3640	
TOYATO 10000 LB FORKLIFT (2)	

AMERICAN WOODMARK CORPORATION
Industrial Development Lease Agreement
Asset Listing
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TOYATO 5000 LB FORKLIFT (2)	
TOYATO 5000 LB FORKLIFT PNEUMATICS	
CAPACITY 1989 YARD TRACTOR	5688
VOLLMER BLADE SHARPNER	3403
VOLLMER BLADE SHARPNER	3400
AMERICAN SCISSOR LIFT 24X48 (8)	
AMERICAN SCISSOR LIFT 24X66 (6)	
AMERICAN SCISSOR LIFT 24X72 (6)	
AMERICAN SCISSOR LIFT 48X96 (2)	
HYTROL 47" X 780' CONVEYOR 3" SPACING	
HYTROL 37" X 660' CONVEYOR 3" SPACING	
NORTELL PHONE AND PAGING SYSTEM	
COMPUTER WIRING AND HUB SYSTEM	
EMPLOYEE & TRAILER PARKING	
CREATIVE 20'X 50' PRESTAGE LOAD	11000
CREATIVE 10'X 50' LOAD TO FEED	11000
CREATIVE SERIES 2000 FEEDER	SF321
CREATIVE DET INFEEED CONVEYOR	CV321
CREATIVE DET TO EB CONVEYOR 22'X 7'	11001
CREATIVE NOTCHING SAW	11004
CREATIVE NOTCH TO SPLITTER	11005
CREATIVE STACKING SYSTEM	11006
CREATIVE ELECTRICAL SYSTEM	11007
TORWEGGE H632 DET FOR RETURN LINE	46
NOTTMAYER RETURN LINE DRILL	21037
IMA COMPACT U3212 SS EDGE BANDER	6620
COMBIMA RETURN LINE EDGE BANDER	13319
IMA SPLITTER	12089
M. CONTI MEASURING TABLE	50400
BIESSE POLYMAC F39 HAND DRILL	71449
OFFICE FURNITURE GROUP	
STORAGE CABINETS & SHELVING	

RICOH COPIER/FAX COMBINATION A7690810849
COMPUTER HUB, ADTRAN, PTCH PNLS &
MAINT PARTS ROOM RACKING
TRANSFER CARTS (5)
FINZER ROLLERS (36)
DUST COLLECTOR CONCRETE PAD
LANDSCAPING FRONT OFFICE AREA
LYNX INDICATOR W/BENCH SCALE
TABLES & SHOWER STATION
12" Bench Grinder

AMERICAN WOODMARK CORPORATION

Industrial Development Lease Agreement

Asset Listing

December 15, 2000

Vertical Band Saw

Horizontal Band Saw

Rigid #300

Drill Press

Horizontal Milling Machine

Table Feed Boring Kit

Jet Lathe

Acurite Digital Readout

Bobcat Welder

Dialarc 250 AC/DC Welder

Intoxilizer

Dake 25 Ton Hydraulic Press

Toyota Standup Electric Paintroom Lift PMC Maintenance Software

Control Corp. PLC Software

Kronos Software

Kitchenette

Fire Extinguishers

Flagpole and Walkway

Lawn Tractor

CTD Notcher

Altendorf Table Saw

Ingersoll Rand 10HP Compressor

Kronos 480F Terminal

**AND ANY AND ALL OTHER EQUIPMENT, FURNISHINGS, AND FURNITURE LOCATED IN THE
LESSEE'S PLANT IN HUMBOLDT, TENNESSEE**

EXHIBIT "B"

**PROPERTY DESCRIPTION FOR
AMERICAN WOODMARK CORPORATION
HUMBOLDT, TENNESSEE**

BEING part of a larger tract of land belonging to the City of Humboldt, Tennessee, as recorded in Deed Book 289, page 775 in the Register's Office of Gibson County, Tennessee, which property is lying and being situate in the Third (3rd) Civil District of Gibson County, Tennessee, within the corporate limits of the City of Humboldt, and being more particularly described as follows, to-wit:

BEGINNING at an iron pin set at the Northwest corner of State of Tennessee property and the East line of Reasons Family Limited Partnership; thence with the North line of Reasons Family Limited Partnership, North 60 degrees 25 minutes 00 seconds West 46.25 feet to an iron pin set at the westernmost Southwest corner of the herein described tract; thence on new lines through and with an iron pin set at the end of each, the following calls: North 00 degrees 55 minutes 59 seconds West 662.97 feet; South 89 degrees 37 minutes 00 seconds East 1582.59 feet; South 00 degrees 23 minutes 00 seconds West 595.02 feet to an iron pin found in the State of Tennessee property; thence with lines of State of Tennessee the following calls: South 43 degrees 19 minutes 07 seconds West 150.00 feet to an iron pin found; North 88 degrees 50 minutes 00 seconds West 1424.93 feet to the point of beginning, and containing 25.00 acres.

BEING that same property conveyed to The Industrial Development Board of the City of Humboldt, Tennessee, by The City of Humboldt, Tennessee, by Deed dated March 28, 2000, and being of record in Official Record Book Volume 606, page 81 in the Register's Office of Gibson County, Tennessee.

EXHIBIT "C"

Form of Acceptance Supplement

This Instrument Prepared By:

Warmath & Boyte
P.O. Box 406
Humboldt, TN 38343-0406

ACCEPTANCE SUPPLEMENT NO. _____

Commencement Date: _____

THIS ACCEPTANCE SUPPLEMENT is executed and delivered by THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF HUMBOLDT, TENNESSEE ("Lessor") and AMERICAN WOODMARK CORPORATION ("Lessee"), pursuant to and in accordance with the Master Industrial Lease Agreement dated as of December 15, 2000, by and between Lessor and Lessee ("Lease"). The defined terms used herein shall have the meaning ascribed to them in the Lease.

1. The property covered by this Supplement consists of the items described in Schedule "A" attached hereto.
2. Lessee confirms that the items of Equipment covered hereby have been delivered to it in good working order and condition, and have been accepted by Lessee as of the Commencement Date set forth above.
3. Lessee confirms that such items of Equipment have been installed at its plant located in Humboldt, Tennessee.
4. The Fair Market Value of the real property and items of Equipment covered by this Supplement is set forth in the Schedule attached hereto.
5. Rent for the property covered by this Supplement shall be payable in eighty (80) consecutive quarterly installments in the amount of Five Hundred Twelve Thousand Four Hundred Forty-Five and 28/100 Dollars (\$512,445.28) each. The first installment of rent shall be due and payable on the 15th day of March, 2001 and each succeeding installment shall be due and payable on the 15th day of June, September, December and March of each and every year thereafter until all are fully paid (the final installment of rent with respect to the Equipment covered hereby being due and payable on the 15th day of December, 2020).
6. The term of the Lease of the property covered by this Supplement shall begin with the Commencement Date, specified above, and shall continue until the termination of the Lease.
7. Lessee hereby:
 - (a) confirms that the items of Project Equipment covered hereby have been inspected by Lessee, have been delivered in good working order and condition, and are of the size, design, capacity and manufacture selected by it and meet the provisions of the purchase orders with respect thereto; and

(b) irrevocably accepts said items of Project Equipment "as-is, where-is" for all purposes of the Lease as of the Commencement Date set forth above.

8. Lessee hereby confirms:

(a) that no Default or Event of Default under the Lease is in existence as of the Commencement Date set forth above, nor shall any Default or Event of Default occur as a result of the lease by Lessee of the Project Equipment specified herein; and

(b) that all representations and warranties of Lessee contained in the Lease or in any document or certificate furnished Lessor in connection herewith are true and correct as of the Commencement Date set forth above with the same force and effect as if made on such date.

9. All of the terms, provisions and conditions of the Lease are hereby incorporated herein and made a part hereof as if such terms, provisions and conditions were set forth in full in this Supplement. By their execution and delivery of this Supplement, the parties hereto reaffirm all of the terms, provisions and conditions of the Lease.

IN WITNESS WHEREOF, Lessee has caused this Acceptance Supplement to be duly executed by its duly authorized officer as of the Commencement Date set forth above.

AMERICAN WOODMARK CORPORATION

BY:
GLENN EANES, Treasurer

LESSEE

ACCEPTED AS OF THE COMMENCEMENT DATE SET FORTH ABOVE:

**THE INDUSTRIAL DEVELOPMENT BOARD
OF THE CITY OF HUMBOLDT, TENNESSEE**

BY:
ROBERT J. ROOKE, Chairman

ATTEST:

BY:
JIM BLANKENSHIP, Secretary

**STATE OF VIRGINIA
City of Winchester**

Personally appeared before me, Brenda Dupont, a Notary Public duly commissioned and qualified in the State and County aforesaid, Glenn Eanes, with whom I am personally acquainted, and who acknowledged that he executed the foregoing instrument for the purposes therein contained and who, being authorized so to do, further acknowledged that he is the Treasurer of AMERICAN WOODMARK CORPORATION, a Virginia corporation ("Maker"), and who executed the foregoing instrument in behalf of the corporation by himself as such Treasurer.

Witness my hand and seal, at office, in Winchester, Virginia, this the 19th day of December, 2000.

Brenda Dupont
NOTARY PUBLIC

My Commission Expires:
12-31-03

STATE OF TENNESSEE
COUNTY OF GIBSON

Personally appeared before me, G. Griffin Boyte, a Notary Public in for the State and County aforesaid, duly commissioned and qualified, Robert J. Rooke and Jim Blankenship, with whom I am personally acquainted, and who acknowledged themselves to be Chairman and Secretary, respectively, of THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF HUMBOLDT, TENNESSEE, and being authorized so to do, executed the foregoing instrument for the purposes therein contained in behalf of THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF HUMBOLDT, TENNESSEE, a corporation ("Maker"), by signing the name of the corporation by themselves, as such Chairman and Secretary, respectively.

Witness my hand and seal, at office, in Gibson County, Tennessee, this the ____ day of December, 2000.

NOTARY PUBLIC

My Commission Expires:

**THE INDUSTRIAL DEVELOPMENT BOARD OF
THE CITY OF HUMBOLDT, TENNESSEE**

**INDUSTRIAL DEVELOPMENT REVENUE NOTE
(American Woodmark Project)**

This Note shall be registered as to both principal and interest on the registration books of the Board, and no transfer hereof shall be valid unless made on said books of registration at the request of the registered owner or the owner's duly authorized attorney.

\$20,366,888.20 Humboldt, Tennessee December 15, 2000

THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF HUMBOLDT, TENNESSEE as Issuer and Maker ("Board"), a public, non-profit corporation organized and existing under the laws of the State of Tennessee, for value received, acknowledges itself indebted and hereby promises to pay, but solely from the sources hereinafter set forth and in the time and manner hereinafter provided, to the order of AMERICAN WOODMARK CORPORATION, a corporation organized and existing under the laws of the State of Virginia, its successors and assigns ("Holder"), the principal sum of Twenty Million Three Hundred Sixty-Six Thousand Three Hundred Sixty-Six and 20/100 Dollars (\$20,366,888.20) (or so much thereof as shall have been disbursed) together with interest thereon ("Indebtedness") at the rate hereinafter provided.

The unpaid principal balance hereof and interest thereon shall be payable in eighty (80) quarterly installments of principal and interest, installment nos. 1 to 79, both inclusive, being in the amount of Five Hundred Twelve Thousand Four Hundred Forty-Five and 28/100 Dollars (\$512,445.28) each, the first of said installments being due and payable on the 15th day of March, 2001 ("Payment Date"), and one on the 15th day of each succeeding quarter thereafter, with installment no. 80 being for the entire unpaid principal balance hereof and all accrued interest thereon and, if not sooner paid, being due and payable on the 15th day of December, 2020 ("Final Payment Date").

Subject to the limitations hereinafter set forth, the disbursed and unpaid principal balances of the Indebtedness hereby evidenced shall bear interest from the date hereof until maturity, at a rate equal to eight percent (8%) per annum.

In the event Maker shall fail to make any payment obligation due under the provisions of a note known as "Industrial Development Revenue Note (American Woodmark Corporation Project) Series 2000-1", then Payee shall have the right to set off the amounts due Maker under the Lease between the Master Industrial Development Lease between the parties.

This Note is subject to prepayment at any time without penalty, in whole or in part, at the option of the Board upon the exercise by Lessee (as hereinafter defined) of its option to purchase the Property (as hereinafter defined).

The principal hereof and the interest thereon are payable in any coin or currency of the United States of America which, on the date of payment, is legal tender for the payment of public and private debts, and the payment of such principal and interest shall be made by check or draft, and mailed or delivered to AMERICAN WOODMARK CORPORATION, 3102 Shawnee Drive, Winchester, Virginia 22601, or at such other place as Holder may designate in writing. Upon payment in full of all principal

hereof and interest thereon, or other outstanding fees or charges due and payable hereunder, this Note shall be surrendered to the Board for cancellation.

This Note is known as "Industrial Development Revenue Note (American Woodmark Corporation Project) Series 2000-1 and is issued by the Board in the principal amount of \$20,366,888.20, pursuant to certain resolutions of the Board dated December 13, 2000 ("Resolutions") and is the first in a series of notes authorized pursuant to the Resolutions.

This Note is issued by Board in connection with construction and equipping of an industrial facility owned by the Board and located in Humboldt, Gibson County, Tennessee ("Real Property"). This Note is secured by (i) a Deed of Trust and Security Agreement ("Deed of Trust"), of even date herewith, of record in the Register's Office of Gibson County, Tennessee, granting to Holder a lien upon the security interest in the Real Property and certain personal property and equipment; and (ii) a Security Agreement ("Security Agreement") of even date herewith granting to Holder a security interest in certain personal property and equipment ("Personal Property") (the "Real Property" and "Personal Property" are collectively referred to as the "Property"). The Property is being leased to AMERICAN WOODMARK CORPORATION pursuant to a Master Industrial Development Lease Agreement ("Lease") of even date herewith between the Board, as Lessor, and AMERICAN WOODMARK CORPORATION, a Virginia corporation, as Lessee ("Lessee"). The Board, as Lessor, has assigned its interest in the Lease to Holder, pursuant to an Assignment of Rents and Lease of even date herewith ("Assignment"). Such Resolutions, Deed of Trust, Security Agreement, Lease, Assignment and all collateral documents associated therewith are referred to herein as the "Note Documents".

The principal and interest on this Note are subject to acceleration by Holder (i) upon any default in the payment of such principal or interest hereof when due, provided that there shall be no default hereunder if such amounts are paid within ten (10) days of the date of any written notice to the Board that such payments are due and payable, or (ii) upon the occurrence and continuance of any event of default specified in the Note Documents that results in an acceleration of the amounts owed by Lessee under the Lease., if such event of default is not cured within any cure period applicable thereto. In the event there is a default in the payment of rent due under the Lease while this Note remains outstanding, the Board shall be entitled to set off such amount of past- due rent against the installment of principal and/or interest then due under this Note, and if there is no other default under this Note, the default in payment of principal and/or interest shall be deemed to have been cured. Upon acceleration of the Indebtedness, the Board shall immediately pay to the Holder hereof the outstanding principal due hereunder, accrued interest thereon and all expenses incurred by Holder to collect Indebtedness, including reasonable attorney's fees and expenses. Failure of Holder to exercise such right to accelerate, or indulgence granted from time to time, shall in no event be considered a waiver of said right to acceleration or otherwise prevent Holder from exercising said right.

This Note has been negotiated, issued, sold and delivered in the State of Tennessee, and it is intended that such Note shall be governed by, and construed in accordance with, the laws of said State except to the extent such laws are preempted by federal law.

Section 67-5-205, Tennessee Code Annotated, as amended, provides that neither the principal nor the interest of any bonds or notes issued

by any incorporated town or city, or any agency thereof, shall be taxed by the State of Tennessee or by any county or municipality of said State, and such shall be so stated on the face of this Note.

All acts, conditions and things required to happen, exist and be performed precedent to the issuance of this Note and execution of the Note Documents, have happened, exist, and have been performed, as so required.

No recourse shall be had against any incorporator, member, director, officer, employee or agent, past, present or future, of the Board, either directly or through the Board of otherwise, for the payment for or to the Board or any receiver thereof, or for the payment for or to Holder or otherwise, of any sum that may be due and unpaid by the board upon this Note or the Note Documents. Any and all personal liability or every nature, whether at common law or in equity, or by statute, constitution or otherwise, of any such incorporator, member, director, officer, employee or agent, past, present or future, to respond by reason of any act or omission on his or her part or otherwise for, directly or indirectly, the payment for or to the Board or any receiver thereof, or for the payment for or to Holder, or otherwise, of any sum that may remain due and unpaid upon this Note or pursuant to the Note Documents, is hereby expressly waived and released as a condition of and consideration for the execution of the Note Documents, is hereby expressly waived and released as a condition of and consideration for the execution of the Note Documents and the issuance of this Note.

This Note is issued pursuant to and in full compliance with the Constitution and laws of the State of Tennessee, and particularly Chapter 53, Title 7 of the Tennessee Code Annotated, as amended (the "Act"), and pursuant to further proceedings of the governing body of the Board authorizing among other things, the execution and delivery of the Note Documents. This Note, together with the interest hereon, and all other obligations and amounts payable hereunder, shall not be deemed to constitute a debt or liability or pledge of the faith and credit of the Board, but is a limited obligation of the Board and is payable solely out of the revenues, receipts and other moneys derived from the Lease or from the enforcement of the security provided in the other Note Documents. Neither the incorporators, members, officers, directors, agents or employees, past, present or future, of the Board nor any person executing this Note shall be liable personally on this Note. This Note shall not be a debt of the City of Humboldt or of the County of Gibson or of the State of Tennessee or of any political subdivision thereof and neither the City of Humboldt nor the County of Gibson, nor the State of Tennessee shall be liable hereon nor in any event shall this Note be payable out of any funds or properties other than those received pursuant to the Lease or from the enforcement of the security provided in the other Note Documents. This Note shall not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. Reference is hereby made to each of the Note Documents and to all amendments and supplements thereto for a description of the rights, duties and obligations of the Board and the Holder. By acceptance of this Note, the Holder assents to all the provisions of such documents and all amendments and supplements thereto.

Subject to the provisions of the two immediately preceding paragraphs, in the event it is necessary to enforce the provisions of the Note Documents, or to protect or enforce the security for this Note, through an attorney or by means of legal proceedings, the board shall pay (but only from sources and revenues provided under the Lease) all costs reasonably incurred by Holder in connection therewith, including but not limited to, attorneys' fees and court costs, and such expenses shall be added to, and become a part of, the Indebtedness evidenced by this Note.

The board, for itself, its legal representatives and assigns, hereby waives demand, presentment for payment, notice of dishonor, protest, notice of protest and diligence in collection and all other notices or demands with respect to this Note or the enforcement hereof, and consents that the time of said payments, or any part thereof, may be extended by Holder and assents to any substitution, exchange or release of collateral permitted by Holder hereof, all without in any way modifying, altering, releasing, affecting or limiting its liability.

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF

1933, AS AMENDED OR UNDER THE TENNESSEE SECURITIES ACT OF 1980, AS AMENDED.

This Note may be executed in multiple counterparts, each of which shall be an original, but all of which together shall constitute but one and the same instrument.

IN WITNESS WHEREOF, THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF HUMBOLDT, TENNESSEE, as Issuer and Maker, has caused this Note to be signed by the signature of its Chairman, and attested by the signature of its Secretary, all as of the date first above written.

**THE INDUSTRIAL DEVELOPMENT BOARD
OF THE CITY OF HUMBOLDT, TENNESSEE**

BY:
ROBERT J. ROOKE, Chairman

ATTEST:

JIM BLANKENSHIP, Secretary

The undersigned Holder acknowledges the non-recourse nature of this Note.

AMERICAN WOODMARK CORPORATION

BY:
GLENN EANES, Treasurer

This Instrument Prepared By:

WARMATH AND BOYTE The maximum principal indebtedness for P. O. Box 406 Tennessee recording tax purposes is Humboldt, TN 38343-0406 \$ - non-taxable -.

DEED OF TRUST AND SECURITY AGREEMENT

THIS DEED OF TRUST AND SECURITY AGREEMENT ("Deed of Trust"), made and entered into as of the 15th day of December, 2000, by and between THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF HUMBOLDT, TENNESSEE, a public not-for-profit corporation organized and existing under the laws of the State of Tennessee ("Grantor"), in favor of AMERICAN WOODMARK CORPORATION, TRUSTEE ("Trustee), and AMERICAN WOODMARK CORPORATION, a corporation organized and existing under the laws of the State of Virginia ("Beneficiary"). This instrument secures an obligation incurred for the construction of improvements on real property including the acquisition cost of real property and is a construction mortgage under Section 47-9-313(1)(c) of Tennessee Code Annotated.

WITNESSETH

That for and in consideration of the sum of Ten Dollars (\$10.00), and other good and valuable considerations, the receipt and sufficiency of which are hereby acknowledged, and in order to secure the indebtedness and other obligations of Grantor hereinafter set forth, Grantor does hereby grant, bargain, sell, convey, assign, transfer, pledge and set over unto and in favor of Trustee, and the successors and assigns of Trustee, for the security and benefit of the Beneficiary all of the following described land and interests in land, estates, easements, rights, improvements, fixtures, including replacements and additions thereto (which land, estates, easements, rights, improvements, fixtures, including replacements and additions thereto shall be hereinafter referred to collectively as the "Premises"):

(a) That certain parcel of land located in the City of Humboldt, Gibson County, Tennessee, more particularly described in Exhibit "A" attached hereto, and by this reference made a part hereof ("Land");

(b) All buildings, structures, fixtures and improvements of every nature whatsoever now or hereafter situated on the Land, all gas and electric fixtures, radiators, heaters, engines and machinery, boilers, ranges, elevators and motors, plumbing and heating fixtures, carpeting and other floor coverings, air conditioning apparatus and refrigerating plants which are or shall be attached to said buildings, structures or improvements and all other furnishings and fixtures of every kind and nature whatsoever now or hereafter owned by Grantor and located in, on or about, or used or intended to be used with or in connection with the use, operation or enjoyment of the Premises, including all extensions, additions, improvements, betterments, renewals and replacements, substitutions, or proceeds from a permitted sale of any of the foregoing and all building materials and supplies of every kind now or hereafter placed or located on the land (collectively, the "Improvements"), all of which are hereby

declared and shall be deemed to be fixtures and accessions to the Land and a part of the Premises as between the parties hereto and all persons claiming by, through or under them, and which shall be deemed to be a portion of the security for the indebtedness herein described and to be secured by this Deed of Trust;

(c) All easements, rights-of-way, strips and gores of land, vaults, streets, ways, alleys, passages, sewer rights, waters, water courses, water rights and powers, minerals, flowers, shrubs, crops, trees, timber and other emblems now or hereafter located on the Land or under or above the same or any part or parcel thereof, and all state, rights, titles, interests, privileges, liberties, tenements, hereditaments and appurtenances, reversions and remainders whatsoever, in any way belonging, relating or appertaining to the Premises or any part thereof, or which hereafter shall in any way belong, relate or be appurtenant thereto, whether now owned or hereafter acquired by Grantor; and

(d) All rents, issues, profits, revenues, income and other benefits derived from the Premises from time to time (including, without limitation, all payments under leases or tenancies, proceeds of insurance, condemnation payments, tenant security deposits and escrow funds), and all of the estate, right, title, interest, property, possession, claim and demand whatsoever at law, as well as in equity, of Grantor of, in and to the same, reserving only the right to Grantor to collect the same so long as Grantor is not in default hereunder.

TO HAVE AND TO HOLD the Premises and all parts, rights and appurtenances thereof, unto Trustee, its successors and assigns, for the security and benefit of the Beneficiary forever; and Grantor covenants that Grantor is lawfully seized and possessed of the Premises and has good and lawful right to convey the same, that the Premises are unencumbered except for the permitted encumbrances set forth in Exhibit "B" attached hereto, and by this reference made a part hereof ("Permitted Encumbrances"), and Grantor does warrant and will forever defend the title thereto against the claims of all persons, except as to the Permitted Encumbrances.

But this conveyance is made IN TRUST for the following uses and trusts, and for no other purposes, to-wit:

(a) To secure the payment of an indebtedness for borrowed money, together with interest thereon, due or to become due from Grantor to Beneficiary, which Grantor has obligated itself to pay pursuant to that certain non-recourse Industrial Development Revenue Note (American Woodmark Project) Series 2000-1, in the aggregate principal amount of Twenty Million Three Hundred Sixty-Six Thousand Eight Hundred Eighty-Eight and 20/100 Dollars (\$20,366,888.20), of even date herewith, issued by Grantor, as Maker, and payable to the order of Beneficiary, and payable on or before December 15, 2020, as more particularly set forth therein, and any extensions, modifications and/or renewals thereof (all of which are herein sometimes individually and collectively referred to as the "Note"). The Note was issued by Grantor pursuant to and in compliance with the provisions of Tennessee Code Annotated, Title 7, Chapter 53, as amended (the "Act");

(b) To secure all sums advanced by Beneficiary to Grantor or expended by Beneficiary for Grantor's account or benefit pursuant to the terms of this Deed of Trust or any collateral loan document executed by Grantor in connection with its execution of the Note and the faithful performance of all terms and conditions contained herein or therein; and

(c) To secure the payment of all court costs, expenses and costs of whatever kind incident to the collection of any indebtedness secured hereby and the enforcement or protection of the lien of this conveyance, including reasonable attorneys' fees.

Should the indebtedness secured by this Deed of Trust (hereinafter referred to collectively as "Secured Indebtedness") be paid according to the tenor and effect thereof when the same shall become due and payable, and should Grantor perform all covenants herein contained, then this Deed of Trust shall be cancelled and released.

This instrument covers property, which is or may become so affixed to real property as to become fixtures and also constitutes a fixture filing under Section 47-9-402 of Tennessee Code Annotated.

GRANTOR HEREBY FURTHER COVENANTS AND AGREES WITH BENEFICIARY AS FOLLOWS:

ARTICLE I

1.1 Payment of Indebtedness. Subject to the provisions of Sections 1.2 and 3.11, Grantor shall pay the indebtedness evidenced by the Note according to the tenor thereof and the remainder of the Secured Indebtedness as the same shall become due.

1.2 Lease of Premises; Option to Purchase. The parties hereby acknowledge that pursuant to that certain Master Industrial Development Lease Agreement of even date herewith by and between Grantor, as Lessor, and Beneficiary, as Lessee ("Lease"), to which this Deed of Trust is expressly subject, Grantor has leased the Premises to Beneficiary. Grantor's obligations to pay the Secured Indebtedness and to otherwise fulfill its obligations under this Deed of Trust shall be limited to and payable solely from the revenues, rents and other moneys (excluding payments made in lieu of taxes pursuant to Article IV of the Lease and excluding payments made pursuant to the indemnities granted under the Lease) received by Grantor pursuant to the Lease, as further set forth in Section 3.11 hereof. Pursuant to the terms of the Lease, Beneficiary has been granted an option to purchase the Premises upon the payment of an aggregate amount equal to the then outstanding indebtedness under the Note, plus certain other amounts as set forth in Article XI of the Lease.

1.3 Condemnation. If all or any portion of the Premises shall be damaged or taken through condemnation (which term when used in this Deed of Trust shall include any damage or taking by any governmental or quasi-governmental authority and any transfer by private sale in lieu thereof), the entire Secured Indebtedness shall, at the option of Beneficiary, immediately become due and payable. Grantor, immediately upon obtaining knowledge of the institution, or the proposed, contemplated or threatened institution of any action or proceeding for the taking through condemnation of the Premises or any part thereof,

will notify Beneficiary. Beneficiary is hereby authorized, at its option, to commence, appear in and prosecute, through counsel selected by Beneficiary, in its own or in Grantor's name, any action or proceeding relating to any condemnation, and to settle or compromise any claim in connection therewith. All such compensation, awards, damages, claims, rights of action and proceeds and the right thereto are hereby assigned by Grantor to Beneficiary. Beneficiary is authorized, at its option, to collect and receive all such compensation, awards or damages and to give proper receipts and acquittances therefor without any obligation to question the amount of any such compensation, award or damages. Grantor agrees to execute such further assignments of any compensation, awards, damages, claims, rights of action and proceeds as Beneficiary may require. If, prior to the receipt by Beneficiary of such award or proceeds, the Premises shall have been sold on foreclosure of this Deed of Trust, or under the power herein granted, Beneficiary shall have the right to receive such award or proceeds to the extent of any unpaid Secured Indebtedness following such sale, with legal interest thereon, whether or not a deficiency judgment in respect of the Secured Indebtedness shall have been sought or recovered, and to the extent of reasonable counsel fees, costs and disbursements incurred by Beneficiary in connection with the collection of such award or proceeds.

1.4 Leases, Contracts, Etc.

(b) Pursuant to an Assignment of Rents and Lease ("Assignment") dated the date of this Deed of Trust between Grantor and Beneficiary, Grantor has assigned its interest in the Lease to Beneficiary, as further security for payment of the Secured Indebtedness. As additional collateral and further security for the Secured Indebtedness, Grantor does hereby assign to Beneficiary Grantor's interest in any and all other leases, tenant contracts, rental agreements, franchise agreements, management contracts, construction contracts, and other contracts, licenses and permits now or hereafter affecting the Premises, or any part thereof. Grantor agrees to execute and deliver to Beneficiary such additional instruments, in form and substance satisfactory to Beneficiary, as may be requested by Beneficiary to further evidence and confirm said assignment; provided, however, that acceptance of any such assignment shall not be construed as a consent by Beneficiary to any other lease, tenant contract, rental agreement, franchise agreement, management contract, construction contract, or other contract, license or permit, or to impose upon Beneficiary any obligation with respect thereto. Without first obtaining, on each occasion, the prior written approval of Beneficiary, which approval shall be at the sole discretion of Beneficiary, Grantor shall not cancel or permit the cancellation of any such other lease, tenant contract, rental agreement, franchise agreement, management contract, construction contract, or other contract, license or permit, or modify any of said instruments, or accept, or permit to be made, any prepayment of any installment of rent or fees thereunder (except the usual prepayment of rent which results from the acceptance by a landlord on the first day of each month of the rent for the ensuing month). Grantor shall faithfully keep and perform, or cause to be kept and performed, all of the covenants, conditions and agreements contained in each of said instruments, now or hereafter existing, on the part of Grantor to be kept and performed and shall at all times do all things necessary to compel performance by each other party to said instruments of all obligations, covenants and agreements by such other party to be performed thereunder.

(b) Grantor shall not execute an assignment (other than the "Assignment") of the rents, issues or profits, or any part thereof, from the Premises unless Beneficiary shall first consent in writing to such

assignment and unless such assignment shall expressly provide that it is subordinate to the assignment contained in this Deed of Trust and any assignment executed pursuant hereto.

1.5 Further Assurances; After-Acquired Property. At any time, and from time to time, upon written request by Beneficiary, Grantor, at Beneficiary's expense, will make, execute and deliver or cause to be made, executed or delivered, to Beneficiary and, where appropriate, cause to be recorded and/or filed and from time to time thereafter to be re-recorded and/or re-filed at such time and in such offices and places as shall be deemed desirable by Beneficiary, any and all such other and further deeds of trust, instruments of further assurance, certificates and other documents as may, in the opinion of Beneficiary, be necessary or desirable in order to effectuate, complete or perfect, or to continue and preserve the obligations of Grantor under the Note and under this Deed of Trust.

1.6 Limit of Validity. If, from any circumstances whatsoever, fulfillment of any provision of this Deed of Trust or of the Note, at the time performance of such provision shall be due, shall involve transcending the-limit of validity presently prescribed by any applicable usury statute or any other applicable law, with regard to obligations of like character and amount, then, ipso facto, the obligation to be fulfilled shall be reduced to the limit of such validity, so that in no event shall any exaction be possible under this Deed of Trust or under this Note that is in excess of the current limit of such validity, but such obligation shall be fulfilled to the limit of such validity. The provisions of this Section 1.6 shall control every other provision of this Deed of Trust and of the Note.

1.7 Conveyance of Premises. Except for the interest granted to Lessee pursuant to the Lease, Grantor shall not directly or indirectly encumber, pledge, convey, transfer or assign any or all of its interest in the Premises without the prior written consent of Beneficiary. Subject to the provisions of Section 3.11 hereof, Beneficiary's consent to such a transfer, if given, shall not release or alter in any manner the liability of Grantor or anyone who has assumed or guaranteed the payment of the Secured Indebtedness or any portion thereof. At the option of Beneficiary, the Secured Indebtedness shall be immediately due and payable in the event that Grantor conveys all or any portion of the Premises or any interest therein, or in the event that Grantor's equitable title thereto or interest therein shall be assigned, transferred or conveyed in any manner, including without limitation, the transfer or conveyance of any interest in Grantor, without obtaining Beneficiary's prior written consent thereto, and any waiver or consent for any prior transfer shall not preclude Beneficiary from declaring the Secured Indebtedness due and payable for any subsequent transfer.

1.8 Sale by Foreclosure of Prior Encumbrances. In the event that this Deed of Trust shall, now or at any time after the date hereof, be subordinate to any other encumbrances on the Premises other than the Lease, Grantor hereby agrees that the lien of this conveyance shall extend to the entire interest of Grantor in the Premises conveyed hereby, and shall extend to the interest of Grantor in the proceeds from any sale of said Premises, whether by foreclosure of any such prior encumbrance or otherwise, to the extent any such proceeds exceed the amount necessary to satisfy such prior encumbrance(s). Any trustee or other person conducting any such sale or foreclosure is hereby directed to pay such excess proceeds to Beneficiary to the extent necessary to pay the Secured Indebtedness in full, notwithstanding any provision to the contrary contained in any prior encumbrance.

1.9 Security Agreement. With respect to the apparatus, fittings, fixtures and articles of personal property referred to or described in this Deed of Trust (all of which is hereinafter collectively referred to as "Personal Property"), this Deed of Trust is hereby made and declared to be a security agreement encumbering each and every item of Personal Property, in compliance with the provisions of the Uniform Commercial Code as enacted in the state wherein the Land is situated, and Grantor hereby grants to Beneficiary a security interest in said Personal Property. A financing statement or statements describing said Personal Property shall be executed by Grantor and Beneficiary and appropriately filed. The remedies for any violation of the covenants, terms and conditions of the security agreement contained in this Deed of Trust, or otherwise, in respect of an Event of Default hereunder, shall be (a) as prescribed herein; (ii) as prescribed by general law; or (iii) as prescribed by the specific statutory consequences now or hereafter enacted and specified in said Uniform Commercial code, all at Beneficiary's sole election. Grantor and Beneficiary agree that the filing of such financing statement(s) in the records normally having to do with personal property shall not in any way affect the agreement of Grantor and Beneficiary that everything described or reflected in this Deed of Trust is, and at all times and for all purposes and in all proceedings, both legal or equitable, shall be regarded as part of the real estate conveyed hereby regardless of whether (a) any such item is physically attached to the improvements, (b) serial numbers are used for the better identification of certain items capable of being thus identified in an exhibit to this Deed of Trust, or (c) any such item is referred to or reflected in any such financing statement(s) so filed at any time. Similarly, the mention in any such financing statement(s) of the rights in and to (1) the proceeds of any fire and/or hazard insurance policy, (2) any award in eminent domain proceedings for a taking or for loss of value, or (3) Grantor's interest as Lessor in any present or future lease or rights to income growing out of the use and/or occupancy of the Premises, whether pursuant to Lease or otherwise, shall not in any way alter any of the rights of Beneficiary as determined by this instrument or affect the priority of Beneficiary's security interest granted hereby or by any other recorded document, it being understood and agreed that such mention in such financing statement(s) is solely for the protection of Beneficiary in the event any court shall at any time hold, with respect to the foregoing items (1), (2) or (3), that notice of Beneficiary's priority of interest, to be effective against a particular class of persons, must be filed in the Uniform Commercial Code records.

ARTICLE II

2.1 Events of Default. The terms "Default", "Event of Default" or "Events of Default", wherever used in this Deed of Trust, shall mean any one or more of the following events:

(a) Failure by Grantor to pay as and when due and payable any portion of the Secured Indebtedness, if such failure shall continue unremedied for a period of ten (10) days following written notice thereof to the Grantor from the Beneficiary; or

(b) Failure by Grantor duly to observe or perform any other term, covenant, condition or agreement of this Deed of Trust; or

(c) Failure by Grantor duly to observe or perform any term, covenant, condition or agreement in any instrument or agreement now or hereafter evidencing, securing or otherwise relating to the Note, this Deed of Trust or the Secured Indebtedness; or

(d) The occurrence of a default or event of default by Grantor under any instrument or agreement now or hereafter evidencing, securing or otherwise relating to the Note or the secured Indebtedness; or

(e) The occurrence of a default or event of default by Grantor in its obligations under the Lease; or

(f) Any representation or warranty of Grantor contained in this Deed of Trust, the Lease or in any other document given by Grantor with respect to the Secured indebtedness, shall prove to be untrue or misleading in any material respect; or

(g) The filing by Grantor or any endorser or guarantor of the Note of a voluntary petition in bankrupt or Grantor's or any such endorser's or guarantor's adjudication as a bankrupt or insolvent; or the filing by Grantor or any endorser or guarantor of the Note of any petition or answer seeking or acquiescing in any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief for itself under any present or future federal, state or other law or regulation relating to bankruptcy, insolvency or other relief for debtors; or Grantor's or any such endorser's or guarantor's seeking or consenting to or acquiescing in the appointment of any trustee, receiver or liquidator of Grantor or an such endorser or guarantor, or of all or any substantial part of the premises or of any or all of the rents, issues, profits or revenues thereof, or the making

by Grantor or any such endorser or guarantor of any general assignment for the benefit of creditors; or the admission in writing by Grantor or any such endorser or guarantor of its or their inability to pay its or their debts generally as they become due; or the Grantor or any endorser or guarantor shall fail to make any payments in respect of any debt (other than the Secured Indebtedness) when due or within any applicable grace period; or the commission by Grantor of any such endorser or guarantor of an act of bankruptcy; or

(h) The entry by a court of competent jurisdiction of an order, judgment or decree approving a petition filed against Grantor or any endorser or guarantor of the Note seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future federal, state or other law or regulation relating to bankruptcy, insolvency or other relief for debtors or the appointment of any trustee, receiver or liquidator of Grantor or any endorser or guarantor of the Note, or of all or any substantial part of the Premises or of any or all of the rents, issues, profits or revenues thereof without the consent or acquiescence of Grantor or any endorser or guarantor of the Note, as the case may be; or

(i) Any event occurs under any instrument, deed or agreement given or made by Grantor to or with any third party, which would authorize the acceleration of an indebtedness to such third party and which, in Beneficiary's reasonable opinion, would materially adversely affect the financial condition of Grantor or any endorser or guarantor of the Note; or

(j) The Premises are subject to actual or threatened waste, or any part thereof is removed, demolished or altered by any person or entity other than Beneficiary as lessee under the Lease without the prior written consent of Beneficiary; or

(k) Any claim of priority to this Deed of Trust, by title, lien or otherwise is asserted in any legal or equitable proceeding other than the Permitted Encumbrances or transfer consented to by Beneficiary pursuant to Section 1.7 hereof; or

(l) Grantor or any endorser or guarantor of the Note (if a corporation) is liquidated or dissolved or its charter expires or is revoked; or Grantor or any endorser or guarantor of the Note (if a partnership or business association) is dissolved or partitioned; or Grantor or endorser or guarantor of the Note (if a Trust) is terminated or expires, or Grantor or endorser or guarantor of the Note (if an individual) dies; or

(m) The occurrence of a default or an event of default by Beneficiary under the Lease resulting in an acceleration of the amounts owing under the Lease.

Notwithstanding the provisions of subparagraphs (b) through (m) hereof, any default thereunder shall not be a default or Event of Default hereunder, unless Grantor shall have first received notice of such default from Beneficiary and such default shall not have been cured to the satisfaction of Beneficiary within thirty (30) days of the date of such notice, provided, however, if a default (other than a default under subparagraph (a) above) is not susceptible of being cured within the said thirty (30) day period, it shall not be a default hereunder as long as Grantor commences to cure within the thirty (30) day period and continues to process the cure with reasonable diligence.

2.2 Acceleration of Maturity. If an Event of Default shall have occurred and be continuing, then the entire Secured Indebtedness shall, at the option of Beneficiary, immediately become due and payable without notice or demand, time being of the essence of this Deed of Trust, and no omission on the part of Beneficiary to exercise such option when entitled to do so shall be construed as a waiver of such right.

2.3 Right to Enter and Take Possession.

(a) If an Event of Default shall have occurred and be continuing, Grantor, upon demand of Beneficiary, shall forthwith surrender to Beneficiary the actual possession of the Premises and to the extent permitted by law, Beneficiary itself, or by such officers or agents as it may appoint, may enter and take possession of all or any part of the Premises without the appointment of a receiver or an application therefor, and may exclude Grantor and its agents and employees wholly therefrom, and have joint access with Grantor to the books, papers and accounts of Grantor.

(b) If Grantor shall, for any reason, fail to surrender or deliver the Premises or any part thereof after such demand by Beneficiary, Beneficiary may obtain a judgment or decree conferring upon Beneficiary the right to immediate possession or requiring Grantor to deliver immediate possession of the Premises to Beneficiary, and Grantor hereby specifically consents to the entry of such judgment or decree. Subject to the limitations set forth in Sections 1.2 and 3.11 hereof, Grantor will pay to Beneficiary, upon demand, all expenses of obtaining such judgment or decree, including reasonable compensation to Beneficiary, its attorneys and agents, and all such expenses and compensation shall, until paid, become part of the Secured Indebtedness and shall be secured by this Deed of Trust.

(c) Upon every such entering upon or taking of possession, Beneficiary may hold, store, use, operate, manage and control the Premises and conduct the business thereof, and from time to time (i) make all necessary and proper maintenance, repairs, renewals, replacements, additions, betterments and improvements thereto and thereon and purchase or otherwise acquire additional fixtures, personalty and other property; (ii) insure the Premises; (iii) manage and operate the Premises and exercise all of the rights and powers of Grantor to the same; and (iv) enter into any and all agreements with respect to the exercise by others of any of the powers herein granted to Beneficiary, all as Beneficiary from time to time may determine to be in its best interest. Beneficiary may collect and receive all the rents, issues, profits and revenues from the Premises, including those past due as well as those accruing thereafter, and, after deduction (aa) all expenses of taking, holding, managing and operating the Premises (including reasonable compensation for the services of all persons employed for such purposes); (bb) the cost of all such maintenance, repairs, renewals, replacements, additions, betterments, improvements, purchases and acquisitions; (cc) the cost of such insurance; (dd) such taxes, assessments and other similar charges that may become due and payable as Beneficiary may at its option pay; (ee) other proper charges upon the Premises or any part thereof; and (ff) the reasonable compensation, expenses and disbursements of the attorneys and agents of Beneficiary, Beneficiary shall apply the remainder of the monies and proceeds so received by Beneficiary, first, to the payment of accrued interest on the Secured Indebtedness; second, to the payment of other sums required to be paid hereunder; and third, to the payment of overdue installments of principal on the Secured Indebtedness. Anything in this Section 2.3 to the contrary notwithstanding, Grantor shall receive full credit against the Secured Indebtedness for all amounts received by Beneficiary as rent under the Lease.

(d) Whenever all such interest, deposits and principal installments and other sums due under any of the terms, covenants, conditions and agreements of this Deed of Trust shall have been paid and all Events of Default shall have been cured, Beneficiary shall surrender possession of the Premises to Grantor, its successors or assigns. The

same right of taking possession, however, shall exist if any subsequent Event of Default shall occur and be continuing.

2.4 Performance by Beneficiary. If Grantor shall default in the payment, performance or observance of any term, covenant or condition of this Deed of Trust, Beneficiary may, at its option, pay, perform or observe the same, and all payments made or costs or expenses incurred by Beneficiary in connection therewith, with interest thereon at the interest rate provided in the Note, shall be secured hereby and shall be, without demand, immediately repaid (subject to the limitations set forth in Sections 1.2 and 3.11) by Grantor to Beneficiary. Beneficiary shall be the sole judge of the necessity of any such actions and of the amounts to be paid. Beneficiary is hereby empowered to enter and to authorize others to enter upon the Premises, or any part thereof, for the purpose of performing or observing any such defaulted term, covenant or condition without thereby becoming liable to Grantor or any person in possession holding under Grantor.

2.5 Receiver. If an Event of Default shall have occurred and be continuing, Beneficiary, upon application to a court of competent jurisdiction, shall be entitled as a matter of strict right, without notice and without regard to the occupancy or value of any security for the secured Indebtedness or the solvency of any party bound for its payment, to the appointment of a receiver to take possession of and to operate the Premises and to collect and apply the rents, issues, profits and revenues thereof. The receiver shall have all of the rights and powers permitted under the laws of the state wherein the Land is situated. Subject to the limitations set forth in Sections 1.2 and 3.11 hereof, Grantor will pay unto Beneficiary, upon demand, all expenses, including receiver's fees, attorneys' fees, costs and agent's compensation, incurred pursuant to the provisions of this Section 2.5, and any such amounts paid by Grantor shall be added to the Secured Indebtedness and shall be secured by this Deed of Trust.

2.6 Enforcement.

(a) If any Event of Default shall have occurred and be continuing, Trustee, or the agent or successor of Trustee, at the request of Beneficiary, shall sell all or any part of the Premises at one or more public sales before the door of the courthouse of the county in which the Land or any part of the Land is situated. Such sale shall be to the highest bidder for cash (or credit upon the Secured Indebtedness if Beneficiary is the successful bidder), and in bar of the right of redemption (statutory or otherwise), the equity of redemption, homestead, dower, elective or distributing share, any right of appraisal or valuation and all other rights and exemptions of every kind, all of which are hereby expressly waived by Grantor. The proceeds of such sale shall be used to pay the Secured Indebtedness and all expenses of sale and of all proceedings in connection therewith, including reasonable attorneys' fees, as set forth more fully in section 2.8. The sale shall take place only after the time, place and terms of sale have been advertised at least three (3) different times in a newspaper with a general circulation in the county in which the Land is located, the first of which publications shall be at least twenty-one (21) days previous to said sale. At any such public sale, Beneficiary may execute and deliver to the purchaser a conveyance of the Premises, or any part of the Premises, in fee simple. In the event of any sale under this Deed of Trust by virtue of the exercise of the powers herein granted, or pursuant to any order in any judicial proceedings or otherwise, the Premises may be sold as an entirety or in separate parcels and in such manner or order as Beneficiary, in its sole

discretion, may elect, and if Beneficiary so elects, Trustee or Beneficiary may sell any and all Personal Property, at one or more separate sales in any manner permitted by the Uniform Commercial Code of the state in which the Land is located, and one or more exercises of the powers herein granted shall not extinguish or exhaust such powers until the entire Premises are sold or the Secured Indebtedness is paid in full. If the Secured Indebtedness is now or hereafter further secured by any chattel mortgages, pledges, contracts of guaranty, assignments of lease or other security instruments, Beneficiary, at its option, may exhaust the remedies granted under any of said security instruments or this Deed of Trust either concurrently or independently, and in such order as Beneficiary may determine.

Said sale may be adjourned by the Trustee, or its agent or successors, and reset at a later date without additional publication, provided that an announcement to that effect is made at the scheduled place of sale at the time and on the date the sale is originally set.

(b) If an Event of Default shall have occurred and be continuing, Beneficiary may, in addition to and not in abrogation of the rights covered under subparagraph (a) of this section 2.6, either with or without entry or taking possession as herein provided or otherwise, proceed by a suit or suits in law or in equity or by any other appropriate proceeding or remedy (i) to enforce payment of the Note or the performance of any term, covenant, condition or agreement of this Deed of Trust or any other right, and (ii) to pursue any other remedy available to it, all as Beneficiary in its sole discretion shall elect.

2.7 Purchase by Beneficiary. Upon any foreclosure sale or sale of all or any portion of the Premises under the power herein granted, Beneficiary may bid for and purchase the Premises and shall be entitled to apply all or any part of the Secured Indebtedness as a credit to the purchase price.

2.8 Application of Proceeds of Sale. In the event of a foreclosure or other sale of all or any portion of the Premises, the proceeds of said sale shall be applied, first, to the reasonable expenses of such sale and of all proceedings in connection therewith, including reasonable fees of the attorney and trustee (and attorney and trustee fees and expenses shall become absolutely due and payable whenever foreclosure is commenced); thence to insurance premiums, liens, assessments, taxes and charges including utility charges advanced by Beneficiary, and interest thereon; thence to payment of the Secured Indebtedness plus accrued interest thereon, in such order of priority as Beneficiary shall determine, in its sole discretion; and finally, the remainder, if any, shall be paid to Grantor, or to the person or entity lawfully entitled thereto.

2.9 Grantor as Tenant Holding Over. In the event of any such foreclosure sale or sale under the powers herein granted, Grantor (if Grantor shall remain in possession) shall be deemed a tenant holding over and shall forthwith deliver possession to the purchaser or purchasers at such sale or be summarily dispossessed according to the provisions of law applicable to tenants holding over.

2.10 Waiver of Appraisal, Valuation, Etc. Grantor agrees, to the full extent permitted by law, that in case of a default on the part of Grantor hereunder, neither Grantor nor anyone claiming through or under Grantor, will set up, claim or seek to take advantage of any appraisal, valuation, stay, extension, homestead, exemption or redemption laws now or hereafter in force, in order to prevent or hinder

the enforcement or foreclosure of this Deed of Trust, or the absolute sale of the Premises, or the delivery of possession thereof immediately after such sale to the purchaser at such sale. Grantor, for itself and all who may at any time claim through or under it, hereby waives, to the full extent that it may lawfully so do, the benefit of all such laws, and any and all right to have the assets subject to the security interest of this Deed of Trust marshaled upon any foreclosure or sale under the power herein granted.

2.11 Leases. Beneficiary, at its option, is authorized to foreclose this Deed of Trust subject to the rights of any tenants of the Premises, and the failure to make any such tenants parties to any such foreclosure proceedings and to foreclose their rights will not be, nor be asserted to be by Grantor, a defense to any proceeding instituted by Beneficiary to collect the sums secured hereby.

2.12 Discontinuance of Proceedings. In case Beneficiary shall have proceeded to enforce any right, power or remedy under this Deed of Trust by foreclosure, entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to Beneficiary, then in every such case, Grantor, Trustee and Beneficiary shall be restored to their former positions and rights hereunder, and all rights, powers and remedies of Beneficiary shall continue as if no such proceeding had occurred.

2.13 Remedies Cumulative. No right, power or remedy conferred upon or reserved to Beneficiary by this Deed of Trust is intended to be exclusive of any other right, power or remedy, but each and every such right, power and remedy shall be cumulative and concurrent and shall be in addition to any other right, power and remedy given hereunder or now or hereafter existing at law, in equity or by statute.

2.14 Waiver.

No delay or omission by Beneficiary or by any holder of the Note to exercise any right, power or remedy accruing upon any default shall exhaust or impair any such right, power or remedy or shall be construed to be a waiver of any such default, or acquiescence therein, and every right, power and remedy given by this Deed of Trust to Beneficiary may be exercised from time to time and as often as may be deemed expedient by Beneficiary.

No consent or waiver expressed or implied by Beneficiary to or of any breach or default by Grantor in the performance of the obligations of Grantor hereunder shall be deemed or construed to be a consent to, or waiver, of any other breach or default in the performance of the same or any other obligations of Grantor hereunder shall be deemed or construed to be a consent to, or waiver, of any other breach or default in the performance of the same or any other obligations of Grantor hereunder. Failure on the part of Beneficiary to complain of any act or failure to act or failure to declare an Event of Default, irrespective of how long such failure continues, shall not constitute a waiver by Beneficiary of its rights hereunder or impair any rights, powers or remedies of Beneficiary hereunder.

(b) No acts or omission by Trustee or Beneficiary shall release, discharge, modify, change or otherwise affect the original liability under the Note or this deed of Trust or any other obligation of Grantor or any subsequent purchaser of the Premises or any part there, or any maker, cosigner, endorser, surety or guarantor, nor preclude Trustee and/or Beneficiary from exercising any right, power or privilege herein

granted or intended to be granted in the event of any default then existing or of any subsequent default, nor alter the lien of this Deed of Trust, except as expressly provided in an instrument or instruments executed by Beneficiary. Without limiting the generality of the foregoing, Beneficiary may (i) grant forbearance or an extension of time for the payment of all or any portion of the Secured Indebtedness; (ii) take other or additional security for the payment of any of the Secured Indebtedness; (iii) waive or fail to exercise any right granted herein or in the Note; (iv) release any part of the Premises from the security interest or lien of this Deed of Trust or otherwise change any of the terms, covenants, conditions or agreements of the Note or this Deed of Trust; (v) consent to the filing of any map, plat or re-plat affecting the Premises; (vi) consent to the granting of any easement or other right affecting the Premises; (vii) take or omit to take any action whatsoever with respect to the Note, this Deed of Trust, the Premises or any document or instrument now or hereafter evidencing, securing or in any way related to the Secured indebtedness, all without releasing, discharging, modifying, changing or affecting any such liability, or precluding Beneficiary from exercising any such right, power or privilege or affecting the lien of this Deed of Trust. In the event of the sale or transfer by operation of law or otherwise of all or any part of the Premises, Beneficiary, without notice, is hereby authorized and empowered to deal with any such vendee or transferee with reference to the Premises or the Secured Indebtedness, or with reference to any of the terms, covenants, conditions or agreements hereof, as fully and to the same extent as it might deal with the original parties hereto and without in any way releasing or discharging any liabilities, obligations or undertakings.

2.15 Suits to Protect the Premises. Beneficiary shall have power to institute and maintain such suits and proceedings as it may deem expedient (a) to prevent any impairment of the Premises by an acts which may be unlawful or constitute a default under this Deed of Trust; (b) to preserve or protect its interest in the Premises and in the rents, issues, profits and revenues arising therefrom; and (c) to restrain the enforcement of or compliance with any legislation or other governmental enactment, rule or order that may be unconstitutional or otherwise invalid, if the enforcement of or compliance with such enactment, rule or order would impair the security hereunder or be prejudicial to the interest of Beneficiary.

2.16 Proofs of Claim. In the case of any receivership, insolvency, bankruptcy, reorganization, arrangement, adjustment, composition or other proceedings affecting Grantor, its creditors or its property, Beneficiary, to the extent permitted by law, shall be entitled to file such proofs of claim and other documents as may be necessary or advisable in order to have the claims of Beneficiary allowed in such proceedings for the entire amount due and payable by Grantor under this Deed of Trust at the date of the institution of such proceedings and for any additional amount which may become due and payable by Grantor hereunder after such date.

ARTICLE III

3.1 Successors and Assigns; Successor Trustee. This Deed of Trust shall inure to the benefit of and be binding upon Grantor, Trustee and Beneficiary and their respective heirs, executors, legal representatives, successors, successors-in-title and assigns. Whenever a reference is made in this Deed of Trust to Grantor, Trustee or Beneficiary, such reference shall be deemed to include a reference to

the heirs executors, legal representatives, successors, successors-in-title and assigns of Grantor, Trustee or Beneficiary, as the case may be. In the event of the death, absence, inability or refusal to act of Trustee, or for any other reason, Beneficiary at any time and from time to time shall have the right to name and appoint, by instrument in writing recorded in the appropriate records in the office(s) in which this Deed of Trust is recorded, a successor to execute this trust, who shall be vested with all of the right, title, estate, powers privileges and duties of the above-named Trustee without the necessity of any conveyance from the above named Trustee or any successor.

3.2 Terminology. All personal pronouns used in this Deed of Trust, whether used in the masculine, feminine or neuter gender, shall include all other genders; the singular shall include the plural, and vice versa. Titles and Articles are for convenience only and neither limit nor amplify the provisions of this Deed of Trust, and all references herein to Articles, sections or subparagraphs shall refer to the corresponding Articles, Sections or subparagraphs of this Deed of Trust unless specific reference is made to Articles, Sections or subparagraphs of another document or instrument.

3.3 Joint and Several Liability. If Grantor is more than one party, such terms as used herein shall refer always to such parties jointly and severally.

3.4 Severability. If any provisions of this Deed of Trust or the application thereof to any person or circumstance shall be invalid or unenforceable to any extent, the remainder of this Deed of Trust and the application of such provisions to other persons or circumstances shall not be affected thereby and shall be enforced to the greatest extent permitted by law.

3.5 Applicable Law. This deed of Trust shall be interpreted construed and enforced according to the laws of the state wherein the Land is situated.

3.6 Notices. Any and all notices, elections or demands permitted or required to be made under this Deed of Trust shall be in in writing signed by the party giving such notice, election or demand, and shall be delivered personally, by telecopy, telex or facsimile (promptly confirmed by registered or certified mail), by overnight courier or sent by registered or certified mail, to the other party at the address set forth below, or at such other address as may hereafter be supplied in writing. The date of personal delivery or the date of mailing, as the case may be, shall be the date of such notice, election or demand. For the purposes of this Deed of Trust:

The address of Grantor is:

The Industrial Development Board of
the City of Humboldt, Tennessee
1200 Main Street
Humboldt, TN 38343

The address of Beneficiary is:

American Woodmark Corporation
3102 Shawnee Drive
Winchester, VA 22601

3.7 Replacement of Note. Upon receipt of the evidence reasonably satisfactory to Grantor of the loss, theft, destruction or mutilation of the Note, and in the case of any such loss, theft or destruction, upon delivery of an indemnity agreement reasonably satisfactory to Grantor or, in the case of any such mutilation, upon surrender and cancellation of the Note, Grantor, at Beneficiary's expense, will execute and deliver, in lieu thereof, a replacement note, identical in form and substance to the Note and dated as of the date of the Note, and upon such execution and delivery all references in this Deed of Trust to the Note shall be deemed to refer to such replacement note.

3.8 Assignment. This Deed of Trust is assignable by Beneficiary only with the written consent of Grantor, which consent may be granted or withheld in Grantor's sole discretion. Any assignment hereof by Beneficiary shall operate to vest in the assignee all rights and powers herein conferred upon and granted to Beneficiary.

3.9 Time of the Essence. Time is of the essence with respect to each and every covenant, agreement and obligation of Grantor under this Deed of Trust, the Note and any and all other instruments now or hereafter evidencing, securing or otherwise relating to the Secured Indebtedness.

3.10 Extensions, Etc. Grantor and Beneficiary may agree to extend the time for payment of all or any part of the Secured Indebtedness, or reduce, rearrange or otherwise modify the terms of payment thereof, or accept a renewal note or notes therefor, all without notice to or the

consent of any junior lienholder or any other person having an interest in the Premises subordinate to the lien of this Deed of Trust, and without the consent of Grantor if Grantor no longer holds title to the Premises. No such extension, reduction, modification or renewal shall affect the priority of this Deed of Trust or impair the security hereof in any manner whatsoever, or release, discharge or otherwise affect in any manner the personal liability of Grantor to Beneficiary or the liability of any other person now or hereafter liable for payment of the Secured Indebtedness or any part thereof.

3.11 Indemnity and Non-Recourse.

(a) The Note is issued pursuant to and in full compliance with the Constitution and laws of the State of Tennessee, and particularly the Act and pursuant to further proceedings of the governing body of the Grantor authorizing among other things, the execution and delivery of this Deed of Trust. The Note, together with the interest thereon, and all other obligations and amounts payable hereunder, shall not be deemed to constitute a debt or liability or pledge of the faith and credit of the Grantor, but is a limited obligation of the Grantor and is payable solely out of the revenues, receipts and other moneys derived from the Lease or from the enforcement of the security provided in this Deed of Trust. Neither the incorporators, members, directors, officers, employees, agents or counsel, past, present or future, of the Grantor nor any person executing this Deed of Trust shall be liable personally on this Deed of Trust by reason of the issuance hereof. The Note shall not be a debt of the City of Humboldt, nor the County of Gibson, nor the State of Tennessee, nor shall they be liable hereon not in any event shall the Note be payable out of any funds or properties other than those received pursuant to the Lease, and neither the Note nor this Deed of Trust shall constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

(b) Notwithstanding any provision in this Deed of Trust to the contrary, no recourse shall be had against Grantor, nor against any incorporator, member, director, officer, employee, counsel or agent of the Grantor, past, present or future, either directly or through the Grantor or otherwise, for the payment of any sum that may be due and unpaid - to Beneficiary under this Deed of Trust, the Note, or any other instrument evidencing or securing the indebtedness secured by this Deed of Trust (collectively, the "Loan Documents"). Any and all personal liability of every nature, whether at common law or in equity, or by statute, constitution, or otherwise, of the Grantor or any such incorporator, member, director, officer, or counsel of the Grantor, as such, to respond by reason of any act or omission on his or her part, or otherwise, for, directly or indirectly, the payment or performance under any Loan Documents, is hereby expressly waived and released as a condition of, and in consideration for, the execution of the Loan Documents by the Grantor.

IN WITNESS WHEREOF, Grantor has executed this Deed of Trust, or has caused this Deed of Trust to be executed, as of the day and year first above written.

**THE INDUSTRIAL DEVELOPMENT BOARD OF
THE CITY OF HUMBOLDT, TENNESSEE**

BY:
ROBERT J. ROOKE, Chairman

ATTEST:

JIM BLANKENSHIP, Secretary

STATE OF TENNESSEE

COUNTY OF GIBSON

Before me, G. Griffin Boyte, a Notary Public in and for the State and County aforesaid, personally appeared Robert J. Rooke and Jim Blankenship, with whom I am personally acquainted, and who, upon oath, acknowledged themselves to be Chairman and Secretary, respectively, of THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF HUMBOLDT, TENNESSEE, the within named bargainor, a corporation, and that they, being-authorized so to do, acknowledged that they executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by themselves, as such Chairman and Secretary, respectively.

Witness my hand and seal, at office, on this the 13th day of December, 2000.

NOTARY PUBLIC

My Commission Expires:
9-20-03

EXHIBIT "A"

**PROPERTY DESCRIPTION FOR
AMERICAN WOODMARK CORPORATION
HUMBOLDT, TENNESSEE**

BEING part of a larger tract of land belonging to the City of Humboldt, Tennessee, as recorded in Deed Book 289, page 775 in the Register's Office of Gibson County, Tennessee, which property is lying and being situate in the Third (3rd) Civil District of Gibson County, Tennessee, within the corporate limits of the City of Humboldt, and being more particularly described as follows, to-wit:

BEGINNING at an iron pin set at the Northwest corner of State of Tennessee property and the East line of Reasons Family Limited Partnership; thence with the North line of Reasons Family Limited Partnership, North 60 degrees 25 minutes 00 seconds West 46.25 feet to an iron pin set at the westernmost Southwest corner of the herein described tract; thence on new lines through and with an iron pin set at the end of each, the following calls: North 00 degrees 55 minutes 59 seconds West 662.97 feet; South 89 degrees 37 minutes 00 seconds East 1582.59 feet; South 00 degrees 23 minutes 00 seconds West 595.02 feet to an iron pin found in the State of Tennessee property; thence with lines of State of Tennessee the following calls: South 43 degrees 19 minutes 07 seconds West 150.00 feet to an iron pin found; North 88 degrees 50 minutes 00 seconds West 1424.93 feet to the point of beginning, and containing 25.00 acres.

BEING that same property conveyed to The Industrial Development Board of the City of Humboldt, Tennessee, by The City of Humboldt, Tennessee, by Deed dated March 28, 2000, and being of record in Official Record Book Volume 606, page 81 in the Register's Office of Gibson County, Tennessee.

EXHIBIT "B"

AMERICAN WOODMARK CORPORATION

Industrial Development Lease Agreement

Asset Listing

December 15, 2000

Real Estate**BUILDING 218500 SQ. FT.**

Total Real Estate	
IMA EI GEBANDER	13318
FRIULMAC IDRAMAT E BORING MACHINE	2890
TORGEgge DET TENONOR	47
CREATIVE CONVEYOR 19 SECTIONS 30 FT	11009
CREATIVE LOAD TRANSFER INFEEED	11008
CREATIVE LOAD TRANSFER OUTFEED	11008
SCHELLING AS-SAW	154077
SCHELLING FL CROSS CUT SAW	211222
DELMAR UP LINE	29000
IMA POINT TO POINT	20337
IMA POINT TO POINT	20338
BIESSE POLYMAC S 89 EDGE BANDER	94008
BIESSE POLYMAC SP 90 HAND TRIMMER	94009
ORLON PKG WRAPPER (3)	2000-0510480
SIGNODE BANDER (3)	9938
A FRAME HOIST/CRANE/TROLLY SET DET	
CATWALKS AND STACKER STAND (3)	
DET A FRAME ROLLING RACKS (3)	
BUCKLEY APPLICATOR CORES (20)	
BUCKLEY APPLICATOR ROLL W/EPDM (2)	
BUCKLEY BASECOAT #1 UC31B	579
BUCKLEY BASECOAT #2 DC33B (2)	583
BUCKLEY METERING ROLLS CHROME (3)	
BUCKLEY PRINTER OFFSET ROLL CORES	
BUCKLEY REVERSE ROLL CORE (1)	
BUCKLEY REVERSE ROLL W/EPDM (1)	
BUCKLEY TIECOAT #1 DC33B (2)	584
BUCKLEY TIECOAT #2 UC31B (2)	578
BUCKLEY TRIPLE HEAD PRINTER P6G3 (2)	588
BUCKLEY UV FILL MACHINE #1 PR32B (2)	580
CERAMCO CERAMIC REVERSE ROLLS (3)	
CREATIVE PRINT LINE MATERIAL	
CREATIVE FEEDER	10990600
CREATIVE STACKER A BIN	10993600
CREATIVE STACKER B B1N	10994600

AMERICAN WOODMARK CORPORATION
Industrial Development Lease Agreement
Asset Listing
December 15, 2000

CREATIVE BUNDLE TURNOVER	10996600
JANTEC PTM 18678-90 BELT CURVE (2)	3104-1
JANTEC TV FR 10X78 STRAIGHT BELT	3104-3
FUSION DRS510 UV OVEN (2)	SC61252DRS3
FUSION DRS520 UV OVEN	SC61252DRS2
FUSION DRS530 UV OVEN	SC1252DRS1
FUSION DUCTWORK (GARDNER)	
HESSEMAN SINGLE HEAD SANDER LSM8	200004291
HESSEMAN TRIPLE HEAD SANDER LSM8	200004292
HIS 1/2 TON HOIST/CRANE/TROLLY SET (7)	618-1
KOCH 20' PREHEAT OVEN #1-PH107-C (2)	9105011
KOCH 20' DRYING OVEN #1 - PH208T-41 (2)	9105013
KOCH 30' DRYING OVEN #3 - BC108-T (2)	9105015
KOCH 10' DRYING OVEN #5 - PD106C-4	9105017
PRINT CYLINDER STORAGE STAND	
PRINTLINE INSPECTOR STAND	
CIRCULAR WATER FOUNTAIN 54"	
CONVECTION OVEN	
CHERRY CYLINDER SETS (2)	47745-56
OAK CYLINDER SET (2)	47757-62
HICKORY CYLINDER SET (2)	47763-68
DRUM COVERS (8) PSI-123 BW1 55 GA	
DRUM COVERS (7) PSI-123 L 55 GA	
DRUM COVERS (11) PSI-123 HYD 55 GA	
HYDRALIC AGITATING SYSTEM FOR PAINT	
CARTS FOR 55 GA DRUMS (23)	
RACK FOR TOTE TANKS	
HONEYWELL ALARM SYSTEM	
CRESSWOOD GRINDER	1350200
CRESSWOOD MANUAL MAGNETIC	
INGERSOLL-RAND DRX1000 AIR DRYER	00CDXRA1577
INGERSOLL-RAND EP125 COMPRESSOR	F37334U00091
INGERSOLL-RAND 680 GALLON TANK	
THERMA TP54 OIL/WATER SEPERATOR	914S1-01
DUST COLLECTION SYSTEM 3 TRUNK	
EMPLOYEE PAVILION	
SCRAP CONVEYOR SYSTEM 210'X 24" BELT	
CHIP REMOVAL CONVEY/SCREW/CANOPY	
TEREX MODEL TS26 PERSONNEL LIFT	
TEREX MODEL TS20 PERSONNEL LIFT	
TENNANT SWEEPER MODEL 3640	
TOYATO 10000 LB FORKLIFT (2)	

AMERICAN WOODMARK CORPORATION

Industrial Development Lease Agreement
Asset Listing
December 15, 2000

TOYATO 5000 LB FORKLIFT (2)	
TOYATO 5000 LB FORKLIFT PNEUMATICS	
CAPACITY 1989 YARD TRACTOR	5688
VOLLMER BLADE SHARPNER	3403
VOLLMER BLADE SHARPNER	3400
AMERICAN SCISSOR LIFT 24X48 (8)	
AMERICAN SCISSOR LIFT 24X66 (6)	
AMERICAN SCISSOR LIFT 24X72 (6)	
AMERICAN SCISSOR LIFT 48X96 (2)	
HYTROL 47" X 780' CONVEYOR 3" SPACING	
HYTROL 37" X 660' CONVEYOR 3" SPACING	
NORTELL PHONE AND PAGING SYSTEM	
COMPUTER WIRING AND HUB SYSTEM	
EMPLOYEE & TRAILER PARKING	
CREATIVE 20'X 50' PRESTAGE LOAD	11000
CREATIVE 10'X 50' LOAD TO FEED	11000
CREATIVE SERIES 2000 FEEDER	SF321
CREATIVE DET INFEEED CONVEYOR	CV321
CREATIVE DET TO EB CONVEYOR 22'X 7'	11001
CREATIVE NOTCHING SAW	11004
CREATIVE NOTCH TO SPLITTER	11005
CREATIVE STACKING SYSTEM	11006
CREATIVE ELECTRICAL SYSTEM	11007
TORWEGGE H632 DET FOR RETURN LINE	46
NOTTMEYER RETURN LINE DRILL	21037
IMA COMPACT U3212 SS EDGE BANDER	6620
COMBIMA RETURN LINE EDGE BANDER	13319
IMA SPLITTER	12089
M. CONTI MEASURING TABLE	50400
BIESSE POLYMAC F39 HAND DRILL	71449
OFFICE FURNITURE GROUP	
STORAGE CABINETS & SHELVING	
RICOH COPIER/FAX COMBINATION	A7690810849
COMPUTER HUB, ADTRAN, PTCH PNLS & MAINT PARTS ROOM RACKING	
TRANSFER CARTS (5)	
FINZER ROLLERS (36)	
DUST COLLECTOR CONCRETE PAD	
LANDSCAPING FRONT OFFICE AREA	
LYNX INDICATOR W/BENCH SCALE	
TABLES & SHOWER STATION	
12" Bench Grinder	

AMERICAN WOODMARK CORPORATION

Industrial Development Lease Agreement

Asset Listing

December 15, 2000

Vertical Bank Saw

Horizontal Sand Saw

Rigid #300

Drill Press

Horizontal Milling Machine

Table Feed Boring Kit

Jet Lathe

Acurite Digital Readout

Bobcat Welder

Dialarc 250 AC/DC Welder

Intoxllizer

Dake 25 Ton Hydraulic Press

Toyota Standup Electric Paintroom Lift PMC Maintenance Software

Control Corp. PLC Software

Kronos Software

Kitchenette

Fire Extinguishers

Flagpole and Walkway

Lawn Tractor

CTD Notcher

Altendorf Table Saw

Ingersoll Rand 10HP Compressor

Kronos 480F Terminal

**AND ANY AND ALL OTHER EQUIPMENT, FURNISHINGS, AND FURNITURE LOCATED IN THE
LESSEE'S PLANT IN HUMBOLDT, TENNESSEE**

This Document Prepared By:

Warmath and Boyte
P. O. Box 406
Humboldt, TN 38343-0406

ASSIGNMENT OF RENTS AND LEASE

THIS ASSIGNMENT OF RENTS AND LEASE ("Assignment") entered into as of the 15th day of December, 2000, by and between THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF HUMBOLDT, TENNESSEE, a public not-for-profit corporation organized and existing under the laws of the State of Tennessee ("Assignor"), and AMERICAN WOODMARK CORPORATION, a corporation organized and existing under the laws of the State of Virginia ("Assignee"):

WITNESSETH

FOR AND IN CONSIDERATION of Ten Dollars (\$10.00), cash in hand paid, and other good and valuable considerations, the receipt and sufficiency of which are hereby acknowledged, the Assignor hereby agrees with Assignee as follows:

1. Assignment; No Merger of Title. Assignor hereby conveys, transfers and assigns unto Assignee, its successors and assigns, Assignor's rights, interests and privileges (excluding Assignor's title to the Property, as defined herein, and Assignor's rights to indemnification pursuant to the Lease, as defined herein) which Assignor has and may have as Lessor under that certain Master Industrial Development Lease Agreement of even date herewith ("Lease") between Assignor, as Lessor, and Assignee, as Lessee, pursuant to which Assignee has leased from Assignor the improved real property described in Exhibit "A", attached hereto, and made a part hereof by reference ("Property"), as the Lease may have been or may from time to time be hereafter modified, extended and renewed, together with all rents, income, profits and proceeds due or to become due therefrom. Assignor and Assignee acknowledge and agree that Assignor does not assign its fee simple title to the Property pursuant to this Assignment and that this Assignment shall not create or effect a merger of title by virtue of which merger fee simple title to the Property would vest in Assignee.

2. Additional Security. This Assignment is made as additional security for the payment of the indebtedness evidenced by: (i) that certain non-recourse \$20,366,888.20 principal amount Industrial Development Revenue Note (American Woodmark Project) Series 2000-1, of even date herewith, issued by Assignor, as Maker, payable to Assignee, and any extension, modification and/or renewal thereof (all of which are herein sometimes individually and collectively referred to as the "Note"), said indebtedness being also secured, inter alia; (ii) a Deed of Trust and Security Agreement, of even date herewith, executed by Assignor, as Grantor, to American Woodmark Corporation, Trustee, for the benefit of Assignee ("Deed of Trust"); and (iii) a Security Agreement, of even date herewith, executed by Assignor in favor of Assignee ("Security Agreement"). The net proceeds collected by the Assignee under the terms of this instrument shall be applied in reduction of the entire indebtedness from time to time outstanding under the Note and secured by the Deed of Trust and Security Agreement. The acceptance of this Assignment and the collection of rents or the payments under the Lease shall not constitute a waiver of any rights of the Assignee under the terms of the Note, Deed of Trust or Security Agreement.

3. Assignor's Warranties and Covenants Regarding Lease. Assignor covenants and represents that Assignor has full right and title to assign the Lease and the rents, income and profits due or to become due thereunder; that as of the date hereof the Lease has not been amended; that no other assignment of any interest therein has been made; and that there are no existing defaults by Assignor as Lessor under the provisions of the Lease.

4. Assignor's Collection of Rent. It is understood and agreed by the parties that, although this Assignment is intended to be and is an absolute assignment from Assignor to Assignee, and not merely the passing of a security interest, before the occurrence of an Event of Default (hereinafter defined), Assignor shall have a revocable license to collect the rents, income and profits from the Lease, and any other awards or payments hereby assigned, and to retain, use and enjoy the same; provided, however, that at no time shall any rent which is not due and payable under the terms of the Lease be collected or accepted without the prior written consent of the Assignee.

5. Events of Default. An Event of Default ("Event of Default") shall be deemed to have occurred hereunder:

(a) Upon the occurrence of a default or an Event of Default pursuant to the provision of this Assignment, the Note, the Deed of Trust, the Security Agreement or a default by the Assignor regarding its obligations under the Lease or upon the occurrence of any other Event of Default, as defined in any other instrument or document which now or hereafter secures the indebtedness evidenced by the Note; or

(b) If any warranty or representation made by the Assignor herein shall be breached or shall prove to have been false or materially misleading when made.

6. Remedies Upon Default. Upon the occurrence of an Event of Default, the license heretofore granted by the Assignee to the Assignor shall, at the absolute option of the assignee, be immediately revoked, and Assignee may, at its option, take possession of all security and rental deposits held by Assignor, enter and take possession of the Property, and manage and operate the same, collect all or any rents accruing therefrom and from the leases, let or re-let the Property or any part thereof, cancel and modify leases, evict tenants, bring or defend any suits in connection with the possession of the Property in its own name or Assignor's name, make such repairs as Assignee deems appropriate, and perform such other acts in connection with the management and operation of the Property as Assignee, in its discretion, may deem proper. Assignee may, at its election, employ agents and independent contractors in connection with the exercise of Assignee's rights hereunder. The net proceeds collected by Assignee under the terms of this instrument shall be applied in reduction of the entire indebtedness from time to time outstanding and secured by the Deed of Trust and Security Agreement. The receipt by Assignee of any rents, issues or profits pursuant to this instrument, whether before or after the institution of foreclosure proceedings under the Deed of Trust, shall not cure such default nor affect such proceedings or any sale pursuant thereto.

7. Assignee Not Obligated. Assignee shall not be obligated to perform or discharge any obligation or duty to be performed or discharged by Assignor under the Lease.

8. Termination of Assignment. The full performance by the Assignor of all the terms and conditions contained in the Note the Deed of Trust and the Security Agreement and in any other instrument or document also securing the Note, and the duly recorded release or reconveyance of the Property shall automatically render this Assignment void.

9. Miscellaneous.

(a) This Assignment applies to and binds the parties hereto, and their respective heirs, administrators, executors, successors and assigns, as well as any subsequent owner of the Property, and any assignee of the Note, Deed of Trust and Security Agreement.

(b) The captions or heading of the Sections of this Assignment are inserted merely for convenience of reference and shall not be deemed to limit or modify the terms and provisions hereof.

IN WITNESS WHEREOF, the Assignor has executed and delivered (or caused the execution and delivery hereof by its duly authorized officers) this Assignment as of the date first above written.

**THE INDUSTRIAL DEVELOPMENT BOARD
OF THE CITY OF HUMBOLDT, TENNESSEE**

BY:
ROBERT J. ROOKE, CHAIRMAN

ATTEST:

JIM BLANKENSHIP, SECRETARY

STATE OF TENNESSEE

COUNTY OF GIBSON

Before me, G. Griffin Boyte, a Notary Public in and for the State aforesaid, personally appeared Robert J. Rooke and Jim Blankenship, with whom I am personally acquainted, and who, upon oath, acknowledged themselves to be Chairman and Secretary, respectively, of THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF HUMBOLDT, TENNESSEE, a corporation, the within named bargainor, and that they, being duly authorized so to do, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by themselves, as such Chairman and Secretary, respectively.

Witness my hand and seal, at office, on this 13th day of December, 2000.

NOTARY PUBLIC

MY COMMISSION EXPIRES:

9-30-03

EXHIBIT "A"

**PROPERTY DESCRIPTION FOR
AMERICAN WOODMARK CORPORATION
HUMBOLDT, TENNESSEE**

BEING part of a larger tract of land belonging to the City of Humboldt, Tennessee, as recorded in Deed Book 289, page 775 in the Register's Office of Gibson County, Tennessee, which property is lying and being situate in the Third (3rd) Civil District of Gibson County, Tennessee, within the corporate limits of the City of Humboldt, and being more particularly described as follows, to-wit:

BEGINNING at an iron pin set at the Northwest corner of State of Tennessee property and the East line of Reasons Family Limited Partnership; thence with the North line of Reasons Family Limited Partnership, North 60 degrees 25 minutes 00 seconds West 46.25 feet to an iron pin set at the westernmost Southwest corner of the herein described tract; thence on new lines through and with an iron pin set at the end of each, the following calls: North 00 degrees 55 minutes 59 seconds West 662.97 feet; South 89 degrees 37 minutes 00 seconds East 1582.59 feet; South 00 degrees 23 minutes 00 seconds West 595.02 feet to an iron pin found in the State of Tennessee property; thence with lines of State of Tennessee the following calls: South 43 degrees 19 minutes 07 seconds West 150.00 feet to an iron pin found; North 88 degrees 50 minutes 00 seconds West 1424.93 feet to the point of beginning, and containing 25.00 acres.

BEING that same property conveyed to The Industrial Development Board of the City of Humboldt, Tennessee, by The City of Humboldt, Tennessee, by Deed dated March 28, 2000, and being of record in Official Record Book Volume 606, page 81 in the Register's Office of Gibson County, Tennessee.

EXHIBIT "B"

AMERICAN WOODMARK CORPORATION

Industrial Development Lease Agreement

Asset Listing

December 15, 2000

Real Estate

BUILDING 218500 SQ. FT.

Total Real Estate

Personal Property

IMA EDGEBANDER	13318
FRIULMAC IDRAMAT E BORING MACHINE	2890
TORGEGGE DET TENONOR	47
CREATIVE CONVEYOR 19 SECTIONS 30FT	11009
CREATIVE LOAD TRANSFER INFEEED	11008
CREATIVE LOAD TRANSFER OUTFEED	11008
SCHELLING AS-SAW	154077
SHELLING FL CROSS CUT SAW	211222
DELMAR UP LINE	29000
IMA POINT TO POINT	20337
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BIESSE POLYMAC SP 90 HAND TRIMMER	94009
ORLON PKG WRAPPER (3)	2000-0510480
SIGNODE BANDER (3)	9938
A FRAME HOIST/CRANE/TROLLY SET DET	
CATWALKS AND STACKER STAND (3)	
DET A FRAME ROLLING RACKS (3)	
BUCKLEY APPLICATOR CORES (20)	
BUCKLEY APPOLICATOR ROLL W/EPDM (2)	
BUCKLEY BASECOAT #1 UC31B	579
BUCKLEY BASECOAT #2 DC33B (2)	583
BUCKLEY METERING ROLLS CHROME (3)	
BUCKLEY PRINTER OFFSET ROLL CORES	
BUCKLEY REVERSE ROLL CORE (1)	
BUCKLEY REVERSE ROLL W/EPDM (1)	
BUCKLEY TIECOAT #1 DC33B (2)	584
BUCKLEY TIECOAT #2 UC31B (2)	578
BUCKLEY TRIPLE HEAD PRINTER P6G3 (2)	586
BUCKLEY UV FILL MACHINE #1 PR32B (2)	580
CERAMCO CERAMIC REVERSE ROLLS (3)	
CREATIVE PRINT LINE MATERIAL	
CREATIVE FEEDER	10990600
CREATIVE STACKER A BIN	10993600
CREATIVE STACKER B BIN	10994600

AMERICAN WOODMARK CORPORATION

Industrial Development Lease Agreement

Asset Listing

December 15, 2000

CREATIVE BUNDLE TURNOVER	10996600
JANTEC PTM 18678-90 BELT CURVE (2)	3104-1
JANTEC TV FR 10X78 STRAIGHT BELT	3104-3
FUSION DRS510 UV OVEN (2)	SC61252DRS3
FUSION DRS520 UV OVEN	SC61252DRS2
FUSION DRS530 UV OVEN	SC1252DRS1
FUSION DUCTWORK (GARDNER)	

HESSEMAN SINGLE HEAD SANDER LSM8	200004291
HESSEMAN TRIPLE HEAD SANDER LSM8	200004292
HIS 1/2 TON HOIST/CRANE/TROLLY SET (7)	618-1
KOCH 20' PREHEAT OVEN #1-PH107-C (2)	9105011
KOCH 20' DRYING OVEN #1 - PH208T-41 (2)	9105013
KOCH 30' DRYING OVEN #3 - BC108-T (2)	9105015
KOCH 10' DRYING OVEN #5 - PD106C-4	9105017
PRINT CYLINDER STORAGE STAND	
PRINTLINE INSPECTOR STAND	
CIRCULAR WATER FOUNTAIN 54"	
CONVECTION OVEN	
CHERRY CYLINDER SETS (2)	47745-56
OAK CYLINDER SET (2)	47757-62
HICKORY CYLINDER SET (2)	47763-68
DRUM COVERS (8) PSI-123 BW1 55 GA	
DRUM COVERS (7) PSI-123 L 55 GA	
DRUM COVERS (11) PSI-123 HYD 55 GA	
HYDRALIC AGITATING SYSTEM FOR PAINT	
CARTS FOR 55 GA DRUMS {23}	
RACK FOR TOTE TANKS	
HONEYWELL ALARM SYSTEM	
CRESSWOOD GRINDER	1350200
CRESSWOOD MANUAL MAGNETIC	
INGERSOLL-RAND DRX1000 AIR DRYER	OOCDXRA1577
INGERSOLL-RAND EPI25 COMPRESSOR	F37334U00091
INGERSOLL-RAND 660 GALLON TANK	
THERMA TP54 OIL/WATER SEPERATOR	914S1-01
DUST COLLECTION SYSTEM 3 TRUNK	
EMPLOYEE PAVILION	
SCRAP CONVEYOR SYSTEM 210'X 24" BELT	
CHIP REMOVAL CONVEY/SCREW/CANOPY	
TEREX MODEL TS26 PERSONNEL LIFT	
TEREX MODEL TS20 PERSONNEL LIFT	
TENNANT SWEEPER MODEL 3640	
TOYATO 10000 LB FORKLIFT (2)	

AMERICAN WOODMARK CORPORATION

Industrial Development Lease Agreement
Asset Listing
December 15, 2000

TOYATO 5000 LB FORKLIFT (2)	
TOYATO 5000 LB FORKLIFT PNEUMATICS	
CAPACITY 1989 YARD TRACTOR	5688
VOLLMER BLADE SHARPNER	3403
VOLLMER BLADE SHARPNER	3400
AMERICAN SCISSOR LIFT 24X48 (8)	
AMERICAN SCISSOR LIFT 24X66 (6)	
AMERICAN SCISSOR LIFT 24X72 (6)	
AMERICAN SCISSOR LIFT 48X96 (2)	
HYTROL 47" X 780' CONVEYOR 3" SPACING	
HYTROL 37" X 660' CONVEYOR 3" SPACING	
NORTELL PHONE AND PAGING SYSTEM	
COMPUTER WIRING AND HUB SYSTEM	
EMPLOYEE & TRAILER PARKING	
CREATIVE 20'X 50' PRESTAGE LOAD	11000
CREATIVE 10'X 50' LOAD TO FEED	11000
CREATIVE SERIES 2000 FEEDER	SF321
CREATIVE DET INFEEED CONVEYOR	CV321
CREATIVE DET TO EB CONVEYOR 22'X 7'	11001
CREATIVE NOTCHING SAW	11004
CREATIVE NOTCH TO SPLITTER	11005
CREATIVE STACKING SYSTEM	11006
CREATIVE ELECTRICAL SYSTEM	11007
TORWEGGE H632 DET FOR RETURN LINE	46
NOTTMEYER RETURN LINE DRILL	21037
IMA COMPACT U3212 SS EDGE BANDER	6620
COMBIMA RETURN LINE EDGE BANDER	13319
IMA SPLITTER	12089
M. CONTI MEASURING TABLE	50400
BIESSE POLYMAC F39 HAND DRILL	71449
OFFICE FURNITURE GROUP	
STORAGE CABINETS & SHELVING	
RICOH COPIER/FAX COMBINATION	A7690810849
COMPUTER HUB, ADTRAN, PTCN PNLS & MAINT PARTS ROOM RACKING	
TRANSFER CARTS (5)	
FINZER ROLLERS (36)	
DUST COLLECTOR CONCRETE PAD	
LANDSCAPING FRONT OFFICE AREA	
LYNX INDICATOR W/BENCH SCALE	
TABLES & SHOWER STATION	
12" Bench Grinder	

AMERICAN WOODMARK CORPORATION

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December 15, 2000

Vertical Band Saw
Horizontal Band Saw
Rigid #300
Drill Press
Horizontal Milling Machine

Table Feed Boring Kit
Jet Lathe
Acurite Digital Readout
Bobcat Welder
Dialarc 250 AC/DC Welder
Intoxilizer
Dake 25 Ton Hydraulic Press
Toyota Standup Electric Paintroom Lift
PMC Maintenance Software
Control Corp. PLC Software
Kronos Software
Kitchenette
Fire Extinguishers
Flagpole and Walkway
Lawn Tractor
CTD Notcher
Altendoff Table Saw
Ingersoll Rand 10HP Compressor
Kronos 480F Terminal

**AND ANY AND ALL OTHER EQUIPMENT, FURNISHINGS, AND FURNITURE
LOCATED IN THE LESSEE'S PLANT IN HUMBOLDT, TENNESSEE**

THIS SPACE FOR USE OF FILING OFFICER

FINANCING STATEMENT -- FOLLOW INSTRUCTIONS CAREFULLY This Financing Statement is presented for filing pursuant to the Uniform Commercial Code and will remain effective, with certain exceptions, for 5 years from date of filing.

A. NAME & TEL. # OF CONTACT AT FILER {optional}

B. FILING OFFICE ACCT. # {optional}

C. RETURN COPY TO: (Name and Mailing Address)

American Woodmark Corporation 3102 Shawnee Drive
Winchester, VA 22601

D. OPTIONAL DESIGNATION (if applicable): ____LESSOR/LESSEE

____CONSIGNOR/CONSIGNEE
____NON-UCC FILING

1. DEBTOR'S EXACT FULL LEGAL NAME - Insert only one debtor name (1a or 1b)

1a. ENTITY'S NAME

or/ The Industrial Development Board of the City of Humboldt,
Tennessee

1b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

1c. MAILING ADDRESS CITY STATE COUNTRY POSTAL CODE

1200 Main Street Humboldt TN USA 38343

1d. S.S. OR TAX ID# OPTIONAL ADD'NL INFO RE-ENTITY DEBTOR

1e. TYPE OF ENTITY

1f. ENTITY'S STATE OR COUNTRY OF ORGANIZATION

1g. ENTITY'S ORGANIZATIONAL I.D.#, if any

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - Insert only one debtor name (2a or 2b)

2a. ENTITY'S NAME

or/
2b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

2c. MAILING ADDRESS CITY STATE COUNTRY POSTAL CODE

2d. S.S. OR TAX ID# OPTIONAL ADD'NL INFO RE-ENTITY DEBTOR

2e. TYPE OF ENTITY

2f. ENTITY'S STATE OR COUNTRY OF ORGANIZATION

2g. ENTITY'S ORGANIZATIONAL I.D.#, if any

3. SECURED PARTY'S (ORIGINAL S/P OR ITS TOTAL ASSIGNEE) EXACT FULL LEGAL NAME -
Insert only one secured party name (3a or 3b)

3a. ENTITY'S NAME

or/ American Woodmark Corporation

3b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

3c. MAILING ADDRESS CITY STATE COUNTRY POSTAL CODE

3102 Shawanee Drive Winchester VA USA 22601

4. This FINANCING STATEMENT covers the following types or items of property:

See Exhibit "A" attached hereto.

MAXIMUM PRINCIPAL INDEBTEDNESS FOR TENNESSEE RECORDING TAX PURPOSE IS Non-

Taxable

5. CHECK This FINANCING STATEMENT is signed by the Secured Party instead of
BOX the Debtor to perfect a security interest (a) in collateral already
(if subject to a security interest in another jurisdiction when it was
appl) brought into this state, or when the debtor's location was changed
 to this state, or (b) in accordance with other statutory provisions
 (additional data may be required)

6. REQUIRED SIGNATURE(S) The Industrial Development Board of the City of Humboldt, Tennessee

BY: Jim Blankenship

7. If filed in Florida (check one)

___ Documentary stamp tax paid

___ Documentary Stamp tax not applicable

8. ___ This FINANCING STATEMENT is to be filed (for record) (or recorded) in the REAL ESTATE RECORDS
Attach Addendum (if applicable)

9. Check to REQUEST SEARCH CERTIFICATE(S) on Debtor(s) (ADDITIONAL FEE)
(OPTIONAL) ___ All Debtors ___ Debtor 1 ___ Debtor 2

(1) FILING OFFICER COPY - NATIONAL FINANCING STATEMENT (FORM UCC1) (TRANS) (REV. 12/18/95)

American Woodmark Corporation

By:

Glenn Eanes, Treasurer

EXHIBIT "A"

AMERICAN WOODMARK CORPORATION

Industrial Development Lease Agreement

Asset Listing

December 15, 2000

Real Estate

BUILDING 218500 SQ. FT.

Total Real Estate

Personal Property

IMA EDGEBANDER	13318
FRIULMAC IDRAMAT E BORING MACHINE	2890
TORGEgge DET TENONOR	47
CREATIVE CONVEYOR 19 SECTIONS 30 FT	11009
CREATIVE LOAD TRANSFER INFEEED	11008
CREATIVE LOAD TRANSFER OUTFEED	11008
SCHELLING AS-SAW	154077
SCHELLING FL CROSS CUT SAW	211222
DELMAR UP LINE	29000
IMA POINT TO POINT	20337
IMA POINT TO POINT	20338
BIESSE POLYMAC S 89 EDGEBANDER	94008
BIESSE POLYMAC SP 90 HAND TRIMMER	94009
ORION PKG WRAPPER (3)	2000-0510480
SIGNODE BANDER (3)	9938
A FRAME HOIST/CRANE/TROLLY SET DET	
CATWALKS AND STACKER STAND (3)	
DET A FRAME ROLLING RACKS (3)	
BUCKLEY APPLICATOR CORES (20)	
BUCKLEY APPOLICATOR ROLL W/EPDM (2)	
BUCKLEY BASECOAT #1 UC31B	579
BUCKLEY BASECOAT #2 DC33B (2)	583
BUCKLEY METERING ROLLS CHROME (3)	
BUCKLEY PRINTER OFFSET ROLL CORES	
BUCKLEY REVERSE ROLL CORE (1)	
BUCKLEY REVERSE ROLL W/EPDM (1)	
BUCKLEY TIECOAT #1 DC33B (2)	584
BUCKLEY TIECOAT #2 UC31B (2)	578
BUCKLEY TRIPLE HEAD PRINTER P6G3 (2)	586
BUCKLEY UV FILL MACHINE #1 PR32B (2)	580
CERAMCO CERAMIC REVERSE ROLLS (3)	
CREATIVE PRINT LINE MATERIAL	
CREATIVE FEEDER	10990600
CREATIVE STACKER A BIN	10993600
CREATIVE STACKER B BIN	10994600

AMERICAN WOODMARK CORPORATION

Industrial Development Lease Agreement

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December 15, 2000

CREATIVE BUNDLE TURNOVER	10996600
JANTEC PTM 18678-90 BELT CURVE (2)	3104-1
JANTEC TV FR 10X78 STRAIGHT BELT	3104-3
FUSION DRS510 UV OVEN (2)	SC61252DRS3
FUSION DRS520 UV OVEN	SC61252DRS2
FUSION DRS530 UV OVEN	SC1252DRS1

FUSION DUCTWORK (GARDNER)	
HESSEMAN SINGLE HEAD SANDER LSM8	200004291
HESSEMAN TRIPLE HEAD SANDER LSM8	200004292
HIS 1/2 TON HOIST/CRANE/TROLLY SET (7)	618-1
KOCH 20' PREHEAT OVEN #1-PH107-C (2)	9105011
KOCH 20' DRYING OVEN #1 - PH208T-41 (2)	9105013
KOCH 30' DRYING OVEN #3 - BC108-T (2)	9105015
KOCH 10' DRYING OVEN #5 - Pdt06C-4	9105017
PRINT CYLINDER STORAGE STAND	
PRINTLINE INSPECTOR STAND	
CIRCULAR WATER FOUNTAIN 54"	
CONVECTION OVEN	
CHERRY CYLINDER SETS (2)	47745-56
OAK CYLINDER SET (2)	47757-62
HICKORY CYLINDER SET (2)	47763-68
DRUM COVERS (8) PSI-123 BW1 55 GA	
DRUM COVERS (7) PSI-123 L 55 GA	
DRUM COVERS (11) PSI-123 HYD 55 GA	
HYDRALIC AGITATING SYSTEM FOR PAINT	
CARTS FOR 55 GA DRUMS (23)	
RACK FOR TOTE TANKS	
HONEYWELL ALARM SYSTEM	
CRESSWOOD GRINDER	1350200
CRESSWOOD MANUAL MAGNETIC	
INGERSOLL-RAND DRX1000 AIR DRYER	00CDXRA1577
INGERSOLL-RAND EP125 COMPRESSOR	F37334U00091
INGERSOLL-RAND 660 GALLON TANK	
THERMA TP54 OIL/WATER SEPERATOR	914S1-01
DUST COLLECTION SYSTEM 3 TRUNK	
EMPLOYEE PAVILION	
SCRAP CONVEYOR SYSTEM 210'X 24" BELT	
CHIP REMOVAL CONVEY/SCREW/CANOPY	
TEREX MODEL TS26 PERSONNEL LIFT	
TEREX MODEL TS20 PERSONNEL LIFT	
TENNANT SWEEPER MODEL 3640	
TOYATO 10000 LB FORKLIFT (2)	

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 Asset Listing
 December 15, 2000

TOYATO 5000 LB FORKLIFT (2)	
TOYATO 5000 LB FORKLIFT PNEUMATICS	
CAPACITY 1989 YARD TRACTOR	5688
VOLLMER BLADE SHARPNER	3403
VOLLMER BLADE SHARPNER	3400
AMERICAN SCISSOR LIFT 24X46 (8)	
AMERICAN SCISSOR LIFT 24X66 (6)	
AMERICAN SCISSOR LIFT 24X72 (6)	
AMERICAN SCISSOR LIFT 48x96 (2)	
HYTROL 47" X 780' CONVEYOR 3" SPACING	
HYTROL 37" X 660' CONVEYOR 3" SPACING	
NORTELL PHONE AND PAGING SYSTEM	
COMPUTER WIRING AND HUB SYSTEM	
EMPLOYEE & TRAILER PARKING	
CREATIVE 20'X 50' PRESTAGE LOAD	11000
CREATIVE 10'X 50' LOAD TO FEED	11000
CREATIVE SERIES 2000 FEEDER	SF321

CREATIVE DET INFEEED CONVEYOR	CV321
CREATIVE DET TO EB CONVEYOR 22'X 7'	11001
CREATIVE NOTCHING SAW	11004
CREATIVE NOTCH TO SPLITTER	11005
CREATIVE STACKING SYSTEM	11006
CREATIVE ELECTRICAL SYSTEM	11007
TORWEGGE H632 DET FOR RETURN LINE	46
NOTTMEYER RETURN LINE DRILL	21037
IMA COMPACT U3212 SS EDGE BANDER	6620
COMBIMA RETURN LINE EDGE BANDER	13319
IMA SPLITTER	12089
M. CONTI MEASURING TABLE	50400
BIESSE POLYMAC F39 HAND DRILL	71449
OFFICE FURNITURE GROUP	
STORAGE CABINETS & SHELVING	
RICOH COPIER/FAX COMBINATION	A7690810849
COMPUTER HUB, ADTRAN, PTCH PNLS & MAINT PARTS ROOM RACKING	
TRANSFER CARTS (5)	
FINZER ROLLERS (36)	
DUST COLLECTOR CONCRETE PAD	
LANDSCAPING FRONT OFFICE AREA	
LYNX INDICATOR W/BENCH SCALE	
TABLES & SHOWER STATION	
12" Bench Grinder	

AMERICAN WOODMARK CORPORATION

Industrial Development Lease Agreement

Asset Listing

December 15, 2000

Vertical Band Saw

Horizontal Band Saw

Rigid #300

Drill Press

Horizontal Milling Machine

Table Feed Boring Kit

Jet Lathe

Acurite Digital Readout

Bobcat Welder

Dialarc 250 AC/DC Welder

Intoxilizer

Dake 25 Ton Hydraulic Press

Toyota Standup Electric Paintroom Lift PMC Maintenance Software

Control Corp. PLC Software

Kronos Software

Kitchenette

Fire Extinguishers

Flagpole and Walkway

Lawn Tractor

CTD Notcher

Altendorf Table Saw

Ingersoll Rand 1OHP Compressor

Kronos 480F Terminal

AND ANY AND ALL OTHER EQUIPMENT, FURNISHINGS, AND FURNITURE LOCATED IN THE

LESSEE'S PLANT IN HUSBOLDT, TENNESSEE

Exhibit 10.7 (f)

AMERICAN WOODMARK CORPORATION

2000 NON-EMPLOYEE DIRECTORS STOCK OPTION PLAN

PART I. PLAN ADMINISTRATION AND ELIGIBILITY

I. Purpose

The purpose of this Non-Employee Directors Stock Option Plan (the "Plan") of American Woodmark Corporation (the "Company") is to encourage ownership in the Company by non-employee members of the Board of Directors of the Company (the "Board"), in order to promote long-term shareholder value and to provide non-employee members of the Board with an incentive to continue as directors of the Company. The Plan is intended to conform to the provisions of Rule 16b-3 of the Securities Exchange Act of 1934.

II. Administration

The Plan shall be administered by the Board. Grants of stock options ("Options") under the Plan shall be automatic as described in Section VII. However, the Board shall have all powers vested in it by the terms of the Plan, including, without limitation, the authority (within the limitations described herein) to prescribe the form of the agreement embodying awards of stock options under the Plan, to construe the Plan, to determine all questions arising under the Plan, and to adopt and amend rules and regulations for the administration of the Plan as it may deem desirable and to establish and verify the extent of satisfaction of any conditions to exercisability applicable to Options. Any decision of the Board in the administration of the Plan, as described herein, shall be final and conclusive. The Board may act only by a majority of its members, except that members thereof may authorize any one or more of their number or any officer of the Company to execute and deliver documents on behalf of the Board. No member of the Board shall be liable for anything done or omitted to be done by him or any other member of the Board in connection with the Plan, except for his own willful misconduct or as expressly provided by statute.

III. Eligibility

Each person who is not an employee of the Company or any subsidiary of the Company and who is a member of the Board shall be eligible to participate in this Plan.

IV. Stock Subject to the Plan

The maximum number of shares of the Company's common stock ("Shares") that may be issued upon exercise of Options granted pursuant to the Plan shall be 30,000, subject to adjustment as provided in Section XII. Shares that have not been issued under the Plan allocable to Options and portions of Options that expire or terminate unexercised may again be subject to a new Option.

PART II. OPTIONS

V. Non-Statutory Sock Options

All Options granted under the Plan shall be non-statutory in nature and shall not be entitled to special tax treatment under Section 422 of the Internal Revenue Code of 1986, as amended (the "Code").

VI. Option Exercise Price

The exercise price of each Option shall be the fair market value of the Shares subject to such Option on the date the Option is granted, which shall be the average of the highest and lowest reported sale prices per share of the Shares on the Nasdaq National Market (or if there have been no transactions, the average of the bid and asked prices) on the date of grant.

VII. Grant of Options

Each Option shall be evidenced by a written agreement in such form as the Board shall from time to time approve, which agreement shall comply with and be subject to the following terms and conditions:

A. **Option Grant Date.** Each director of the Company who meets the eligibility conditions described in Section III on the effective date of the Plan (as described in Section XII) shall automatically receive an Option to purchase 1,000 Shares on that date. Each director who is newly elected by the Company's shareholders after the Plan's effective date to serve as a director of the Company and who meets the eligibility conditions described in Section III shall automatically receive an Option to purchase 1,000 Shares on the date of such election. Each eligible director shall annually thereafter on the anniversary date of his or her first Option grant automatically receive an Option to purchase 1,000 shares. If at any time under the Plan there are not sufficient Shares available to fully permit the automatic Option grants described in this paragraph, the Option grants shall be reduced pro rata (to zero if necessary) so as not to exceed the number of Shares available.

B. **Non-Transferability of Options.** An Option shall not be transferable by the optionee otherwise than by will, or by the laws of descent and distribution, and shall be exercised during the lifetime of the optionee only by him or her. An Option transferred by will or by the laws of descent and distribution may be

exercised by the optionee's personal representative within one year of the date of the optionee's death to the extent the optionee could have exercised the Option on the date of his death. No Option or interest therein may be transferred, assigned, pledged or hypothecated by the optionee during his lifetime, whether by operation of law or otherwise, or be made subject to execution, attachment or similar process.

C. Exercise of Options. An Option shall be exercisable as to one- third of the number of Shares on the first anniversary of the date on which it was granted, and as to an additional one-third of the number of Shares on each succeeding anniversary until fully exercisable. No Option may be exercised:

1. before the Plan is approved by shareholders of the Company;
2. after the expiration of up to four (4) years from the date the Option is granted as specified by the Board in the participants stock option agreement; provided, however, that each Option shall be subject to termination before its date of expiration as hereinafter provided;
3. the Board may impose such vesting conditions and other requirements as the Board deems appropriate, and the Board may include such provisions regarding Change of Control as the Board deems appropriate,
4. except by written notice to the Company at its principal office, stating the number of Shares to the optionee has elected to purchase, accompanied by payment in cash and/or by delivery to the Company of Shares (valued at fair market value on the date of exercise) in the amount of the full Option exercise price for the Shares being acquired thereunder; and
5. only at such time as an optionee is a director of the Company, or within three (3) months after the date the optionee ceases to be a director of the Company, to the extent then exercisable, but subject to the provisions of subsection B above.

VIII. Modification, Extension and Renewal of Options

The Board shall have the power to modify, extend or renew outstanding Options and to authorize the grant of new Options in substitution therefore, provided that any such action may not have the effect of altering or impairing any rights or obligations of any person under any Option previously granted without the consent of the optionee.

PART III. GENERAL PROVISIONS

IX. Termination

The Plan shall terminate upon the earlier of:

A. the adoption of a resolution of the Board terminating the Plan; or

B. August 31, 2004

No termination of the Plan shall materially and adversely affect any of the rights or obligations of any person under any Option previously granted under the Plan, without his or her consent.

X. Limitation of Rights

A. No Right to Continue as a Director. In no event shall the Plan, any director's participation in the Plan, any director's receipt of an Option under the Plan or any other action taken under the Plan constitute or be evidence of any agreement or understanding, express or implied, that the Company will retain any person as a director for any period of time.

B. No Shareholder's Rights Under Options. An optionee shall have no rights as a shareholder with respect to Shares covered by his or her Options until the date of exercise of the Option, and, except as provided in Section XII, no adjustment will be made for dividends or other rights for which the record date is prior to the date of such exercise.

XI. Changes in Capital Structure

In the event of any merger, consolidation, reorganization, recapitalization, stock dividend, stock split or other change in the corporate structure or capitalization affecting the Shares, the number of Shares that may be issued under the Plan, and the number of Shares subject to or the Option exercise price per Share under any outstanding Option, shall be adjusted automatically so that the proportionate interest of the participant shall be maintained as before the occurrence of such event. Such adjustment in outstanding Options, with a corresponding adjustment in the Option exercise price per Share, shall be made without change in the total Option exercise price applicable to the unexercised portion of the Option, and any such adjustment shall be conclusive and binding for all purposes of the Plan.

XII. Effective Date of the Plan

The Plan shall be effective on the date of its adoption by the shareholders of the Company.

XIII. Amendment of the Plan

The Board may suspend or discontinue the Plan or revise or amend the Plan in any respect; provided, however, that without approval of the shareholders no revision or amendment shall increase the number of Shares subject to the Plan (except as provided in Section XI).

XIV. Notice

Any written notice to the Company required by any of the provisions of the Plan shall be addressed to the Treasurer of the Company and delivered personally or mailed first class, postage prepaid to the Company at its principal business address.

XV. Miscellaneous Provisions

A. Delivery of Shares. The Company shall not be required to issue or deliver any certificate for Shares purchased upon the exercise of any part of an Option before (i) the admission of such Shares to listing on any stock exchange or other listing system on which the Company's common stock may then be listed, (ii) receipt of any required registration or other qualification of such Shares under any state of federal law or regulation that the Company's counsel shall determine is necessary or advisable, and (iii) the Company shall have been advised by counsel that all applicable legal requirements have been complied with.

B. Ratification. By accepting any Option or other benefit under the Plan, each participant and each person claiming under or through such person shall be conclusively deemed to have given his or her acceptance and ratification of, and consent to, any action taken by the Company or the

Board.

Exhibit 10.7 (g)

**AMERICAN WOODMARK CORPORATION
SHAREHOLDER VALUE PLAN FOR EMPLOYEES**

1. PURPOSE

On May 14, 1996, the Board of Directors of the Company adopted the Shareholder Value Plan For Employees (the "Plan") to provide incentive-based cash benefits for eligible participants if the performance goals fixed by the Committee pursuant to the terms of the Plan are met. The Plan is subject to approval by Company shareholders and is intended to meet the requirements of section 162(m) of the Internal Revenue Code, and regulations thereunder, so that cash compensation received pursuant to the Plan will be incentive compensation excludable from the \$1 million limitation on deductible compensation.

2. DEFINITIONS

As used in the Plan, the following terms have the meanings indicated:

(a) "Award Table" means a table similar in type to Exhibit A with changes necessary to adapt the table to the performance criteria selected by the Committee for the Performance Period and to display other objective factors necessary to determine the amount, if any, of the award for the Performance Year.

(b) "Award Unit" means a measure of value fixed by the Committee with respect to each Performance Period whose value will be based upon the extent to which the Performance Goal set by the Committee for the Performance Period has been achieved.

(c) "Board" means the board of directors of the Company.

(d) "Change of Control" means:

(i) The acquisition by any unrelated person of beneficial ownership (as that term is used for purposes of the Securities Exchange Act of 1934) of 50% or more of the then outstanding shares of common stock of the Company or the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors. The term unrelated person means any person other than (x) the Company and its Subsidiaries, (y) an employee benefit plan or trust of the Company or its Subsidiaries, and (z) a person who acquires stock of the Company pursuant to an agreement with the Company that is approved by the

Board in advance of the acquisition, unless the acquisition results in a Change of Control pursuant to subsection (ii) below. For purposes of this subsection, a person means an individual, entity or group, as that term is used for purposes of the Act.

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

(iii) A liquidation of the Company.

(e) "Code" means the Internal Revenue Code of 1986, as amended, and regulations thereunder.

(f) "Committee" means the committee appointed by the Board as described in Section 6.

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

(h) "Company Stock" means the common stock of the Company.

(i) "Comparison Group" means the publicly traded corporations that are included in the S&P Home Furnishings and Appliance Index of companies.

(j) "Disability" means a condition that entitles the Participant to disability payments under the terms of the Company's long term disability plan.

(k) "Fair Market Value" means, on any given date, the average of the high and low price on such date as reported on the NASDAQ National Markets Transactions Tape. In the absence of any such sale, fair market value means the average of the closing bid and asked prices of a share of Common Stock on such date as reported by such source. In the absence of such average or if shares of Common Stock are no longer traded on NASDAQ, the fair market value shall be determined by the Committee using any reasonable method in good faith.

(l) "Participant" means any person eligible to receive a cash award under the Plan.

(m) "Performance Goal" means for the three-year Performance Period beginning May 1, 1996 the amount of Total Shareholder Return computed for a share of American Woodmark Corporation common stock specified by the Committee that when expressed as a percentage and compared with the Comparison Group falls within

the ranking scale between the 50th percentile and including the 90th percentile for such Performance Period. For Performance Periods beginning after April 30, 1997, the term generally means Total Shareholder Return as described in the preceding sentence with such adjustments to percentages in the ranking scale as the Committee deems appropriate for the Performance Period.

(n) "Performance Period" means three consecutive Performance Years.

(o) "Performance Year" means the period which is also the Company's fiscal year.

(p) "Plan" means the American Woodmark Corporation Shareholder Value Plan For Employees.

(q) "Retirement" or "Retires" means the termination of employment of a Participant on or after the Participant's Early Retirement Date under the Company's Pension Plan for reasons other than death.

(r) "Total Shareholder Return" means for each Performance Period (1) the increase in the average trading price of a share of common stock during the month in which ends the Performance Period (the ending price) over the average trading price of a share of common stock during the month preceding the first day of the Performance Period (the beginning price), plus (2) the value of dividends or other distributions with respect to a share of common stock during the Performance Period, expressed as an annualized rate of return for the Performance Period.

3. PARTICIPATION

Management employees designated by the Committee shall be eligible to participate in the Plan. The Committee shall award to each Participant with respect to each Performance Period the number of Award Units which shall be a component in measuring the value of the Participant's incentive payment.

4. DETERMINATION OF AWARDS

(a) Before the beginning of each Performance Period, except as provided in (d) below, the Committee will complete and adopt an Award Table substantially in the form attached as Exhibit A. The Award Table will fix the Performance Period, the Performance Goal and all other relevant objective components for determining whether an incentive payment will be due and, if so, the amount of the incentive payment. Incentive payments are based on the value of each Award Unit for the

Performance Period if and to the extent the Performance Goal is achieved. The Performance Goal shall be the attainment of a target percentage or range of target percentages of the Performance Goal for the Performance Period. The amount payable to a Participant for the Performance Period will be determined from the Award Table as the product of the number of Award Units assigned to the Participant multiplied by the value of each Award Unit as of the end of the Performance Period. The Committee may establish such threshold requirements for the payment of an award and limitations on the amount of the award as the Committee shall deem appropriate. Once fixed, the Performance Period, the Performance Goals and targets for a Performance Period may not be modified after the Performance Period begins.

(b) Before any award may be paid for a Performance Period, the Committee shall certify that the Performance Goals and any other requirements of the Plan have been satisfied for the Performance Period. No payments shall be made unless and until the Committee makes this certification. Once the payment has been made pursuant to the certification, such certification and payment shall not be subject to change because of the occurrence of subsequent events or discovery of facts not known or not reasonably foreseeable at the time the certification is made.

(c) Even though the Performance Goals have been met, no award to a Participant with respect to a Performance Period shall exceed \$750,000.

(d) In the Performance Year in which the Plan is adopted, the Committee may take the action required under (a) at any time during the initial Performance Year.

5. PAYMENT OF AWARDS

(a) If the Committee has made the certification required pursuant to Section 4(b), subject to Section 4(c), awards shall be paid as soon as administratively practicable following the last day of the Performance Period for which they are computed. All awards under the Plan are subject to federal, state and local income and payroll tax withholding when paid.

(b) A Participant shall not receive an award if the Participant's employment with the Company and its subsidiaries terminates prior to the last day of the Performance Period for any reason other than death, Disability, Retirement, or sale or other

disposition of the business unit in which the Participant was employed. A Participant who terminates employment for one of the reasons described in the preceding sentence shall be eligible to receive a prorata award, if an award is otherwise payable pursuant to Section 4, based on the ratio that the number of full months elapsed during the Performance Period to the date the event occurred bears to 36 or such greater number of months in the Performance Period. A Participant shall not forfeit an award if the Participant's employment terminates after the end of the applicable Performance Period, but prior to the distribution of the award, if any, for such year.

(c) If a Participant dies and is subsequently entitled to receive an award under the Plan, the award shall be paid to the personal representative of the Participant's estate.

6. ADMINISTRATION

(a) The Plan shall be administered by the Compensation Committee of the Board of Directors (the "Committee"), which shall be comprised solely of two or more "outside directors", as that term is defined for purposes of Code Section 162(m).

(b) The Board from time to time may appoint members previously appointed and may fill vacancies, however caused, in the Committee. Insofar as it is necessary to satisfy the requirements of Section 16(b) of the Securities Exchange Act of 1934, no member of the Committee shall be eligible to participate in the Plan.

(c) If any member of the Committee fails to qualify as an "outside director" or otherwise meet the requirements of this section, such person shall immediately cease to be a member of the Committee solely for purposes of the Plan and shall not take part in future Committee deliberations.

(d) The Committee may adopt rules and regulations for carrying out the Plan, and the Committee may take such actions as it deems appropriate to ensure that the Plan is administered in the best interests of the Company. The Committee has the authority to construe and interpret the Plan, resolve any ambiguities, and make determinations with respect to the eligibility for or amount of any award. The interpretation, construction and administration of the Plan by the Committee shall be final and conclusive. The Committee may consult with counsel, who may be counsel to the Company, and shall not incur any liability for any action taken in good faith in reliance upon the advice of counsel.

7. RIGHTS

Participation in the Plan and the right to receive cash awards under the Plan shall not give a Participant any proprietary interest in the Company, any subsidiary or any of their assets. No trust fund shall be created in connection with the Plan, and there shall be no required funding of amounts that may become payable under the Plan. A Participant shall for all purposes be a general creditor of the Company. The interests of a Participant cannot be assigned, anticipated, sold, encumbered or pledged and shall not be subject to the claims of his creditors. Nothing in the Plan shall confer upon any Participant the right to continue in the employ of the Company or any subsidiary or shall interfere with or restrict in any way the right of the Company and its subsidiaries to discharge a Participant at any time for any reason whatsoever, with or without cause.

8. SUCCESSORS

The Plan shall be binding on the Participants and their personal representatives. If the Company becomes a party to any merger, consolidation, reorganization or other corporate transaction, the Plan shall remain in full force and effect as an obligation of the Company or its successor in interest. In the event of a Change of Control, each Performance Period which has not ended prior to the date of the Change of Control shall be deemed to have ended on the last day of the month immediately preceding the month in which the Change of Control occurred. The Committee, or any successor thereto, shall determine the awards payable to Participants pursuant to Section 4 for such Performance Periods. Within no later than 90 days following the date of the Change of Control, the Committee (or its successor) shall determine whether the Performance Goals for such Performance Periods have been satisfied and shall pay the appropriate awards to Participants.

9. AMENDMENT AND TERMINATION

The Board may amend or terminate the Plan at any time as it deems appropriate; provided that (i) no amendment or termination of the Plan after the end of a Performance Period may increase or decrease the awards for the Performance Period just ended, and (ii) to the extent required to meet the requirements of Code Section 162(m) for performance-based compensation, any amendment that makes a material change to the Plan must be approved by the shareholders of the Company. The Board is specifically authorized to amend the Plan and take such other actions as necessary or appropriate to comply with Code Section 162(m) and regulations issued thereunder, and to comply with or avoid administration of the Plan in a manner that could cause a Participant to incur liability under Section 16(b) of the Securities Exchange Act of 1934 and regulations issued thereunder.

10. INTERPRETATION

If any provision of the Plan would cause the Plan to fail to meet the Code Section 162(m) requirements for performance-based compensation, then that provision of the Plan shall be void and of no effect. The Plan shall be interpreted according to the laws of the Commonwealth of Virginia.

EXHIBIT A

AWARD TABLE

PERFORMANCE PERIOD BEGINNING 5/1/96 AND ENDING 4/30/99

BASIS FOR PERFORMANCE GOAL MEASUREMENT: TOTAL SHAREHOLDER RETURN

PERCENTILE RANK

	S&P Home Furnishings and Appliance Index -----	AWARD UNIT VALUE* -----
THRESHOLD	50	\$ 500
	55	700
TARGET	60	1,000
	65	1,300
	70	1,600
	75	1,950
	80	2,300
	85	2,650
MAXIMUM	90+	3,000

* Award Unit Values for percentile rank performance between those listed in the tables will be interpolated.

AWARD DERIVATIONS

Before the beginning of each Performance Year, the Committee will complete and evidence in writing the following process relative to Plan administration for the Performance Year.

1. Specify the Performance Period beginning and ending dates.

2. Specify any additions or changes in participation and assign Award Units to Participants.
3. Specify the comparison group for determining the Company's percentile rank for the purpose of determining whether a cash award will be payable under the Plan for the Performance Year.
4. Fix Award Unit values in relation to Performance Goal and target levels.
5. Fix Threshold Performance Goal rank below which no award is payable.
6. Fix percent of Target Award rank.
7. Fix maximum Performance Goal rank which results in maximum permitted award.

**FIRST AMENDMENT TO THE
AMERICAN WOODMARK CORPORATION
SHAREHOLDER VALUE PLAN FOR EMPLOYEES**

FIRST AMENDMENT, dated as of June 29, 1999, to the American Woodmark Corporation Shareholder Value Plan for Employees (the "Plan") by American Woodmark Corporation (the "Employer"). The Employer maintains the Plan adopted on May 14, 1996. The Employer has the power to amend the Plan and now wishes to do so.

NOW, THEREFORE, the Plan is amended as follows:

I. Effective May 1, 1999, Section 2(i) shall be amended as follows:

(i) "Comparison Group" means, as designated by the Committee in its sole discretion, the publicly traded corporations that are included in: (i) the S&P Home Furnishings and Appliance Index of companies, (ii) the Russell 2000 Index(R), or (iii) any other similar nationally recognized index which the Committee determines constitutes a comparable group of companies with the Company.

II. In all respects not amended, the Plan is hereby ratified and

confirmed.

Exhibit 10.7 (h)

American Woodmark Corporation
Shareholder Value Plan For Non-Employee Directors

1. Purpose.

On August 27, 1997 the Board of Directors of the Company adopted the Shareholder Value Plan For Non-Employee Directors (the "Plan") to provide incentive-based cash benefits for eligible participants if the performance goals fixed by the Board pursuant to the terms of the Plan are met.

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

- a) "Award Table" means a table similar in type to Exhibit A with changes necessary to adapt the table to the performance criteria selected by the Board for the Performance Period and to display other objective factors necessary to determine the amount, if any, of the award for the Performance Year.
- b) "Award Unit" means a measure of value fixed by the Board with respect to each Performance Period whose value will be based upon the extent to which the Performance Goal set by the Board for the Performance Period has been achieved.
- c) "Board" means the Board of Directors of the Company.
- d) "Change of Control" means:
 - i) The acquisition by any unrelated person of beneficial ownership (as that term is used for purposes of the Securities Exchange Act of 1934) of 50% or more of the then outstanding shares of common stock of the Company or the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors. The term "unrelated person" means any person other than (x) the Company and its Subsidiaries, (y) an employee benefit plan or trust of the Company or its Subsidiaries, and (z) a person who acquires stock of the Company pursuant to an agreement with the Company that is approved by the Board in advance of the acquisition, unless the acquisition results in a Change of Control pursuant to subsection (ii) below. For purposes of this subsection, a "person" means an individual, entity or group, as that term is used for purposes of the Securities Exchange Act of 1934.
 - ii) Any tender or exchange offer, merger or other business combination, sale of assets or any combination of the foregoing transactions, and the Company is not the surviving corporation.
 - iii) A liquidation of the Company.
- e) "Code" means the Internal Revenue Code of 1986, as amended, and regulations thereunder.
- f) "Company" means American Woodmark Corporation, a Virginia corporation.
- g) "Company Stock" means the common stock of the Company.

h) "Comparison Group" means the publicly traded corporations that are included in the S&P Home Furnishings and Appliance Index of companies.

i) "Disability" means a condition, resulting from bodily injury or disease or mental impairment, that renders, and for a six consecutive month period has rendered, a Non-Employee Director unable to perform the duties of a director. Disability shall be determined by a licensed medical physician selected by the Board.

j) "Fair Market Value" means, on any given date, the average of the high and low price on such date as reported on the NASDAQ National Markets Transactions Tape. In the absence of any such sale, fair market value means the average of the closing bid and asked prices of a share of Common Stock on such date as reported by such source. In the absence of such average or if shares of Common Stock are no longer traded on NASDAQ, the fair market value shall be determined by the Board using any reasonable method in good faith.

k) "Non-Employee-Director" means a member of the Board of Directors who is not an employee of the Company or any subsidiary of the Company, and who has not at anytime during the Performance Year been an employee of the Company or any subsidiary of the Company.

l) "Participant" means any person eligible to receive a cash award under the Plan.

m) "Performance Goal" means for the three-year Performance Period beginning September 1, 1997 the amount of Total Shareholder Return computed for a share of American Woodmark Corporation common stock specified by the Board that when expressed as a percentage and compared with the Comparison Group falls within the ranking scale between the 50th percentile and including the 90th percentile for such Performance Period. For Performance Periods beginning after August 31, 1998, the term generally means Total Shareholder Return as described in the preceding sentence with such adjustments to percentages in the ranking scale as the Board deems appropriate for the Performance Period.

n) "Performance Period" means three consecutive Performance Years.

o) "Performance Year" means the period from September 1 to August 31.

p) "Plan" means the American Woodmark Corporation Shareholder Value Plan For Non-Employee Directors.

q) "Total Shareholder Return" means for each Performance Period (1) the increase in the average trading price of a share of common stock during the month in which ends the Performance Period (the ending price) over the average trading price of a share of common stock during the month preceding the first day of the Performance Period (the beginning price), plus (2) the value of dividends or other distributions with respect to a share of common stock during the Performance Period, expressed as an annualized rate of return for the Performance Period.

3. Participation.

All Non-Employee Directors shall be eligible to participate in the Plan. The Board shall award to each Participant with respect to each

Performance Period the number of Award Units which shall be a component in measuring the value of the Participant's incentive payment.

4. Determination of Awards.

a) Before the beginning of each Performance Period, except as provided in (d) below, the Board will complete and adopt an Award Table substantially in the form attached as Exhibit A. The Award Table will fix the Performance Period, the Performance Goal and all other relevant objective components for determining whether an incentive payment will be due and, if so, the amount of the incentive payment. Incentive payments are based on the value of each Award Unit for the Performance Period if and to the extent the Performance Goal is achieved. The Performance Goal shall be the attainment of a target percentage or range of target percentages of the Performance Goal for the Performance Period. The amount payable to a Participant for the Performance Period will be determined from the Award Table as the product of the number of Award Units assigned to the Participant multiplied by the value of each Award Unit as of the end of the Performance Period. The Board may establish such threshold requirements for the payment of an award and limitations on the amount of the award as the Board shall deem appropriate. Once fixed, the Performance Period, the Performance Goals and targets for a Performance Period may not be modified after the Performance Period begins.

b) Before any award may be paid for a Performance Period, the Board shall certify that the Performance Goals and any other requirements of the Plan have been satisfied for the Performance Period. No payments shall be made unless and until the Board makes this certification. Once the payment has been made pursuant to the certification, such certification and payment shall not be subject to change because of the occurrence of subsequent events or discovery of facts not known or not reasonably foreseeable at the time the certification is made.

c) Even though the Performance Goals have been met, no award to a Participant with respect to a Performance Period shall exceed \$25,000.

d) In the Performance Year in which the Plan is adopted, the Board may take the action required under subsection (a) at any time during the initial Performance Year.

5. Payment of Awards.

a) If the Board has made the certification required pursuant to Section 4(b), subject to Section 4(c), awards shall be paid as soon as administratively practicable following the last day of the Performance Period for which they are computed.

b) A Participant shall not receive an award if the Participant ceases to be a Non-Employee Director prior to the last day of the Performance Period for any reason other than death, Disability, or a Change of Control. A Participant who ceases to be a Non-Employee Director as a result of one of the events described in the preceding sentence shall be eligible to receive a prorata award, if an award is otherwise payable pursuant to Section 4, based on the ratio that (i) the number of full months elapsed during the Performance Period to the date of such event bears to (ii) 36 or such greater number of

months in the Performance Period. A Participant shall not forfeit an award if the Participant ceases to be a Non-Employee Director after the end of the applicable Performance Period, but prior to the distribution of the award, if any, for such Performance Period.

c) If a Participant dies and is subsequently entitled to receive an award under the Plan, the award shall be paid to the personal representative of the Participant's estate.

6. Administration.

a) The Plan shall be administered by the Board.

b) The Board may adopt rules and regulations for carrying out the Plan, and the Board may take such actions as it deems appropriate to ensure that the Plan is administered in the best interests of the Company. The Board has the authority to construe and interpret the Plan, resolve any ambiguities, and make determinations with respect to the eligibility for or amount of any award. The interpretation, construction and administration of the Plan by the Board shall be final and conclusive. The Board may consult with counsel, who may be counsel to the Company, and shall not incur any liability for any action taken in good faith in reliance upon the advice of counsel.

7. Rights.

Participation in the Plan and the right to receive cash awards under the Plan shall not give a Participant any proprietary interest in the Company, any subsidiary or any of their assets. No trust fund shall be created in connection with the Plan, and there shall be no required funding of amounts that may become payable under the Plan. A Participant shall for all purposes be a general creditor of the Company. The interests of a Participant cannot be assigned, anticipated, sold, encumbered or pledged and shall not be subject to the claims of his creditors. Nothing in the Plan shall confer upon any Participant the right to continue as a director of the Company or any subsidiary or shall interfere with or restrict in any way the right of the Company and its subsidiaries to terminate a Participant's role as director at any time for any reason whatsoever, with or without cause.

8. Successors.

The Plan shall be binding on the Participants and their personal representatives. If the Company becomes a party to any merger, consolidation, reorganization or other corporate transaction, the Plan shall remain in full force and effect as an obligation of the Company or its successor in interest. In the event of a Change of Control, each Performance Period which has not ended prior to the date of the Change of Control shall be deemed to have ended on the last day of the month immediately preceding the month in which the Change of Control occurred. The Board, or any successor thereto, shall determine the awards payable to Participants pursuant to Section 4 for such Performance Periods. Within no later than 90 days following the date of the Change of Control, the Board (or its successor) shall determine whether the Performance Goals for such Performance Periods have been satisfied and shall pay the appropriate awards to Participants.

9. Amendment and Termination.

The Board may amend or terminate the Plan at any time as it deems appropriate; provided that no amendment or termination of the Plan after

the end of a Performance Period may increase or decrease the awards for the Performance Period just ended.

10. Interpretation.

The Plan shall be interpreted according to the laws of the Commonwealth of Virginia.

Exhibit A

AWARD TABLE
PERFORMANCE PERIOD BEGINNING 9/1/97 AND ENDING 8/31/2000

Basis for Performance Goal Measurement: Total Shareholder Return

PERCENTILE RANK

	<u>S&P Home Furnishings and Appliance Index</u>	<u>AWARD UNIT VALUE*</u>
THRESHOLD	50	\$ 500
	55	700
TARGET	60	1,000
	65	1,300
	70	1,600
	75	1,950
	80	2,300
	85	2,650
MAXIMUM	90+	3,000

* Award Unit Values for percentile rank performance between those listed in the tables will be interpolated.

Award Derivations

Before the beginning of each Performance Year, the Board will complete and evidence in writing the following process relative to Plan administration for the Performance Year.

1. Specify the Performance Period beginning and ending dates.

2. Specify any additions or changes in participation and assign Award Units to Participants.
3. Specify the comparison group for determining the Company's percentile rank for the purpose of determining whether a cash award will be payable under the Plan for the Performance Year.
4. Fix Award Unit values in relation to Performance Goal and target levels.
5. Fix Threshold Performance Goal rank below which no award is payable.
6. Fix percent of Target Award rank.
7. Fix maximum Performance Goal rank which results in maximum permitted award.

Exhibit 10.8(a)

American Woodmark Corporation

Fiscal Year 2001

Annual Incentive Plan for the Chairman of the Board and the President & CEO

I. The objectives of the Annual Incentive Plan are threefold:

A. Provide an incentive which will encourage and reward outstanding individual performance;

B. Help align the personal goals of the individual with the overall goals of and objectives of American Woodmark and the stockholders of American Woodmark; and

C. Together with base pay and long term incentive programs, provide a compensation package, in both form and total value, which is equal to or better than opportunities offered in the competitive marketplace for similar performance in similar positions.

II. Eligibility for Participation in the Annual Incentive Program

A. The Chairman and President/CEO of the Company. Eligible participants must be employed by the Company on April 30, 2001. All calculations will be reduced on a pro-rated basis for eligible participants not employed as of May 1, 2000.

III. Determination of Annual Incentive Payout

A. Determination of the payout will be based on one component:

1. Zero to 110% of base salary on April 30, 2001 as determined by the attached schedule for net income. No payment will be made on net income below \$16.0 million. Net income will be the audited

amount as listed in the Company's annual report for Fiscal 2001.

Exhibit 10.8(b)

American Woodmark Corporation

Fiscal Year 2000

Annual Incentive Plan for Senior Vice Presidents and Vice President of Human Resources

I. The objectives of the Annual Incentive Plan are threefold:

A. Provide an incentive which will encourage and reward outstanding individual performance;

B. Help align the personal goals of the individual with the overall goals of and objectives of American Woodmark and the stockholders of American Woodmark; and

C. Together with base pay and long term incentive programs, provide a compensation package, in both form and total value, which is equal to or better than opportunities offered in the competitive marketplace for similar performance in similar positions.

II. Eligibility for Participation in the Annual Incentive Program

A. Senior Vice Presidents of the Company. Eligible participants must be employed by the Company on April 30, 2001. All calculations will be reduced on a pro-rated basis for eligible participants not employed as of May 1, 2000.

III. Determination of Annual Incentive Payout

A. Determination of the payout will be based on one component:

1. Zero to 100% of base salary on April 30, 2001 as determined by the attached schedule for net income. No payment will be made on net income below \$16.0 million. Net income will be the audited

amount as listed in the Company's annual report for Fiscal 2001.

American Woodmark
Annual Report 2001



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2001 ANNUAL SHAREHOLDERS REPORT

Creating Value

Through People

Mission Statement



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.

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2001 ANNUAL SHAREHOLDERS REPORT

Company Profile

American Woodmark Corporation manufactures and distributes kitchen cabinets and vanities for the remodeling and new home construction markets. The Company operates eleven manufacturing facilities located in Arizona, Georgia, Indiana, Kentucky, Minnesota, Tennessee, Virginia, and West Virginia and nine 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 150 cabinet lines in a wide variety of designs, materials and finishes. Our products are sold across the United States through a network of independent distributors and directly to home centers, major builders and home manufacturers. Approximately 75% of our sales during fiscal year 2001 were to the remodeling market and 25% to the new home market.

The Company is one of the five largest manufacturers of kitchen cabinets in the United States.

Market Information

American Woodmark Corporation Common Stock, no par value, is quoted on The Nasdaq Stock 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 Declared
	High	Low	
Fiscal 2001			
First quarter	\$ 22.25	\$ 16.81	\$.05
Second quarter	24.88	17.50	.05
Third quarter	21.25	14.50	.05
Fourth quarter	27.59	18.19	.05
Fiscal 2000			
First quarter	\$ 39.50	\$ 31.94	\$.04
Second quarter	33.50	18.75	.05
Third quarter	25.00	16.07	.05
Fourth quarter	24.50	14.13	.05

As of April 30, 2001, there were approximately 5,150 shareholders of the Company's Common Stock. Included are approximately 67% of the Company's employees who are shareholders through the American Woodmark Stock Ownership Plan.

Financial Highlights

<i>(in thousands, except share data)</i>	<i>Fiscal Years Ended April 30</i>		
	2001	2000	1999
Operations			
Net sales	\$ 416,668	\$ 377,374	\$ 320,279
Operating income	32,365	24,661	27,911
Income before income taxes and cumulative effect of accounting changes	30,774	24,555	28,547
Net income	17,420	14,467	17,509
Earnings per share			
Before cumulative effect of change in accounting principles			
Basic	\$ 2.36	\$ 1.82	\$ 2.23
Diluted	2.34	1.79	2.18
After cumulative effect of change in accounting principles			
Basic	2.16	1.82	2.23
Diluted	2.14	1.79	2.18
Average shares outstanding			
Basic	8,057	7,960	7,856
Diluted	8,144	8,095	8,047
Financial Position			
Working capital	\$ 22,660	\$ 22,051	\$ 29,486
Total assets	180,368	166,656	140,609
Long-term debt	16,819	22,009	11,435
Shareholders' equity	109,513	92,612	78,337
Long-term debt to equity ratio	15%	24%	15%

2 *American Woodmark Corporation*



James J. Gosa, *President
and Chief Executive Officer*

To our **Shareholders**

**Fiscal 2001 was an outstanding year for American
Woodmark.**

Like many companies in the United States, we faced the first threat to economic growth in many years. Since the summer of 2000, the financial pages of virtually every newspaper have been riddled with bad news on both overall economic performance and individual company earnings. The "dot.com" bubble has clearly burst, sending shock waves through the financial markets. Nervous consumers have changed spending habits, resulting in little or no same store sales growth in many of the leading retailers in the country. The Federal Reserve has aggressively moved to keep the economy going with a record series of interest rate cuts. Our elected leaders on Capitol Hill have passed the largest tax cut in history to get more money back into the hands of consumers.

In this environment, many durable goods industries have fared even worse than the overall economy as these items are generally discretionary expenditures. The furniture industry, for example, has been especially hard hit with several leading manufacturers reporting sales declines of 10% and more. In our particular industry, demand stalled for the first time since 1995. Remodeling activity accounts for approximately 75% of all kitchen cabinet sales and the leading retailers, The Home Depot and Lowe's, reported flat or negative same store sales for several months during our fiscal year.

Despite these obstacles, demand for American Woodmark products and services continued to grow. Net sales for the year increased 10% to a record \$416.7 million from \$377.4 million the previous year. Adjusting for the exit from certain business in the prior year, net sales for the core business increased 15% from fiscal 2000. We continue to generate growth and gain market share based on our customer relationships, our innovative new products and our superior service programs.

Prior to the cumulative effect of a required change in accounting principles, net income for the fiscal year was a record \$19.0 million or \$2.34 per diluted share. On a per share basis, this represents an improvement of 31% over fiscal 2000 and 7% over the previous record set in fiscal 1999.

I am also pleased to report that even with our growth, we continue to strengthen the balance sheet of the Company. Over the past three years, we have invested almost \$80 million in new facilities and additional capacity. This effort has largely been funded by our operating cash flow. At the end of fiscal 2001, total debt remained below \$20 million and our debt to total capital was approximately 15%. The financial health of the Company and the availability of capital to fund our growth will continue to be a critical element in our future success.

As we end fiscal 2001, it is a time of reflection for all of us at American Woodmark. In 1989 we launched the 1995 Vision, the first six-year plan for the Company. This Vision was revolutionary in the way we thought about our business and it created the foundation for the Company we know today.

In 1995 we launched the 2001 Vision, our second six-year plan. The goal of this second Vision was to take advantage of the new business model and create a growth Company. Our efforts over the past six years in this regard have been an unqualified success. Since fiscal 1995, the Company has set new

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TO OUR SHAREHOLDERS *continued*

sales records in five of the six years and more than doubled annual revenue. We have established new net income records in four of the six years. The market value of the Company has increased over 350%, creating over \$150 million in value for our shareholders.

As we look forward, we are excited about the future and about the launching of our third six-year plan. During the years under our 2007 Vision we are bound to see many more changes in the marketplace and in our Company. Ultimately, our goal over the next six years is to firmly establish American Woodmark as the number one player in the industry. We want to be the biggest, the best and the most profitable major cabinet Company in North America. We want to be a great Company.

As we begin this new Vision, we face many challenges. The economic outlook is uncertain. Our customers are demanding more variety, higher quality and even better service. The industry has many capable suppliers. Our organization will have to develop all the necessary skills

to achieve our ultimate Vision.

We are, however, optimistic in the face of these challenges. American Woodmark is a financially sound Company with outstanding employees and strategic partnerships with the leading retailers, home builders and distributors in the country. We are confident that we will meet these challenges and that we will continue to grow and prosper.

The growing family at American Woodmark has reached 4,000 strong. As individuals, these men and women are dedicated and resourceful. As a team, they are second to none. I am extremely proud of the way each and every member of our team responded to the challenges we faced over the past year. After a record first quarter, the economic slowdown took a toll on our second quarter performance. Instead of reducing expectations based on factors out of our control, our employees rededicated themselves to the values expressed in our Mission Statement. Through their creativity and hard work, we overcame these obstacles and posted both record revenue and income for the year. I congratulate these individuals and their teams for a job well done.

I look forward to reporting our progress in fiscal 2002 on our journey to a new Vision for 2007. Thank you for your continuing support of American Woodmark.



James J. Gosa
President and Chief Executive Officer

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Five-Year Selected Financial Information

	<i>Fiscal Years Ended April 30</i>				
	2001	2000	1999	1998	1997
Financial Statement Data					
<i>(in millions, except share data)</i>					
Net sales ⁽¹⁾	\$ 416.7	\$ 377.4	\$ 320.3	\$ 237.2	\$ 216.5
Income before income taxes and cumulative effect of accounting changes ⁽²⁾	30.8	24.6	28.5	21.3	17.1
Net income	17.4	14.5	17.5	13.0	10.5
Earnings per share					
Before cumulative effect of change in accounting principles					
Basic	2.36	1.82	2.23	1.68	1.37
Diluted	2.34	1.79	2.18	1.65	1.35
After cumulative effect of change in accounting principles					
Basic	2.16	1.82	2.23	1.68	1.37
Diluted	2.14	1.79	2.18	1.65	1.35
Depreciation and amortization expense	19.6	14.7	9.7	7.8	7.8
Total assets	180.4	166.7	140.6	106.5	87.2
Long-term debt	16.8	22.0	11.4	8.7	10.6
Shareholders' equity	109.5	92.6	78.3	59.1	46.3
Cash dividends declared per share	.20	.19	.15	.11	.06
Average shares outstanding					
Basic	8.1	8.0	7.9	7.8	7.7
Diluted	8.1	8.1	8.0	7.9	7.8
Percent of Sales					
Gross profit	25.3%	24.3%	27.1%	29.0%	26.9%
Sales, general and administrative expenses	17.5	17.3	18.4	20.0	18.7

Income before income taxes and cumulative effect of accounting changes	7.4	6.5	8.9	9.0	7.9
Net income	4.2	3.8	5.5	5.5	4.9
Ratio Analysis					
Current ratio	1.5	1.5	1.7	1.9	1.9
Inventory turnover ⁽³⁾	11.7	14.0	15.6	15.1	15.3
Percentage of capital (long-term debt plus equity):					
Long-term debt	13.3%	19.2%	12.7%	12.8%	18.7%
Equity	86.7	80.8	87.3	87.2	81.3
Return on equity (average %)	17.7	16.9	25.5	24.7	25.7
Collection period — days ⁽⁴⁾	34.6	37.9	39.4	37.2	36.1

(1) Prior-year amounts have been reclassified to conform to the current year presentation under EITF 00-22, "Accounting for Points and Certain Other Time-Based or Volume-Based Sales Incentive Offers and Offers for Free Products or Services to be Delivered in the Future."

(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 income of \$1.6 million.

(3) Based on average of beginning and ending inventory.

(4) Based on ratio of monthly average customer receivables to average sales per day.

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Financial Review

2001

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		
	2001	2000	1999
Net sales	100.0%	100.0%	100.0%
Cost of sales and distribution	74.7	75.7	72.9
Gross profit	25.3	24.3	27.1
Selling and marketing expenses	13.8	13.2	13.2
General and administrative expenses	3.7	4.1	5.2
Restructuring costs	—	0.4	—
Operating income	7.8	6.5	8.7
Interest expense	0.3	0.1	0.1
Income before income taxes	7.4	6.5	8.9
Provision for income taxes	2.8	2.7	3.4
Net income	4.2	3.8	5.5

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Fiscal Year 2001 Compared to Fiscal Year 2000

Net sales for fiscal 2001 increased 10.4% to \$416.7 million from \$377.4 million in fiscal 2000. Improved sales were primarily the result of new product introductions and continued growth in all primary channels of distribution. In fiscal 2001, the average price per unit increased 10.5% over fiscal 2000. This increase was the result of a combination of improved product and channel mix and price increases implemented during the third quarter of fiscal 2000.

Overall unit volume was even with prior year as the impact of exiting the OEM business during fiscal 2000 was offset by growth in the Company's strategic channels of distribution. Within the home center channel, growth was driven by an increased product offering, by new programs and by the expansion of exclusive branding. Unit shipments to direct builders improved due to the combination of increased activity in the Company's traditional markets and the start-up of new markets. Unit shipments to distributors improved due to the combination of increased volume with existing customers and agreements with new customers.

Gross profit in fiscal 2001 increased to 25.3% from 24.3% in fiscal 2000. The increase in gross profit was the result of leverage as higher costs per unit for material, labor, overhead and freight were more than offset by improvements in the channel and product mix and the price increase implemented during the third quarter of fiscal 2000.

Material cost per unit increased 5% from prior year due to a shift toward more material intensive products.

Labor costs per unit in fiscal 2001 increased 8% over the prior fiscal year. Cost increases were the result of excess labor costs, especially during the second fiscal quarter, as actual volume was less than anticipated. The over-crewing in certain facilities, based on the actual versus expected volume, effectively decreased productivity. In addition, overall labor costs increased on a per unit basis as the newer plants produced a greater percentage of the overall volume. The newer facilities are not yet as efficient as the established facilities. Health care costs increased in fiscal 2001 due to an increase in the number of eligible employees.

Overhead costs increased 11% on a per unit basis primarily due to increased depreciation expense on capacity added during fiscal 2000.

Freight cost per unit increased 21% over prior year due to higher standard delivery rates from third-party carriers and increased cost for diesel fuel, which is passed on to the Company by its carriers in the form of a surcharge.

Selling and marketing expenses as a percent of net sales for fiscal 2001 were 13.8%, up from 13.2% in fiscal 2000. The primary components of the increase were costs associated with promotional expenses relating to product merchandising programs and increases in staffing to support growth.

General and administrative expenses for fiscal 2001 as a percent of sales were 3.7%, down from 4.1% in fiscal 2000. The decrease was primarily attributable to lower management information systems costs as the Company converted to a lower cost computing platform.

Net interest expense for fiscal 2001 increased \$969,000 from the prior year to \$1,439,000. The increase was due to higher average borrowings throughout the year.

Other income decreased \$516,000 from income of \$364,000 in fiscal 2000 to expense of \$152,000 in fiscal 2001. The decrease was due to certain educational credits received in the prior year from economic development agencies and to miscellaneous expenses.

The Company's combined federal and state effective tax rate in fiscal 2001 was 38%, a decrease from 41% in fiscal 2000. The decrease was due primarily to the write-off of non-deductible goodwill in the prior year.

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FINANCIAL REVIEW *continued*

Liquidity and Capital Resources

The Company's operating activities generated \$21.5 million in net cash during fiscal 2001 as compared to \$21.3 million in the prior year. Cash generated from operations was essentially the same as the prior year, as an increase in net income, an increase in depreciation and amortization, a decrease in customer receivables and an increase in accrued liabilities offset the impact of the restructuring charge in the prior year, an increase in inventories, an increase in other assets and a decrease in accounts payable.

The increase in the provision for depreciation and amortization was a result of the Company's capital spending program. Customer receivables decreased from fiscal year 2000 to fiscal 2001 due to an improvement in collection performance and the impact of SAB 101. The increase in accrued liabilities was related to timing differences between the recognition of expenses and actual payment for certain items, most notably for amounts due under the Company's performance-based employee incentive compensation programs. The increase in work-in-process inventories was due to additional facilities and product lines. The increase in finished goods inventories was due to the impact of SAB 101. The increase in other assets was due to promotional display additions associated with the Company's continued growth, primarily in the home center channel. The accounts payable decrease was due to normal timing in the processing of vendor invoices. The Company has made no changes to payment practices.

Capital spending decreased \$23.3 million from the prior year as the Company's expansion plans did not require the same level of aggressive capital spending as experienced during fiscal 2000. During fiscal 2001, the Company invested capital resources in new facilities, the expansion of existing facilities and capacity to support additional products. During fiscal 2001, the Company opened its second flatstock processing facility in Humboldt, Tennessee. In addition, the Company expanded the Monticello, Kentucky, facility to increase component

production capacity. The Company expects that in order to support continued sales growth, it will be necessary to make continued investments in plant, property and equipment. Capital expenditures in fiscal 2002 are expected to be between \$25 million and \$30 million.

The Company decreased overall debt by \$4.9 million as cash flow from operations exceeded payments to acquire property, plant, and equipment from April 30, 2000 to April 30, 2001.

On January 18, 2001, the Company announced that the Board of Directors had authorized the use of up to \$10.0 million for the repurchase of the Company's Common Stock. The Company repurchased \$493,000 in Common Stock during fiscal 2001.

Cash dividends of \$1.6 million were paid on Common Stock during fiscal 2001.

Cash flow from operations combined with accumulated cash on hand and available borrowing capacity is expected to be sufficient to meet forecasted working capital requirements, service existing debt obligations and fund capital expenditures for fiscal 2002.

Outlook for Fiscal 2002

The Company anticipates continued uncertainty regarding the strength and prospects for growth in the domestic economy through at least the first half of fiscal 2002. This uncertainty could result in lower, or even negative, growth rates in the relevant markets for the Company. While the Company expects to continue to increase sales and gain market share in a slow-growth market environment, the Company is not immune to the effects of overall market demand. Significant disruptions in demand for the Company's products, which may result from lower overall remodeling and new construction activity, could result in less than anticipated growth for the Company.

Based on currently available data, the Company does expect to realize higher sales during fiscal 2002 versus fiscal 2001.

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Assuming the company is successful in generating higher net sales, the Company should maintain or improve profitability performance over the same period of the prior year. Additional volume and improved efficiencies should be sufficient to offset the anticipated rise in other costs.

Over the past three years the Company has significantly expanded overall capacity. Long-term projected growth, however, will require additional capital projects designed to increase both component and assembly manufacturing capacities. Planned for fiscal year 2002 are expansions of the Monticello, Kentucky, wood processing facility and the Kingman, Arizona, assembly facility. The Company also anticipates proceeding with site selection for two new facilities to support increased demand for both component and finished goods production. Additional capital spending will include projects planned to improve productivity, support cost-saving initiatives and replace aging equipment. Management establishes debt-to-equity targets in order to maintain the financial health of the Company and is prepared to trim investment plans to maintain financial strength.

The aforementioned forward-looking statements should be read in combination with information presented in the Risk Factors section of Management's Discussion and Analysis.

Fiscal Year 2000 Compared To Fiscal Year 1999

Net sales for fiscal 2000 increased 17.8% to \$377.4 million from \$320.3 million in fiscal 1999. Improved sales were the result of new product introductions and continued growth in all primary channels of distribution. In fiscal 2000, the average price per unit increased 6.2% over fiscal 1999. This increase was the result of a combination of improved product and channel mix and price increases implemented during the third quarters of fiscal 1999 and 2000.

Overall unit volume increased approximately 11% from the prior year as the Company gained market share. Within the home center channel, growth was driven by an increased product offering and by the introduction of exclusive branding. Unit shipments to direct builders improved primarily through increased activity in the Sunbelt and Northeastern regions of the United States. Unit shipments to distributors were flat as compared to the prior fiscal year.

Gross profit in fiscal 2000 decreased to 24.3% from 27.1% in fiscal 1999. The decrease in gross profit was due to higher costs for labor, overhead, distribution and certain volume-based customer incentives. The Company experienced higher labor costs primarily due to the impact of new and inexperienced production employees hired to support the Company's growth. Higher overhead costs were the result of start-up and increased depreciation expenses resulting from the Company's capital investments in new facilities and other capacity expansions. Higher distribution costs were the result of increased standard freight rates from third-party carriers, increased fuel surcharges and changes to the network of third-party carriers used by the Company. Higher volume-based customer incentives were the result of changes in customer mix.

Material cost per unit increased 2.6% from prior year due to a shift toward more material-intensive products and increased net scrap. The increase in net scrap was attributed to the relative inexperience of new production employees hired in fiscal 2000. The unfavorable impact of out-sourced components experienced in fiscal 1999 was substantially reduced through facility and process expansions that were completed in

fiscal 2000.

Labor costs per unit in fiscal 2000 increased approximately 12% over the prior fiscal year as productivity decreased. The decrease in labor productivity was attributed to inefficiencies experienced at the Company's assembly facilities during the second and third fiscal quarters and the relative inefficiency of the new facilities due to the significant number of new, relatively inexperienced employees hired to increase capacity. Health care costs increased in fiscal

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FINANCIAL REVIEW *continued*

2000 due to both an increase in the number of eligible employees and higher per capita claims.

Freight cost per unit increased approximately 22% over prior year due to higher standard delivery rates from third-party carriers and increased cost for diesel fuel, which is passed on to the Company by its carriers in the form of a surcharge.

Selling and marketing expenses as a percent of net sales were 13.2% in both fiscal 2000 and fiscal 1999.

General and administrative expenses for fiscal 2000 as a percent of sales were 4.1%, down from 5.2% in fiscal 1999. Year-over-year increases in payroll and bad debt expenses were more than offset by a reduction in expense for employee incentives. Bad debt expense increased as a result of ongoing evaluation of the collectibility of accounts receivable. The reduction in employee incentives was due to Company performance versus predetermined targets.

During fiscal 2000, the Company recorded a pre-tax restructuring charge of \$1.5 million related to its custom cabinet line. Components of this charge included \$884,000 for impairment of goodwill, \$300,000 for impairment of promotional displays and \$316,000 for impairment of certain other assets. The Company acquired Knapp Woodworking in 1998 in order to develop a line of custom cabinets for the home center channel. Test marketing of the line in the spring of 2000 did not meet performance parameters for revenue, margin and return on investment. Based on evaluation of the test, the Company approved a plan to discontinue the custom cabinet line and convert the existing facility to a component manufacturing plant. The converted facility will support the production of other lines offered by the Company. An evaluation of the recoverability of all assets related to the line of custom cabinets was performed and the Company concluded that a complete impairment of goodwill and a partial impairment of certain other assets had occurred.

Net interest expense for fiscal 2000 increased \$107,000 from the prior year to \$470,000. Additional interest expense on increased debt was partially offset by capitalized interest. Capitalized interest increased from \$332,000 to \$589,000 as the Company continued its capital spending plan to increase capacity. Total debt increased \$10.5 million during fiscal 2000 primarily through borrowings against the Company's five-year revolving credit facility.

Other income decreased \$635,000 from \$999,000 in fiscal 1999 to \$364,000 in fiscal 2000. The decrease was due to the reduction in interest earned from short-term cash investments.

The Company's combined federal and state effective tax rate in fiscal 2000 was 41%, an increase from 39% in fiscal 1999. The increase was due to the write-off of non-deductible goodwill and a reduction in tax-exempt interest earned.

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 or financial position.

Recent Accounting Pronouncements

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"). Previously, the Company recognized revenue on the date shipments were transferred to independent third-party carriers for delivery to the customer.

Under the new accounting rule, the Company now recognizes revenue when both title and risk of loss transfers to the customer. Revenue is based on invoice price less allowances for sales returns, cash discounts and other deductions as required by current generally accepted accounting standards. The cumulative effect of the change on prior years' retained earnings resulted in an after-tax charge to fiscal 2001

income of \$1.6 million. As a result of the adoption of SAB 101, approximately \$7.3 million in revenue that had been realized in fiscal 2000 was recognized in the first quarter of fiscal 2001. Had SAB 101 been effective for all prior fiscal years presented, the pro forma net income and earnings per share would not have been materially different from the previously reported results.

In January 2001, the Financial Accounting Standards Board's Emerging Issues Task Force (EITF) reached a consensus on Issue No. 00-22, "Accounting for Points and Certain Other Time-Based or Volume-Based Sales Incentive Offers and Offers for Free Products or Services to be Delivered in the Future." The Company was required to adopt EITF 00-22 in fiscal 2001. EITF 00-22 requires that certain volume-based rebates to customers be classified as a reduction of revenue. Certain amounts previously classified by the Company as selling and marketing expenses have been reclassified to net sales for all periods presented.

In April 2001, the Financial Accounting Standards Board's EITF reached a consensus on Issue No. 00-25, "Vendor Income Statement Characterization of Consideration to a Purchaser of the Vendor's Products or Services." The Company is required to adopt EITF 00-25 no later than the fourth fiscal quarter of fiscal 2002. EITF 00-25 requires that certain activities such as the payment of "slotting fees," cooperative advertising arrangements and "buy downs" be classified as a reduction in revenue. The adoption of EITF 00-25 will have no impact on the net income or earnings per share of the Company. The impact on the consolidated financial statements at adoption will result in a material adjustment to both net sales and selling and marketing expense as the Company currently classifies some of the defined activities as expense.

The Company will be required to adopt SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" as amended by SFAS No. 138, "Accounting for Derivative Instruments and Certain Hedging Activities" in the first quarter of fiscal 2002. The new standards establish accounting and reporting requirements for derivative instruments and hedging activities. The adoption will not have a material impact on the Company's financial position or results from operations.

Dividends Declared

On May 16, 2001, the Board of Directors approved a \$.05 per share cash dividend on its Common Stock. The cash dividend was paid on June 12, 2001, to shareholders of record on May 31, 2001.

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 and commodity price increases have been relatively modest over the past five years, except for lumber prices, which rose significantly during fiscal 1997. The Company has generally been able over time to recover the effects of inflation and commodity price fluctuations through sales price increases.

The Company is also exposed to changes in interest rates primarily from its long-term debt arrangements and, secondarily, its investments in securities. The Company uses interest rate swap agreements to manage exposure to interest rate changes on certain long-term borrowings. The Company has variable-rate debt instruments

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FINANCIAL REVIEW *continued*

representing approximately 56% of its total long-term debt at April 30, 2001. If interest rates average 100 basis points more in fiscal 2002 than during fiscal 2001, the Company's interest expense would be increased by approximately \$104,000. These amounts are determined by considering the impact of the hypothetical interest rates on the Company's variable-rate, long-term debt at April 30, 2001, after giving consideration to variable-rate debt for which the rate has been fixed via an interest rate swap.

While the Company is not currently aware of any other events that would result in a material decline in earnings from fiscal 2001, we participate in an industry that is subject to rapidly changing conditions. The preceding forward-looking statements are based on current expectations, but 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, especially the home center industry, (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 in the cost of diesel fuel, and/or transportation related services, (6) the need to respond to price or product initiatives launched by a competitor, (7) a significant investment which provides a substantial opportunity to increase long-term performance and (8) 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 short-term operating results.

Quarterly results of Operations (Unaudited)

	Previously Reported 07/31/00	(a) Restated 07/31/00	Previously Reported 10/31/00	(a) Restated 10/31/00	Previously Reported 01/31/01	(a) Restated 01/31/01	04/30/01
FY 2001							
<i>(in thousands, except share amounts)</i>							
Net Sales	\$ 106,491	\$ 104,297	\$ 107,209	\$ 103,857	\$ 101,179	\$ 98,940	\$ 109,575
Gross Profit	29,192	26,431	27,409	24,295	26,308	23,798	30,926
Income before income taxes	8,516	8,627	5,864	5,683	5,504	5,715	10,750
Net income before cumulative effect of change in accounting principles	5,106	5,181	3,522	3,401	3,299	3,431	6,990
Cumulative effect of change in accounting principles	—	(1,583)	—	—	—	—	—
Net income	\$ 5,106	\$ 3,598	\$ 3,522	\$ 3,401	\$ 3,299	\$ 3,431	\$ 6,990
Earnings per share:							
Net income before cumulative effect of change in accounting principles							
Basic	\$ 0.64	\$ 0.65	\$ 0.44	\$ 0.42	\$ 0.41	\$ 0.42	\$ 0.86
Diluted	0.63	0.64	0.43	0.42	0.41	0.42	0.85
Cumulative effect of change in accounting principle	—	(0.20)	—	—	—	—	—
Net income							
Basic	\$ 0.64	\$ 0.45	\$ 0.44	\$ 0.42	\$ 0.41	\$ 0.42	\$ 0.86
Diluted	0.63	0.44	0.43	0.42	0.41	0.42	0.85
FY 2000 ^(b)							
Net Sales	\$ 91,883	—	\$ 96,821	—	\$ 89,402	—	\$ 99,268
Gross Profit	23,779	—	23,071	—	19,909	—	24,756
Income before income taxes	7,584	—	6,727	—	4,591	—	5,653 ^(c)
Net income	4,614	—	4,100	—	2,562	—	3,191
Earnings per share:							
Net income							
Basic	\$ 0.58	—	\$ 0.52	—	\$ 0.32	—	\$ 0.40
Diluted	0.57	—	0.51	—	0.32	—	0.39

(a) Amounts have been restated for the adoption of SAB 101, "Revenue Recognition in Financial Statements" in the fourth quarter which was applied retroactively to May 1, 2000. Certain amounts have also been reclassified for the adoption of EITF 00-22, "Accounting for Points and Certain Other Time-Based or Volume-Based Sales Incentive Offers and Offers for Free Products or Services to be Delivered in the Future."

(b) Amounts have been reclassified to conform to the current year presentation.

(c) Income before income taxes for the fourth quarter of fiscal 2000 includes \$1,530,000 in restructuring charges.

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FINANCIAL REVIEW *continued*

Consolidated Balance Sheet

(in thousands, except share amounts)

2001

April 30

2000

Assets

Current Assets

Cash and cash equivalents	\$ 1,714	\$ 4,183
Customer receivables	29,410	35,813
Inventories	30,267	22,739
Prepaid expenses and other	1,728	1,826
Deferred income taxes	4,760	3,074
Total Current Assets	67,879	67,635
Property, Plant and Equipment	93,641	86,954
Promotional Displays	15,761	10,099
Other Assets	3,087	1,968
	\$ 180,368	\$ 166,656
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts payable	\$ 17,038	\$ 20,195
Accrued compensation and related expenses	16,269	15,154
Current maturities of long-term debt	2,118	1,876
Accrued marketing expenses	3,505	3,148
Other accrued expenses	6,289	5,211
Total Current Liabilities	45,219	45,584
Long-Term Debt, less current maturities	16,819	22,009
Deferred Income Taxes	7,246	4,897
Long-Term Pension Liabilities	1,571	1,554
Commitments and Contingencies	—	—
Shareholders' Equity		
Preferred stock, \$1.00 par value; 2,000,000 shares authorized, none issued		
Common stock, no par value; 20,000,000 shares authorized; issued and outstanding shares: 8,079,093-2001; 8,010,427-2000	24,412	22,896
Retained earnings	85,101	69,716
Total Shareholders' Equity	109,513	92,612
	\$ 180,368	\$ 166,656

See notes to consolidated financial statements.

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Consolidated Statement of Income and Retained Earnings

(in thousands, except share amounts)	Years Ended April		
	2001	2000	1999
Net sales	\$ 416,668	\$ 377,374	\$ 320,279
Cost of sales and distribution	311,217	285,859	233,414

Gross Profit	105,451	91,515	86,865
Selling and marketing expenses	57,653	49,789	42,387
General and administrative expenses	15,433	15,535	16,567
Restructuring costs	—	1,530	—
Operating Income	32,365	24,661	27,911
Interest expense	1,439	470	363
Other (income) expense	152	(364)	(999)
Income Before Income Taxes and Cumulative Effect of Accounting Change	30,774	24,555	28,547
Provision for income taxes	11,771	10,088	11,038
Income Before Cumulative Effect of Accounting Change	19,003	14,467	17,509
Cumulative effect of accounting change, net of tax	(1,583)	—	—
Net Income	17,420	14,467	17,509
Retained Earnings, Beginning of Year	69,716	56,762	40,433
Stock repurchases	(423)	—	—
Cash dividends	(1,612)	(1,513)	(1,180)
Retained Earnings, End of Year	\$ 85,101	\$ 69,716	\$ 56,762

Share Information

Earnings per share			
Before cumulative effect of change in accounting principles			
Basic	\$ 2.36	\$ 1.82	\$ 2.23
Diluted	2.34	1.79	2.18
After cumulative effect of change in accounting principles			
Basic	\$ 2.16	\$ 1.82	\$ 2.23
Diluted	2.14	1.79	2.18
Cash dividends per share	.20	.19	.15

See notes to consolidated financial statements.

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FINANCIAL REVIEW *continued*

Consolidated Statement of Cash Flows

(in thousands)	Years Ended April 30		
	2001	2000	1999
Operating Activities			
Net Income	\$ 17,420	\$ 14,467	\$ 17,509

Adjustments to reconcile net income to net cash provided by operating activities:			
Cumulative effect of change in accounting principles	1,583	—	—
Provision for depreciation and amortization	19,635	14,712	9,690
Net (gain) loss on disposal of property, plant, and equipment	22	28	(17)
Deferred income taxes	2,187	121	79
Restructuring costs	—	1,530	—
Other non-cash items	2,316	2,564	1,436
Changes in operating assets and liabilities:			
Customer receivables	(1,959)	1,907	(10,807)
Inventories	(4,183)	(5,566)	(5,532)
Other assets	(14,660)	(9,091)	(8,645)
Accounts payable	(2,462)	1,276	5,648
Accrued compensation and related expenses	1,115	(1,412)	3,542
Other	477	716	(429)
Net Cash Provided by Operating Activities	21,491	21,252	12,474
Investing Activities			
Payments to acquire property, plant, and equipment	(17,445)	(40,787)	(21,691)
Proceeds from sales of property, plant, and equipment	26	16	39
Net Cash Used by Investing Activities	(17,419)	(40,771)	(21,652)
Financing Activities			
Payment of loans	—	—	(1,119)
Payments of long-term debt	(123,698)	(61,974)	(3,790)
Proceeds from long-term borrowings	118,750	72,700	5,000
Common Stock issued through stock option plans	512	324	507
Repurchase of common stock	(493)	—	—
Dividends paid	(1,612)	(1,513)	(1,180)
Net Cash Provided (Used) by Financing Activities	(6,541)	9,537	(582)
Decrease in Cash and Cash Equivalents	(2,469)	(9,982)	(9,760)
Cash and Cash Equivalents, Beginning of Year	4,183	14,165	23,925
Cash and Cash Equivalents, End of Year	\$1,714	\$ 4,183	\$ 14,165

See notes to consolidated financial statements.

Notes

To Consolidated Financial Statements

Note A — 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, major builders and home manufacturers.

The following is a description of the more significant accounting policies of the Company.

Principles of Consolidation: The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. Significant intercompany accounts and transactions have been eliminated in consolidation.

Revenue Recognition: 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"). Previously, the Company recognized revenue on the date shipments were transferred to independent third-party carriers for delivery to the customer. Under the new accounting rule, the Company now recognizes revenue when both title and risk of loss transfers to the customer. Revenue is based on invoice price less allowances for sales returns, cash discounts and other deductions as required by current generally accepted accounting standards. The cumulative effect of the change on prior years' retained earnings resulted in a charge to fiscal 2001 income of \$2.6 million pre-tax and \$1.6 million after tax. As a result of the adoption of SAB 101, approximately \$7.3 million in revenue that had been realized in fiscal 2000 was recognized in the first quarter of fiscal 2001. Had SAB 101 been effective for all prior fiscal years presented, the pro forma net income and earnings per share would not have been materially different from the previously reported results.

Advertising Costs: Advertising costs are expensed in the fiscal year incurred.

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 maturity of three months or less when purchased to be cash equivalents.

Inventories: Inventories are stated at lower of cost or market. Inventory costs were determined principally 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.

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 the estimated period of benefit (approximately 30 months).

Property, Plant and Equipment: Property, plant and equipment is stated on the basis of cost less an allowance for depreciation. Depreciation is provided by the straight-line method over the estimated useful lives of the related assets, which range from fifteen to thirty years for buildings and improvements and three to ten years for furniture and equipment. Assets under capital lease are amortized over the shorter of their estimated useful lives or term of the related lease.

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FINANCIAL REVIEW *continued*

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. The fair value of interest rate swaps is immaterial.

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. (See Note F to the Consolidated Financial Statements.)

New Accounting Rules: In January 2001, the Financial Accounting Standards Board's Emerging Issues Task Force (EITF) reached a consensus on Issue No. 00-22, "Accounting for Points and Certain Other Time-Based or Volume-Based Sales Incentive Offers and Offers for Free Products or Services to be Delivered in the Future." The Company was required to adopt EITF 00-22 in fiscal 2001. EITF 00-22 requires that certain volume-based rebates to customers be classified as a reduction of revenue. Certain amounts previously classified by the Company as selling and marketing expenses have been reclassified to net sales for all periods presented.

In April 2001, the Financial Accounting Standards Board's Emerging Issues Task Force (EITF) reached a consensus on Issue No. 00-25, "Vendor Income Statement Characterization of Consideration to a Purchaser of the Vendor's Products or Services." The Company is required to adopt EITF 00-25 no later than the fourth fiscal quarter of fiscal 2002. EITF 00-25 requires that certain activities such as the payment of "slotting fees," cooperative advertising arrangements and "buy downs" be classified as a reduction in revenue. The adoption of EITF 00-25 will have no impact on the net income or earnings per share of the Company. The impact on the consolidated financial statements at adoption will result in a material adjustment to both net sales and selling and marketing expense as the Company currently classifies some of the defined activities as expense.

The Company will be required to adopt SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" as amended by SFAS No. 138, "Accounting for Derivative Instruments and Certain Hedging Activities" in the first quarter of fiscal 2002. The new standards establish accounting and reporting requirements for derivative instruments and hedging activities. The adoption will not have a material impact on the Company's financial position or results from operations.

Use of Estimates: The preparation of financial statements in conformity with 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:

<i>(in thousands)</i>	<i>April 30</i>	
	2001	2000
Gross customer receivables	\$ 34,066	\$ 39,298
Less:		
Allowance for bad debt	(1,350)	(769)
Allowance for returns and discounts	(3,306)	(2,716)
Net customer receivables	\$ 29,410	\$ 35,813

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Note C — Inventories

The components of inventories were:

<i>(in thousands)</i>	<i>April 30</i>	
	2001	2000
Raw materials	\$ 12,041	\$ 12,136
Work-in-process	20,600	17,246
Finished goods	5,079	1,006
Total FIFO inventories	37,720	30,388
Reserve to adjust inventories to LIFO value	(7,453)	(7,649)
Total inventories	\$ 30,267	\$ 22,739

Note D — Property, Plant and Equipment

The components of property, plant and equipment were:

<i>(in thousands)</i>	<i>April 30</i>	
	2001	2000
Land	\$ 1,506	\$ 1,506
Buildings and improvements	39,082	33,718
Buildings and improvements – capital leases	9,195	8,043
Machinery and equipment	106,098	88,926
Machinery and equipment – capital leases	436	25
Construction in progress	1,101	9,759
	157,418	141,977
Less allowance for depreciation	(63,777)	(55,023)

Total	\$	93,641	\$ 86,954
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Depreciation expense amounted to \$10,727, \$7,490, and \$5,184 in fiscal 2001, 2000, and 1999, respectively.

Note E — Loans Payable and Long-Term Debt

Maturities of long-term debt are as follows:

<i>(in thousands)</i>	<i>Fiscal Years Ending April 30</i>					2007 and There- after	Total Outstanding
	2002	2003	2004	2005	2006		
Revolving Credit Facility	\$ —	\$ —	\$ —	\$ 8,650	\$ —	\$ —	\$ 8,650
Term Loans	597	611	617	123	130	803	2,881
Industrial revenue bonds	925	2,500	—	—	—	—	3,425
Capital lease obligations	596	608	640	675	712	750	3,981
Total	\$ 2,118	\$ 3,719	\$ 1,257	\$ 9,448	\$ 842	\$ 1,553	\$ 18,937
Less current maturities							\$ 2,118
Total long-term debt							\$ 16,819

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FINANCIAL REVIEW *continued*

The Company's primary loan agreement provides for a five-year \$45 million revolving credit facility, which expires on February 7, 2005. Borrowings under the revolving credit facility bear interest at the LIBOR rate (4.46% at April 30, 2001) plus a spread (0.68% at April 30, 2001) based on Total Funded Debt to earnings, before deduction of interest and taxes, plus depreciation and amortization (EBITDA).

The Company employs straightforward interest rate swap agreements to assist in maintaining a balance between fixed and variable interest rates on outstanding debt. Any deferred gain or loss associated with the swap agreements is accounted for over the life of the swaps at the fixed rate stipulated in the executed agreements. On April 30, 2001, these amounts were immaterial. The Company does not invest, trade, or otherwise speculate in any derivatives or similar type financial instruments.

On April 30, 2001, term loans of \$2.9 million were outstanding. The term loans bore an average interest rate of 5.7% on April 30, 2001.

On April 30, 2001, the Company had \$3.4 million outstanding in industrial revenue bonds, maturing at various dates through 2003. Due to an interest rate swap agreement, a fixed rate of approximately 5.0% applies to \$3.0 million through December 1, 2002. The variable rate that would have applied without the rate swap was 4.4% on April 30, 2001. On the remaining \$675,000 of outstanding bonds, the variable interest rate was 4.4% on April 30, 2001.

Substantially all of the industrial revenue bonds are redeemable at the option of the bondholder. The Company has irrevocable arrangements to refinance these bonds on a long-term basis in the event they are redeemed.

The average interest rate on the Company's capital lease obligations was 5.4% on April 30, 2001. These obligations mature through 2008.

On May 31, 2001, the Company reduced the amount available under the revolving credit facility to \$35 million and entered into a \$10 million term loan. The term loan matures on May 31, 2006, and carries a fixed interest rate of 6.0% via an interest rate swap.

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. A portion of the assets of the Company are pledged as collateral under the industrial revenue bond agreements and capital lease arrangements. The Company was in compliance with all covenants contained in its loan agreements at April 30, 2001.

Interest paid was \$1,439,000, \$1,290,000 and \$923,000, during fiscal 2001, 2000, and 1999, respectively. Net amounts to be received or

paid under interest rate swap agreements are accrued as an adjustment to interest expense.

Interest capitalized was \$342,000, \$589,000, and \$332,000 during fiscal 2001, 2000, and 1999, respectively.

Note F — Shareholders' Equity

Common Stock

Transactions affecting Common Stock were as follows:

	Shares Outstanding	Amount (in thousands)
Balance at April 30, 1998	7,800,886	\$ 18,704
Stock options exercised	37,346	507
Stock issued to AWSOP	29,969	897
Stock issued for Knapp Acquisition	47,934	1,467
Balance at April 30, 1999	7,916,135	21,575
Stock options exercised	48,385	324
Stock issued to AWSOP	45,907	997
Balance at April 30, 2000	8,010,427	22,896
Stock options exercised	33,197	512
Stock issued to AWSOP	58,469	1,074
Stock repurchases	(23,000)	(70)
Balance at April 30, 2001	8,079,093	\$ 24,412

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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 one year 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 \$566,000, \$439,000, and \$526,000, in fiscal 2001, 2000, and 1999, respectively.

The Company matches 401(k) contributions in the amount of 50% of an employee's contribution to the plan up to 3% of base salary for an effective maximum Company contribution of 1.5% of base salary. The expense for 401(k) matching contributions for this plan was \$753,000, \$684,000, and \$623,000 in fiscal 2001, 2000, and 1999, respectively.

Stock Options

In August 1999, shareholders approved a stock option plan for key employees of the Company. Under the plan, up to 1,000,000 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 1996, shareholders approved a stock option plan for key employees of the Company. Under the plan, up to 750,000 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 30,000 shares of

Common Stock may be granted as options, with each non-employee director receiving an option to purchase 1,000 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 twelve months after cumulative increments exercisable equal 100% of options granted, at which time options expire.

The Company has adopted the disclosure only provisions of SFAS No. 123, "Accounting for Stock-Based Compensation." Since the exercise price for all options granted is the fair market value of the Company's stock, no compensation cost has been recognized for the stock option plans.

For the years ended April 30, 2001, 2000 and 1999, 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:

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FINANCIAL REVIEW *continued*

(in thousands, except share amounts)

	2001	2000	1999
Net Income before cumulative effect of change in accounting principles	\$ 17,961	\$ 13,199	\$ 16,573
Cumulative effect of change in accounting principle	(1,583)	—	—
Net Income	16,378	13,199	16,573
Net Income per common share:			
Net income before cumulative effect of change in accounting principles			
Basic	2.22	1.66	2.11
Diluted	2.21	1.64	2.04
Cumulative effect of change in accounting principle			
Basic	(0.20)	—	—
Diluted	(0.20)	—	—

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 a dividend yield of 0.8% and the following:

	2001	2000	1999
Expected Volatility	0.475	0.475	0.479
Risk-free interest rates	5.50%	5.75%	5.50%
Expected life in years	6.0	6.0	5.5
Weighted-average fair value per share	\$ 9.76	\$ 18.58	\$ 14.07

The following table summarizes stock option activity and related information under the stock option plans for the fiscal years ended April 30:

	2001	2000	1999
Outstanding at beginning of year	647,800	575,251	480,351
Granted	274,000	143,500	137,100
Exercised	(35,933)	(48,350)	(39,050)
Expired or cancelled	(48,600)	(22,601)	(3,150)
Outstanding at April 30	837,267	647,800	575,251
Exercisable at April 30	456,423	347,868	216,202
Available for future issuance at April 30	863,496	1,081,828	202,429

Weighted average exercise prices (in dollars):			
Outstanding at beginning of year	\$ 21.55	\$ 21.27	\$ 11.71
Granted	19.93	37.42	29.57
Exercised	12.35	5.51	8.29
Expired or cancelled	28.45	20.90	10.13
Outstanding at April 30	21.01	21.55	21.27
Exercisable at April 30	\$ 16.52	\$ 14.13	\$ 10.06

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The following table summarizes information about stock options outstanding at April 30, 2001 [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
\$5.25-\$6.50	100,300	5.2	\$ 6.06	100,300	\$ 6.06
\$9.25-\$14.44	46,350	5.8	12.18	46,350	12.18
\$15.56-\$18.94	338,217	7.4	17.48	194,417	16.68
\$21.72-\$37.81	352,400	8.0	29.81	115,356	27.07

Earnings Per Share

The following table summarizes the computations of basic and diluted earnings per share:

<i>(in thousands, except share amounts)</i>	<i>Fiscal Years Ended April 30</i>		
	2001	2000	1999
Numerator used in basic and diluted earnings per common share:			
Net income	\$ 17,420	\$ 14,467	\$ 17,509
Denominator:			
Denominator for basic earnings per common share – weighted-average shares	8,057	7,960	7,856
Effect of dilutive securities: Stock options	87	135	191
Denominator for diluted earnings per common share – weighted-average shares and assumed conversions	8,144	8,095	8,047
Earnings per common share			
Before cumulative effect of change in accounting principles			
Basic	\$ 2.36	\$ 1.82	\$ 2.23
Diluted	\$ 2.34	\$ 1.79	\$ 2.18
After cumulative effect of change in accounting principles			
Basic	\$ 2.16	\$ 1.82	\$ 2.23
Diluted	\$ 2.14	\$ 1.79	\$ 2.18

The following information is disclosed in accordance with the requirements of SFAS No. 132, "Employers' Disclosures about Pensions and Other Postretirement Benefits," which the Company adopted in 1999. The Company has two defined benefit plans covering virtually all of the Company's employees.

<i>(in thousands)</i>	<i>Pension Benefits</i>	
	2001	2000
Change in Benefit Obligation		
Benefit obligation at beginning of year	\$ 24,981	\$ 24,734
Service cost	1,402	1,439
Interest cost	1,916	1,776
Amendments	55	92
Actuarial gains	(200)	(2,517)
Benefits paid	(626)	(543)
Benefit obligation at end of year	\$ 27,528	\$ 24,981
Change in Plan Assets		
Fair value of plan assets at beginning of year	\$ 23,582	\$ 21,626
Actual return on plan assets	(1,428)	928
Company contributions	3,333	1,571
Benefits paid	(626)	(543)
Fair value of plan assets at end of year	\$ 24,861	\$ 23,582
Funded status of the plans	\$ (2,667)	\$ (1,399)
Unamortized prior service cost	610	664
Unrecognized net actuarial loss (gain)	2,637	(509)
Unrecognized net transition obligation	8	82
Prepaid (accrued) benefit cost	\$ 588	\$ (1,162)
Amounts Recognized in the Consolidated Balance Sheet		
Prepaid benefit cost	\$ 2,550	\$ 1,389
Accrued benefit liability	(1,962)	(2,551)
Net amount recognized	\$ 588	\$ (1,162)
Weighted-Average Assumptions as of April 30		
Discount rate	7.65%	7.75%
Expected return on plan assets	8.0%	8.0%
Rate of compensation increase	4.0%	4.0%

For fiscal 2000 and fiscal 2001, both of the Company's pension plans contained total assets in excess of the accumulated benefit obligation for the plan.

<i>(in thousands)</i>	<i>Pension Benefits</i>		
	2001	2000	1999

Components of Net Periodic Benefit Cost			
Service cost	\$ 1,402	\$ 1,439	\$ 1,137
Interest cost	1,916	1,776	1,544
Expected return on plan assets	(1,918)	(1,742)	(1,598)
Amortization of the unrecognized transition obligation	75	82	82
Amortization of prior service cost	109	106	90
Benefit cost	\$ 1,584	\$ 1,661	\$ 1,255

Note H — Income Taxes

The provision for income taxes on income before the cumulative effect of accounting change was comprised of the following:

<i>(in thousands)</i>	<i>Fiscal Years Ended April 30</i>		
	2001	2000	1999
Current			
Federal	\$ 8,406	\$ 8,651	\$ 9,451
State	1,178	1,316	1,508
Total current	9,584	9,967	10,959
Deferred (benefit)			
Federal	1,927	124	87
State	260	(3)	(8)
Total deferred	2,187	121	79
Total provision	\$ 11,771	\$ 10,088	\$ 11,038

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The Company's effective income tax rate varied from the federal statutory rate as follows:

	<i>Fiscal Years Ended April 30</i>		
	2001	2000	1999
Federal statutory rate	35%	35%	35%
Permanent differences	—	2	—
State income taxes, net of federal tax effect	3	4	4
Effective income tax rate	38%	41%	39%

Income taxes paid were \$9,235,000, \$9,939,000, and \$10,944,000 for fiscal years 2001, 2000, and 1999, respectively.

The significant components of deferred tax assets and liabilities were as follows:

<i>(in thousands)</i>	2001	<i>April 30</i>	2000
Deferred tax assets			
Accounts receivable	\$ 2,590		\$ 1,199
Employee benefits	651		763
Product liability	1,020		1,020
Other	281		459
Total	4,542		3,441
Deferred tax liabilities			
Depreciation	6,219		4,386
Inventory	393		463
Other	416		415
Total	7,028		5,264
Net deferred tax liability	\$ 2,486		\$ 1,823

Note I — Restructuring

The Company acquired Knapp Woodworking, Inc., in 1998 in order to develop a line of custom cabinets for the home center industry. During the year ended April 30, 2000, the Company made the decision to abandon the effort to develop this line and to convert the manufacturing facility acquired in the transaction to a component plant supporting the production of the Company's other products. As a result, the Company recorded a restructuring charge of \$1.5 million including \$884,000 for goodwill impairment, \$300,000 for impairment of promotional displays and \$316,000 for impairment of certain other assets. As of April 30, 2001, activity relating to the restructuring was completed.

Note J — 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 or financial position.

Lease Agreements

The Company leases three office buildings, a manufacturing building, nine service centers and certain equipment. Total rental expenses amounted to approximately \$4,840,000, \$5,016,000, and \$4,699,000, in fiscal 2001, 2000, and 1999, respectively. Minimum rental commitments as of April 30, 2001, under noncancelable leases are as follows:

Fiscal Year	Operating	Capital
<i>(in thousands)</i>		
2002	\$ 2,475	\$ 801
2003	1,495	780
2004	827	780
2005	614	780
2006	568	780
2007 (and thereafter)		780

\$ 5,979

\$ 4,701

Less amounts representing interest

(720)

Total obligation under capital lease

\$ 3,981

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FINANCIAL REVIEW *continued*

Related Parties

During fiscal 1985, prior to becoming a publicly held corporation, the Company entered into an agreement with a partnership formed by certain executive officers of the Company to lease an office building constructed and owned by the partnership. The lease term has five remaining years with one five-year renewal period available at the Company's option. Under this agreement, rental expense was \$398,000, \$391,000, and \$386,000, in fiscal 2001, 2000, and 1999, respectively. Rent during the remaining term of approximately \$398,000 annually (included in the above table) is subject to adjustment based upon changes in the Consumer Price Index.

Note K — 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, 2001, the Company's two largest customers, Customers A and B, represented 34.5% and 12.7% 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:

	2001	Percent of Annual Sales 2000	1999
Customer A	42.1	39.6	34.1
Customer B	17.8	16.0	13.5

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.

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Management's Report

The accompanying consolidated financial statements, which include the notes thereto, are the responsibility of and have been prepared by the management of American Woodmark. The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States and necessarily include some amounts that are based on management's best estimates and judgments. Financial information throughout this annual report is consistent with the consolidated financial statements.

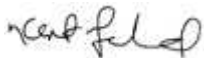
The Company maintains a system of internal accounting controls designed to provide reasonable assurance that transactions are properly recorded, that policies and procedures are adhered to and that assets are adequately safeguarded. The system of internal controls is supported by written policies and guidelines, an organizational structure designed to ensure appropriate segregation of responsibilities and selection and training of qualified personnel.

To ensure that the system of internal controls operates effectively, management and the internal audit staff review and monitor internal controls on an ongoing basis. In addition, as part of the audit of the consolidated financial statements, the Company's independent auditors evaluate selected internal accounting controls to establish a basis for reliance thereon in determining the nature, timing and extent of audit tests to be performed. The Company believes its system of internal controls is adequate to accomplish the intended objectives, and continues its efforts to further improve those controls.

The Audit Committee of the Board of Directors, which is composed entirely of non-management Directors, oversees the Company's financial reporting and internal control functions. The Audit Committee meets periodically and separately with Company management, the internal audit staff, and the independent auditors to ensure these individuals are fulfilling their obligations and to discuss auditing, internal control and financial reporting matters. The Audit Committee reports its findings to the Board of Directors. The independent auditors and the internal audit staff have unrestricted access to the Audit Committee.



James J. Gosa
President and Chief Executive Officer



Kent B. Guichard
*Senior Vice President, Finance and
Chief Financial Officer*

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FINANCIAL REVIEW *continued*

Report

of Ernst & Young LLP, Independent Auditors

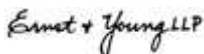
**Shareholders and Board of Directors
American Woodmark Corporation**

We have audited the accompanying consolidated balance sheets of American Woodmark Corporation as of April 30, 2001 and 2000, and the related consolidated statements of income and retained earnings, and cash flows for each of the three years in the period ended April 30, 2001. 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 auditing standards generally accepted in the 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 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, 2001 and 2000, and the consolidated results of its operations and its cash flows for each of the three years in the period ended April 30, 2001, in conformity with accounting principles generally accepted in the United States.

As discussed in Note A to the Consolidated Financial Statements, in fiscal 2001 the Company changed its method of accounting for revenue from sales to customers.



*Baltimore, Maryland
June 8, 2001*

Directors and Executive Officers

James J. Gosa

Director; President and
Chief Executive Officer

David L. Blount

Senior Vice President, Manufacturing

Kent B. Guichard

Director; Senior Vice President, Finance and
Chief Financial Officer; Corporate Secretary

Ian J. Sole

Senior Vice President, Sales and Marketing

William F. Brandt, Jr.

Chairman of the Board

Daniel T. Carroll

Director;
Chairman
The Carroll Group
A Management Consulting Firm

Martha M. Dally

Director;
Executive Vice President-Personal Products
Sara Lee Corporation

Fred S. Grunewald

Director;
Operating Partner
Kier Group Holding, LLC

C. Anthony Wainwright

Director;
Vice Chairman
McKinney & Silver

Kent J. Hussey

Director;
President and Chief Operating Officer
Rayovac Corporation

Albert L. Prillaman

Director;
Chairman, Chief Executive Officer and President
Stanley Furniture Company, Inc.

Corporate Information

Annual Meeting

The Annual Meeting of Shareholders of
American Woodmark Corporation will be held on
August 30, 2001, at 9:00 a.m. at the Hampton Inn
at 1204 Berryville Avenue 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, 2001, may be obtained free of charge by writing:

Kent Guichard
Senior Vice President, Finance and
Chief Financial Officer
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

PO Box 1980
Winchester, VA 22604-8090

Transfer Agent

American Stock Transfer & Trust Company
(800) 937-5449

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Thomasville®
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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.

Name of Subsidiary	Jurisdiction of Incorporation	Securities Ownership
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Exhibit 23

Consent of Ernst & Young LLP, Independent Audit

We consent to the incorporation by reference in this Annual Report (Form 10-K) of American Woodmark Corporation of our report dated June 8, 2001, included in the April 30, 2001 Annual Report to Shareholders of American Woodmark Corporation.

Our audits also included the financial statement schedule of American Woodmark Corporation listed in Item 14(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 whole, presents fairly in all material respects the information set forth therein.

We also consent to the incorporation by reference in the Registration Statement (Form S-8 No. 333-12631) pertaining to the American Woodmark Corporation 1995 Non-Employee Directors Stock Option Plan and the Registration Statement (Form S-8 No. 333-12623) pertaining to the American Woodmark Corporation 1996 Stock Option Plan for Employees of our report dated June 8, 2001, with respect to the consolidated financial statements and our report included herein with respect to the financial statement schedule of American Woodmark Corporation, both incorporated by reference and included in the Annual Report (Form 10-K) for the year ended April 30, 2001.

/s/ Ernst & Young

Baltimore, Maryland

July 12, 2001

End of Filing

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