American Woodmark™ 2013 Annual Report

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creating value through people

WHO WE ARE

American Woodmark is an organization of employees and shareholders who have combined their resources to pursue a common goal.

WHAT WE DO

Our common goal is to create value by providing kitchens and baths “of pride” for the American family.

WHY WE DO IT

We pursue this goal to earn a profit, which allows us to reward our shareholders and employees and to make a contribution to our society.

HOW WE DO IT

Four principles guide our actions:

CUSTOMER SATISFACTION Providing the best possible quality, service and value to the greatest number of people. Doing whatever is reasonable, and sometimes unreasonable, to make certain that each customer’s needs are met each and every day.

INTEGRITY Doing what is right. Caring about the dignity and rights of each individual. Acting fairly and responsibly with all parties. Being a good citizen in the communities in which we operate.

TEAMWORK Understanding that we must all work together if we are to be successful. Realizing that each individual must contribute to the team to remain a member of the team.

EXCELLENCE Striving to perform every job or action in a superior way. Being innovative, seeking new and better ways to get things done. Helping all individuals to become the best that they can be in their jobs and careers.

ONCE WE’VE DONE IT

When we achieve our goal good things happen: sales increase, profits are made, shareholders and employees are rewarded, jobs are created, our communities benefit, we have fun and our customers are happy and proud—with a new kitchen or bath from American Woodmark.

company profile

American Woodmark Corporation manufactures and distributes kitchen cabinets and vanities for the remodeling and new home construction markets. The Company operates 9 manufacturing facilities located in Arizona, Georgia, Indiana, Kentucky, Maryland, Tennessee, Virginia and West Virginia and 9 service centers across the country.

American Woodmark Corporation was incorporated in 1980 and became a public company through a common stock offering in 1986.

The Company offers approximately 550 cabinet lines in a wide variety of designs, materials and finishes. Products are sold across the United States through a network of independent dealers and distributors and directly to home centers and major builders. The Company's remodeling sales comprised 63% of sales during fiscal 2013, with the remaining 37% sold to the new home market. References in this annual report to fiscal years mean the Company's fiscal year, which ends on April 30.

The Company believes it is one of the three largest manufacturers of kitchen cabinets in the United States.

financial highlights

(in thousands, except per share data)	2013[1]	2012[1,2]	2011[2]
	FISCAL YEARS ENDED APRIL 30		
OPERATIONS			
Net sales	$630,437	$515,814	$452,589
Operating income (loss)	17,221	(33,446)	(31,054)
Net income (loss)	9,758	(20,786)	(20,018)
Earnings (loss) per share			
Basic	$ 0.67	$ (1.45)	$ (1.40)
Diluted	0.66	(1.45)	(1.40)
Average shares outstanding			
Basic	14,563	14,344	14,252
Diluted	14,833	14,344	14,252
FINANCIAL POSITION			
Working capital	$108,810	$ 71,881	$ 69,572
Total assets	293,993	265,121	268,370
Long-term debt, less current maturities	23,594	23,790	24,655
Shareholders' equity	146,195	130,020	153,965
Long-term debt to capital ratio[3]	13.9%	15.5%	13.8%

[1] The Company announced plans to realign its manufacturing network during fiscal 2012. The Company recorded restructuring charges related to these initiatives in fiscal 2012 that increased operating loss, net loss and loss per share by $15,917,000, $9,710,000 and $0.68, respectively. During fiscal 2013, the charges related to these initiatives decreased operating income, net income and earnings per share by $1,433,000, $874,000 and $0.06, respectively.

[2] The Company performed a reduction-in-force of salaried personnel and announced plans to realign its manufacturing network during fiscal 2009. The impact of these initiatives in fiscal 2011 increased operating loss, net loss and loss per share by $62,000, $39,000 and $0.00, respectively. During fiscal 2012, these initiatives increased operating loss, net loss and loss per share by $404,000, $246,000 and $0.01, respectively.

[3] Defined as long-term debt, less current maturities, divided by the sum of long-term debt and shareholders' equity.

market information

American Woodmark Corporation common stock is quoted on The NASDAQ Global Select 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 High	MARKET PRICE Low	DIVIDENDS DECLARED
FISCAL 2013			
First quarter	$18.95	$15.46	$0.00
Second quarter	23.30	16.45	0.00
Third quarter	29.28	21.66	0.00
Fourth quarter	36.68	27.63	0.00
FISCAL 2012			
First quarter	$22.51	$15.73	$0.09
Second quarter	19.87	11.53	0.00
Third quarter	17.99	10.88	0.00
Fourth quarter	19.52	13.19	0.00

As of May 16, 2013, there were approximately 6,500 shareholders of record of the Company's common stock. Included are approximately 52% of the Company's employees, who are shareholders through the American Woodmark Stock Ownership Plan. The Company paid dividends on its common stock during the first quarter of 2012 and then its quarterly dividend was suspended. The determination as to the payment and the amount of any future dividends will be made by the Board of Directors from time to time and will depend on the Company's then-current financial condition, capital requirements, results of operations and any other factors then deemed relevant by the Board of Directors.

to our shareholders

KENT B. GUICHARD
Chairman and CEO

Our goal as we began fiscal 2013 was to return the Company to profitability while continuing our commitment to build the strength of the organization, protect our market position, and invest in delivering a superior customer experience. The year was not without challenges, some of our own making. But as we look back over the last twelve months, I am pleased to report that we were ultimately successful on all fronts.

We entered our fiscal year last spring trying to make some sense of a complicated and often contradictory mix of market indicators. Supporting an optimistic outlook was an improvement in builder sentiment based on increased traffic through model homes and improved sales contract activity. Permits, construction starts, and home completions were trending upward. Foreclosures and mortgage delinquencies were at multiple year lows. Sales of existing homes were showing signs of life and prices were slowly rising. On the side of pessimism, consumers were showing signs of additional stress. Savings rates were dropping. Debt was increasing. Gas prices rising. And consumer confidence wavering.

As I shared in this letter last year, most worrisome was the employment outlook. The generally cited government unemployment rate was declining, but real unemployment

remained painfully high. Adding discouraged workers no longer actively seeking a job, part-time workers that would rather have a full-time position, and underemployed full-time workers to the official unemployment number painted a less than encouraging picture. Our ultimate view was that the financial pressure on both unemployed and underemployed families, combined with general nervousness about the future, would continue to suppress demand for big ticket, discretionary spending. This would be particularly true for projects related to the battered and bruised housing sector. As a result, we began our fiscal 2013 anticipating a modest increase in revenue based on flat unit demand and some improvement in product mix driven by new products.

As we entered the summer, it became clear that the upward trend in new construction activity was not only continuing, but strengthening. By the time calendar 2012 ended, total housing starts had increased 30%. Single family starts, more relevant to our business, increased 25%. In this environment our new construction related revenue increased more than 40%, significantly outpacing the industry. Our performance was the result of gaining share with builders who were in turn gaining share. Aligning with select national, regional and local builders intent on offering upgraded features also allowed us to increase our average revenue per job.

Unlike the new construction market, remodel demand remained tepid throughout the year. Private Residential Investment at 2.7% of Gross Domestic Product was slightly improved from the 2.5% in the prior year, but still well below the historical average. The lack of homeowner enthusiasm in making significant capital investments in their property was clearly the dominant factor in our category. Despite this headwind, our remodel business grew at a high single digit rate during the year based on our long standing partnerships with the big box home centers and our developing dealer business. Our Waypoint brand, launched three years ago and designed to meet the unique needs of the dealer channel, accounted for almost half of our overall growth rate in remodel.

Combined net sales for the fiscal year increased over 20%, our third consecutive year of double digit growth. Gross margin rose by over 50%. The leverage on incremental volume, however, was below our expectations given the magnitude of the revenue increase. As we began the year, our manufacturing organization had just completed two plant closures announced in the fall of 2011 and was in the midst of refining new material flows and absorbing the production volume into our remaining facilities. At the same time, we were presented with the unanticipated ramp up in demand from our new construction customers. We did not handle the combination with the efficiency or effectiveness that we expect of ourselves. We responded by absorbing significant excess costs to protect our customers. As a result, our incremental margins suffered during the first half of the year. We completed our corrective actions during the third fiscal quarter and returned to our standard of operating performance during the fourth fiscal quarter. Leverage on incremental volume during the last quarter was more acceptable with gross margin as a percent of sales reaching almost 19%.

The combination of additional volume, leverage in cost of goods sold, and continued cost management in our sales, general and administrative accounts resulted in net income of $10 million excluding restructuring charges and net insurance proceeds.

Our employees did an outstanding job during the entire year, delivering a remarkable turnaround in a difficult on-going environment. Operating income before charges and proceeds improved by almost $35 million from the prior year and the Company posted a net profit for the first time since the depths of the housing cycle began in 2009.

While our focus during the year was the return to profitability, we remained cognizant of the importance of maintaining financial strength. Cash, including restricted cash, increased by almost $23 million to a record $97 million at year end. For the foreseeable future, we will continue to be cautious in the management of the balance sheet. While fiscal 2013 was encouraging, we are by no means out of the woods with regard to the economic environment. Many risks remain. We will make sure that we retain our financial strength. As we gain more comfort with the path ahead, we will first and foremost look to reinvest in the business as the industry rebuilds to historically normal levels of activity. To the extent that we determine excess cash exists above and beyond prudent reserves and capital requirements, we will look to return this amount to shareholders under our stock repurchase authorization when the opportunity arises to enhance Shareholder value. While this approach may not satisfy all in the short term, we believe it is in the best interests of the long term Shareholder.

In 2007, we launched the 2013 Vision with a goal to provide a superior customer experience. Over the last six years, we have changed the conversation from simply price and product to the total experience. Service and support have become the third leg of the stool, in many cases even surpassing the importance of product and price to our customers. Our ability to not only weather the economic storm, but to consistently generate revenue growth in excess of the market, is a direct result of pursuing our Vision. Customers ultimately vote with their wallets and our ability to gain share is a direct reflection of providing a total experience and value that others are not.

As we look forward to our next six year vision, we will challenge ourselves to think on a much bigger stage. The goal is no longer to be a great cabinet company. Or even a great building materials

company. But a great company on par with other great companies. A world class company regardless of industry. By 2019 we will:

- Create long term competitive advantage through a self-sustaining culture based on individual accountability for making choices consistent with our Mission Statement and core values and shared responsibility to insist on similar behavior from each other;
- Demonstrate constant innovation through which we challenge our views of the world, seeking out and adopting new ideas, new concepts, and new tools to keep pace with the ever changing reality of our world;
- Establish exceptional customer care in which we make a promise and keep that promise…every day, every customer, every time;
- Build an overall operating system based on integrated value streams that deliver quality products and services quickly, reliably, and at a cost that offers compelling value in the market place;
- Offer solutions when and where required through the practical application of technology; and
- Exhibit outstanding citizenship through deep involvement in the overall betterment of the communities in which we live and work.

As we look to the year ahead, many obstacles remain in our path. In the larger context, worldwide growth continues to slow with particularly troublesome on-going social, economic, and political issues in the extended Eurozone. Domestic uncertainty also remains a concern. Government budget battles are left largely unresolved with the potential for negative impacts across a wide variety of services and programs including Medicare and Social Security. Credit availability on Main Street is still restricted. Most of all, the overriding challenge of both unemployment and underemployment hangs around the neck of a recovery like an albatross. Consumer confidence remains largely stuck.

Despite these macro concerns, we enter fiscal 2014 cautiously optimistic about our industry and prospects for continued

movement upwards, back towards normal levels of activity. We anticipate another double digit increase in revenue driven primarily by new construction demand. While remodeling is likely to remain relatively weak, we expect to generate growth in the channel as our dealer business adds incremental business on top of stable big box demand.

Cost control will undoubtedly be a challenge all year. While easing, promotional activity is likely to remain elevated by historical standards in a highly competitive remodel market. Raw material inflation has begun to impact critical inputs and we will need to find both internal offsets and, ultimately, to secure price increases from the consumer as this trend continues. The rate of new construction growth will continue to put pressure on operations as we add resources in an environment constrained by an absence of skilled labor. Despite these and other cost pressures, we expect to generate leverage on incremental volume and improve profitability.

As gratifying as fiscal 2013 was in terms of improving performance, our work is not done. Simply returning to profitability is not enough. As the market recovers from the long housing recession, we must recapture returns on capital that justify continued reinvestment in the business and that support the creation of value for you, our Shareholders.

None of what we have accomplished, or will accomplish, would be possible without the men and women of our Company. Their attitude and commitment, even in the most trying of circumstances, is a reflection of their outstanding character. They have earned my ultimate respect for their achievements. There are things from time to time that keep me awake at night. The organization is not one of them. I know that these fine individuals will always answer the call. I offer them my sincerest appreciation.

On behalf of the Board of Directors, the Leadership Team, and the entire Company, we thank you for your continuing support.

Kent B. Guichard
Chairman and Chief Executive Officer

FIVE-YEAR SELECTED FINANCIAL INFORMATION

(in millions, except per share data)	FISCAL YEARS ENDED APRIL 30 2013[1]	2012[1,2]	2011[2]	2010[2]	2009[2]
FINANCIAL STATEMENT DATA					
Net sales	$630.4	$515.8	$452.6	$406.5	$545.9
Operating income (loss)	17.2	(33.4)	(31.1)	(37.3)	(7.2)
Net income (loss)	9.8	(20.8)	(20.0)	(22.3)	(3.2)
Earnings (loss) per share:					
Basic	0.67	(1.45)	(1.40)	(1.58)	(0.23)
Diluted	0.66	(1.45)	(1.40)	(1.58)	(0.23)
Depreciation and amortization expense	14.4	23.4	26.7	30.9	35.1
Total assets	294.0	265.1	268.4	282.4	303.7
Long-term debt, less current maturities	23.6	23.8	24.7	25.6	26.5
Total shareholders' equity	146.2	130.0	154.0	175.3	203.7
Cash dividends declared per share	0.00	0.09	0.36	0.36	0.36
Average shares outstanding					
Basic	14.6	14.3	14.3	14.1	14.1
Diluted	14.8	14.3	14.3	14.1	14.1
PERCENT OF SALES					
Gross profit	16.3%	12.9%	11.7%	12.0%	16.4%
Selling, general and administrative expenses	13.5	16.2	18.5	20.5	15.9
Income (loss) before income taxes	2.7	(6.4)	(6.6)	(9.1)	(1.1)
Net income (loss)	1.5	(4.0)	(4.4)	(5.5)	(0.6)
RATIO ANALYSIS					
Current ratio	2.6	2.2	2.4	2.5	2.6
Inventory turnover[3]	20.4	19.2	16.1	12.3	11.5
Collection period—days[4]	31.4	30.0	30.1	32.9	33.5
Percentage of capital (long-term debt plus equity):					
Long-term debt, less current maturities	13.9%	15.5%	13.8%	12.7%	11.5%
Equity	86.1	84.5	86.2	87.3	88.5
Return on equity (average %)	7.1	(14.6)	(12.2)	(11.8)	(1.5)

[1] The Company announced plans to realign its manufacturing network during fiscal 2012. The impact of these initiatives in fiscal 2012 increased operating loss, net loss and loss per share by $15,917,000, $9,710,000 and $0.68, respectively. During fiscal 2013, the charges related to these initiatives decreased operating income, net income and earnings per share by $1,433,000, $874,000 and $0.06, respectively.

[2] The Company performed a reduction-in-force of salaried personnel and announced plans to realign its manufacturing network during fiscal 2009. The impact of these initiatives in fiscal 2009 reduced operating income (loss), net income (loss) and earnings (loss) per share by $9,743,000, $6,050,000 and $0.43, respectively. During fiscal 2010, these initiatives increased operating loss, net loss and loss per share by $2,808,000, $1,722,000 and $0.12, respectively. During fiscal 2011, these initiatives increased operating loss, net loss and loss per share by $62,000, $39,000 and $0.00, respectively. During fiscal 2012, these initiatives increased operating loss, net loss and loss per share by $404,000, $246,000 and $0.01, respectively.

[3] Based on the average of beginning and ending inventory.

[4] Based on the ratio of average monthly customer receivables to average sales per day.

management's discussion and analysis

RESULTS OF OPERATIONS

The following table sets forth certain income and expense items as a percentage of net sales:

	PERCENTAGE OF NET SALES FISCAL YEARS ENDED APRIL 30		
	2013	2012	2011
Net sales	**100.0%**	100.0%	100.0%
Cost of sales and distribution	**83.7**	87.1	88.3
Gross profit	**16.3**	12.9	11.7
Selling and marketing expenses	**9.1**	11.3	13.5
General and administrative expenses	**4.4**	4.9	5.0
Restructuring charges	**0.2**	3.2	0.0
Insurance recovery	**(0.1)**	0.0	0.0
Operating income (loss)	**2.7**	(6.5)	(6.8)
Interest expense/other (income) expense	**0.1**	(0.1)	(0.2)
Income (loss) before income taxes	**2.7**	(6.4)	(6.6)
Income tax expense (benefit)	**1.1**	(2.4)	(2.2)
Net income (loss)	**1.5**	(4.0)	(4.4)

The following discussion should be read in conjunction with the Five-Year Selected Financial Information and the Consolidated Financial Statements and the related notes contained elsewhere herein.

FORWARD-LOOKING STATEMENTS

This annual report contains statements concerning the Company's expectations, plans, objectives, future financial performance and other statements that are not historical facts. These statements are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. In most cases, the reader can identify these forward-looking statements by words such as "anticipate," "estimate," "forecast," "expect," "believe," "should," "could," "would," "plan," "may," or other similar words. Forward-looking statements contained in this annual report, including in Management's Discussion and Analysis, are based on current expectations and our actual results may differ materially from those projected in any forward-looking statements. In addition, the Company participates in an industry that is subject to rapidly changing conditions and there are numerous factors that could cause the Company to experience a decline in sales and/or earnings or deterioration in financial condition. These include but are not limited to: (1) general economic or business conditions and instability in the financial and credit markets, including their potential impact on our (i) sales and operating costs and access to financing, and (ii) customers and suppliers and their ability to obtain financing or generate the cash necessary to conduct their respective businesses; (2) the cyclical nature of the Company's industry, which is particularly sensitive to changes in consumer confidence, the amount of consumers' income available for discretionary purchases, and the availability and terms of consumer credit; (3) economic weakness in a specific channel of distribution;

(4) the loss of sales from specific customers due to their loss of market share, bankruptcy or switching to a competitor; (5) risks associated with domestic manufacturing operations, including fluctuations in capacity utilization and the prices and availability of key raw materials as well as fuel, transportation, warehousing and labor costs and environmental compliance and remediation costs; (6) the need to respond to price or product initiatives launched by a competitor; (7) the Company's ability to successfully implement initiatives related to increasing market share, new products, maintaining and increasing its sales force and new product displays; and (8) sales growth at a rate that outpaces the Company's ability to install new capacity or a sales decline that requires reduction or realignment of the Company's manufacturing capacity. Additional information concerning the factors that could cause actual results to differ materially from those in forward-looking statements is contained in this annual report, including elsewhere in "Management's Discussion and Analysis" and also in the Company's most recent annual report on Form 10-K for the fiscal year ended April 30, 2013, filed with the U.S. Securities and Exchange Commission (SEC), including under Item 1A, "Risk Factors", and Item 7A, "Quantitative and Qualitative Disclosures about Market Risk." 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 material adverse impact on its operating results and financial condition.

Any forward-looking statement that the Company makes speaks only as of the date of this annual report. The Company undertakes no obligation to publicly update or revise any forward-looking statements or cautionary factors, as a result of new information, future events or otherwise, except as required by law.

OVERVIEW

American Woodmark Corporation manufactures and distributes kitchen cabinets and vanities for the remodeling and new home construction markets. Its products are sold on a national basis directly to home centers, major builders and home manufacturers and through a network of independent dealers and distributors. At April 30, 2013, the Company operated 9 manufacturing facilities and 9 service centers across the country.

During the Company's fiscal year that ended on April 30, 2013 (fiscal 2013), the Company experienced improving housing market conditions for the first time since the housing market downturn that began in 2007.

A number of positive factors evidenced the improving housing market, including:

- Creation of approximately 2 million private sector jobs in the U.S. during the Company's fiscal years 2012 and 2013 (according to the U.S. Department of Labor);
- A 15% improvement in Gross Private Residential Fixed Investment reported by the U.S. Department of Commerce during the most recent four quarters through the first quarter of calendar 2013, as compared with the same period one year ago;
- Increases in total housing starts and single family housing starts during the Company's fiscal 2013 of 32% and 28%, respectively, as compared to the Company's fiscal 2012, according to the U.S. Department of Commerce;
- The median price of existing homes sold in the U.S. improved for the first time in 7 years, rising by 10% during the Company's fiscal 2013, according to data provided by the National Association of Realtors;
- Consumer confidence, as reported by the University of Michigan, averaged 10% higher during the Company's fiscal 2013 than in its prior fiscal year; and
- Cabinet sales, as reported by members of the Kitchen Cabinet Manufacturers Association (KCMA), increased by 11% during fiscal 2013, suggesting an increase in both new construction and remodeling sales of cabinets.

Faced with an improving but still relatively subdued remodeling market, the Company's largest remodeling customers and competitors continued to utilize an elevated level of sales promotions in the Company's product category during fiscal 2013 to boost sales, although a noticeable easing occurred in the second half of fiscal 2013. The Company strives to maintain its promotional levels in line with market activity, with a goal of remaining competitive. The Company experienced promotional levels during fiscal 2013 that were lower than those experienced in its prior fiscal year. The Company's remodeling

sales increased at a high-single digit pace during fiscal 2013 in a remodeling market that appears to have improved by a bit less than that level.

The Company increased its net sales by 22% during fiscal 2013. The Company realized strong sales gains in its new construction channel during fiscal 2013, where sales increased by more than 40%, significantly outpacing the improvement in single-family housing starts. Management believes this result, combined with the Company's increased remodeling sales, indicates the Company realized market share gains in both of its sales channels during fiscal 2013.

During the third quarter of fiscal 2012, the Company announced several initiatives designed to reduce its cost base (the 2012 Restructuring), including the permanent closure of two manufacturing plants, the decision to sell a previously closed manufacturing facility, and the realignment of its retirement program, including the freezing of its pension plans. All of these initiatives were completed either prior to or just after the beginning of the Company's fiscal 2013, and restructuring charges related to these actions have been reflected in the Company's results during both years.

Gross margin for fiscal 2013 was 16.3%, significantly improved from 12.9% in fiscal 2012. The increase in the Company's gross margin rate was driven by reductions in the labor and overhead costs associated with the Company's restructuring activities, the beneficial impact of increased sales volume and the absence of the prior year's inventory write down, which more than offset the impact of rising materials costs.

The Company recorded restructuring charges of $15.9 million (pre-tax) and $10.0 million (after-tax) during fiscal 2012 and $1.4 million (pre-tax) and $0.9 million (after-tax) during fiscal 2013 in connection with these initiatives. Because the bulk of these restructuring efforts have been completed, the Company expects that its future out-of-pocket costs will be nominal. The Company sold a previously closed plant during fiscal 2013 and continues to include in "Other Assets" at an aggregate $2.7 million book value the other two plants held for sale that were included in the 2012 Restructuring.

The Company regularly considers the need for a valuation allowance against its deferred tax assets. The Company had a history of profitable operations for 16 consecutive years, from 1994 to 2009, followed by losses that coincided with the industry downturn from 2010 to 2012. As of April 30, 2013, the Company had total deferred tax assets of $38.7 million, down from $42.1 million at April 30, 2012. Growth in the Company's deferred tax assets in recent fiscal years resulted primarily from growth in its defined benefit pension liabilities and the impact of its recent losses prior to fiscal 2013. The Company earned sufficient net income during fiscal 2013 to fully utilize its Federal net operating loss carryforward. To fully realize these net deferred tax assets, the Company will need to, among other things, substantially reduce its net unfunded pension obligation of $53.7 million at April 30, 2013. The Company took definitive actions when it froze its pension plans as part of the 2012 Restructuring to enhance the probability that this objective is achieved in the future.

The Company resumed the funding of its pension plans during fiscal year 2012, and expects to continue funding these plans for the foreseeable future, which will reduce both its unfunded pension plan obligation and its deferred tax asset. These actions, coupled with the recent improvement in the U.S. housing market and the Company's continued ability to grow its sales at a faster rate than its competitors, have enabled the Company to generate net income and reduce its deferred tax assets and unfunded pension obligation during fiscal 2013. The Company believes that the positive evidence of the housing industry improvement, coupled with the benefits from the Company's successful restructuring and continued market share gains have already driven a return to profitability that is expected to continue, and that the combined impact of these positive factors outweighs the negative factor of the Company's previous losses. Accordingly, Management has concluded it is more likely than not that the Company will realize its deferred tax assets.

The Company also regularly assesses its long-lived assets to determine if any impairment has occurred. The Company has concluded that none of the long-lived assets pertaining to its 9 manufacturing plants or any of its other long-lived assets were impaired as of April 30, 2013.

RESULTS OF OPERATIONS

(in thousands)	2013	2012	2011	2013 VS. 2012 PERCENT CHANGE	2012 VS. 2011 PERCENT CHANGE
	FISCAL YEARS ENDED APRIL 30				
Net sales	$ 630,437	$ 515,814	$ 452,589	22%	14%
Gross profit	102,656	66,475	52,751	54	26
Selling and marketing expenses	57,402	58,271	61,034	(1)	(5)
General and administrative expenses	27,575	25,329	22,709	9	12
Interest expense	643	527	572	22	(8)

NET SALES

Net sales were $630.4 million in fiscal 2013, an increase of $114.6 million, or 22%, compared with fiscal 2012. Overall unit volume for fiscal 2013 was 17% higher than in fiscal 2012, which management believes was driven primarily by the Company's increased market share. Average revenue per unit increased 4% in fiscal 2013, driven by improvements in the Company's product mix.

Net sales for fiscal 2012 increased 14% to $515.8 million from $452.6 million in fiscal 2011. Overall unit volume for fiscal 2012 was 9% higher than in fiscal 2011, which management believes was driven primarily by the Company's increased market share. Average revenue per unit increased 5% during fiscal 2012, driven primarily by improvements in product mix.

GROSS PROFIT

Gross profit as a percentage of sales increased to 16.3% in fiscal 2013 as compared with 12.9% in fiscal 2012. The improvement in gross profit margin was due primarily to the beneficial impact of higher sales volume and labor and overhead cost savings associated with the Company's two plant closures in April and May of 2012. This favorability was partially offset by an increase in material costs. Specific changes and additional information included:

- Labor and overhead costs improved by 3.6% as a percentage of net sales compared with the prior fiscal year, as the combination of the increased sales volume and the plant closures caused both a decrease in overhead costs and improved absorption of fixed overhead costs, while labor costs became increasingly more efficient throughout fiscal 2013 as productivity gains were realized following the plant closures;
- Materials and freight costs increased as a percentage of net sales by 1.6% during fiscal 2013 as compared with fiscal 2012, driven primarily by inflationary pressures in finishing materials, lumber, cartons, plywood, particleboard and paint, as well as from increased levels of outsourcing following the recent plant closures; and
- Sales promotion costs improved by 1.4% of net sales during fiscal 2013 compared with the prior year, as a result of both an increased proportion of new construction sales to the Company's total sales and reduced promotional activity. Sales promotions that involved the use of free products or cash reimbursements back to the Company's large remodeling customers were deducted from gross margin as opposed to being classified as operating expenses.

During fiscal 2012, the Company's gross profit increased as a percentage of net sales to 12.9% from 11.7% in fiscal 2011. Increased sales volume in fiscal 2012 created improved labor efficiencies and more favorable absorption of manufacturing overhead costs, which were partially offset by increased sales promotion costs, material costs and diesel fuel. Specific changes and additional information included:

- Labor and overhead costs improved by 3.7% as a percentage of net sales during fiscal 2012 compared with the prior fiscal year, as increased sales volume caused increased productivity of direct labor and absorption of fixed overhead costs;
- Materials and freight costs increased as a percentage of net sales by 1.8% during fiscal 2012 as compared with fiscal 2011, driven primarily by inflationary pressures in finishing materials, lumber, cartons, imported components, and diesel fuel; and
- Sales promotion costs increased by 0.7% of net sales during fiscal 2012, as the Company chose to remain competitive with competitors' promotional offerings to drive sales growth in a challenging market.

SELLING AND MARKETING EXPENSES

Selling and marketing expenses in fiscal 2013 were 9.1% of net sales, compared with 11.3% of net sales in fiscal 2012. Selling and marketing costs decreased by 1% despite a 22% increase in net sales. The improvement in sales and marketing costs in relation to net sales was due to reduced spending on product launch costs and cost reductions related to the Company's retirement plan changes, which were offset in part by increased sales compensation and staffing costs related to the Company's increased sales levels.

Selling and marketing expenses were 11.3% of net sales in fiscal 2012 compared with 13.5% in fiscal 2011. Cost savings from lower marketing collateral and branding costs, as well as reductions in product display costs more than offset the increases in employee compensation and travel costs incurred by the Company in fiscal 2012.

GENERAL & ADMINISTRATIVE EXPENSES

General and administrative expenses increased by $2.2 million or 9% during fiscal 2013. The increase in cost was entirely related to increased pay-for-performance compensation. However, G&A costs declined to 4.4% of net sales in fiscal 2013 compared with 4.9% of net sales in fiscal 2012.

General and administrative expenses in fiscal 2012 increased by $2.6 million, or 12%, compared with fiscal 2011 and represented 4.9% of net sales, compared with 5.0% of net sales for fiscal 2011. The majority of the cost increase was related to increased pay-for-performance compensation.

EFFECTIVE INCOME TAX RATES

The Company generated pre-tax income of $16.7 million during fiscal 2013, including $1.4 million of restructuring charges. The Company's effective tax rate increased from 37.6% in fiscal 2012 to 41.7% in fiscal 2013. The higher effective tax rate was the result of relatively consistent amounts of permanent tax differences in relation to the net income generated in fiscal 2013 compared with the net loss generated in the prior year.

OUTLOOK FOR FISCAL 2014

The Company tracks several metrics, including but not limited to housing starts, existing home sales, mortgage interest rates, new jobs growth, GDP growth and consumer confidence, which it believes are leading indicators of overall demand for kitchen and bath cabinetry. The Company believes that housing prices finally bottomed during its fiscal 2012 and have begun what it expects will be a multi-year improvement, driven by employment growth and a resumption of growth in new household formation. However, because the number of homeowners still owing more than what their homes are worth remains at historically high levels, the Company expects that while the cabinet remodeling market will show modest improvement it will continue to be well below the historic highs reached in the previous decade.

Driven by an improving housing market, the Company expects that industry-wide cabinet remodeling sales will continue a trend that began during fiscal 2013 and improve at roughly a mid-single digit rate during its fiscal 2014. The Company expects that its home center market share will be relatively stable in fiscal 2014 and it will continue to gain market share in its growing dealer business. This combination is expected to result in remodeling sales growth that outpaces the market by several percentage points.

The Company agrees with the consensus estimate that new construction starts will continue to grow at a mid-20% rate during its fiscal 2014. The Company's new construction sales growth outperformed the new construction market by approximately 20 points during fiscal 2013, and expects that it will again outperform the new construction market during fiscal 2014 but by a significantly lesser rate, as its comparable prior year sales levels become more challenging.

Inclusive of the potential for modest sales mix and pricing improvements, the Company expects that it will grow its total sales at a mid-teen rate in fiscal 2014. The Company experienced production inefficiencies during the first half of its fiscal 2013 driven by the combination of work transition issues from its closed plants, coupled with production volume increases that were driven by unexpectedly high sales levels. These issues were resolved during the third quarter of the Company's fiscal 2013,

enabling the Company's gross margin rate to improve in the fourth quarter of fiscal 2013. The Company expects that its gross margin rate and net income for fiscal 2014 will improve compared with its fiscal 2013 performance.

The Company had gross outlays for capital expenditures and customer display units of $13.5 million during fiscal 2013, and plans to increase this spending level modestly during fiscal 2014. However, the Company is undertaking a multi-year review of its manufacturing capacity and capital expenditure plans which could cause its capital expenditures to exceed this level.

Additional risks and uncertainties that could affect the Company's results of operations and financial condition are discussed elsewhere in this annual report, including under "Forward-Looking Statements," and elsewhere in "Management's Discussion and Analysis," as well as in the Company's annual report on Form 10-K for the fiscal year ended April 30, 2013 filed with the SEC, including under Item 1A, "Risk Factors" and Item 7A, "Quantitative and Qualitative Disclosures about Market Risk."

LIQUIDITY AND CAPITAL RESOURCES

The Company's cash, cash equivalents and restricted cash totaled $97.0 million at April 30, 2013, which represented an increase of $23.3 million from April 30, 2012. Total debt was $24.7 million at April 30, 2013, virtually unchanged from the prior fiscal year and long-term debt, excluding current maturities, to capital was 13.9% at April 30, 2013, down from 15.5% at April 30, 2012.

The Company's main source of liquidity is its cash and cash equivalents on hand and cash generated from its operating activities. During fiscal 2013 the Company renegotiated its revolving credit agreement with its primary lender and is no longer required to hold restricted cash to secure borrowings under that agreement.

OPERATING ACTIVITIES

Cash provided by operating activities in fiscal 2013 was $24.5 million, compared with $16.1 million in fiscal 2012. The $8.4 million improvement was primarily attributable to the Company's $22.9 million improvement in net income and reduction in asset impairments related to the 2012 Restructuring. This improvement was offset in part by a $13.6 million net working capital investment in its operating assets and liabilities to fund growth and increased contributions to its pension plans of $2.0 million.

Cash provided by operating activities in fiscal 2012 was $16.1 million, compared with $13.2 million in fiscal 2011. The $2.9 million improvement was primarily attributable to the reduction in the Company's operating loss exclusive of restructuring charges of $13.9 million. This improvement was offset in part by reductions in proceeds from income tax refunds of $7.1 million, from increasing funding to its pension plans of $2.9 million, and from funding restructuring costs of $1.2 million.

INVESTING ACTIVITIES

The Company's investing activities primarily consist of capital expenditures and investments in promotional displays. Net cash used by investing activities in fiscal 2013 was $6.1 million, compared with $9.9 million in fiscal 2012 and $5.5 million in fiscal 2011. Investments in property, plant and equipment for fiscal 2013 were $8.9 million, compared with $6.7 million in fiscal 2012 and $5.0 million in fiscal 2011. Investments in promotional displays were $4.8 million in fiscal 2013, compared with $3.3 million in fiscal 2012 and $3.5 million in fiscal 2011. The increased level of investment during fiscal 2013 primarily represents machinery and equipment enhancements to enable production volume to increase and an increase in the number of display units deployed with customers.

During fiscal 2013, the Company's reduced net cash used for investing activities was driven by the receipt of $6.4 million in proceeds from the sales of assets from closed plants and insurance proceeds of $1.0 million, which more than offset the aggregate $3.6 million increase in outflows for capital expenditures and promotional displays.

The Company generated positive free cash flow (defined as cash provided by operating activities less cash used for investing activities) of $18.4 million during fiscal 2013, compared with $6.1 million in fiscal 2012 and $7.7 million in fiscal 2011. The increase in fiscal 2013 was driven by the net improvements in both cash provided by operating activities and

decreased net outflows used for investing activities. The reduction in fiscal 2012 was driven by increased net outflows used for investing activities that more than offset net improvements in cash provided by operating activities.

FINANCING ACTIVITIES

The Company realized a net inflow of $11.9 million from financing activities in fiscal 2013, compared with a $5.1 million inflow in fiscal 2012, and a net outflow of $5.5 million in fiscal 2011. Reductions in the amount of restricted cash drove inflows of approximately $7 million in both fiscal 2013 and 2012. Additional proceeds of $5.9 million were generated during fiscal 2013 from the exercise of stock options. Approximately $1 million was used to repay long-term debt in each of the years in the three-year period ended in fiscal 2013, while fiscal 2012 and 2011 was further impacted by dividend payments to shareholders of $1.3 million and $5.1 million, respectively.

The Company elected to suspend its quarterly dividend during fiscal 2012. The Company ended fiscal 2013 with a record level of nearly $97 million in cash and cash equivalents. The Company is authorized to repurchase up to $93.3 million of its stock under an authorization approved by its Board of Directors in 2007. The Company continues to evaluate its cash on hand and prospects for future cash generation, and compare these against its go-forward reinvestment plans for future capital expenditures. Although the evaluation of its future capital expenditures is ongoing, the Company expects that it will make repurchases of its common stock from time to time during fiscal 2014.

The Company can borrow up to $35 million under the Wells Fargo credit facility, subject to a maximum borrowing base equal to 75% of eligible accounts receivable, 50% of eligible pre bill reserves and up to $20 million for equipment value (each as defined in the agreement). At April 30, 2013, $10 million of loans and $3.7 million of letters of credit were outstanding under the Wells Fargo facility.

An amendment to the revolving credit facility and modifications to related security arrangements completed on March 18, 2013 eliminated the requirement that 50% of the Company's outstanding indebtedness and other obligations to Wells Fargo be secured by cash and securities held in certain of the Company's accounts with Wells Fargo. The Company's outstanding indebtedness and other obligations to Wells Fargo are secured by substantially all of the Company's assets. The Company can borrow under the revolving credit facility up to the lesser of $35 million or the maximum borrowing base (which equals 75% of eligible accounts receivable, 50% of eligible pre bill reserves and up to $20 million for equipment value, each as defined in the agreement) less any outstanding loan balance. Any outstanding loan balance bears interest at the London Interbank Offered Rate (LIBOR) (0.25% at April 30, 2013) plus 2.625%. Under the terms of the revolving credit facility, the Company must: (1) maintain at the end of each fiscal quarter a ratio of total liabilities to tangible net worth of not greater than 1.4 to 1.0; (2) maintain at the end of each fiscal quarter a ratio of cash flow to fixed charges of not less than 1.25 to 1.0 measured on a rolling four-quarter basis; (3) maintain at least $1.00 in net income for the fiscal quarter ending April 30, 2013 and at least $1.00 in net income on a rolling four-quarter basis for the fiscal quarter ending July 31, 2013; and comply with other customary affirmative and negative covenants.

The Company was in compliance with all covenants specified in the amended credit facility as of April 30, 2013, as follows: (1) the Company's ratio of total liabilities to tangible net worth at April 30, 2013 was 1.0 to 1.0; (2) cash flow to fixed charges for its most recent four quarters was 2.72 to 1.0; and (3) its net income for the fiscal quarter ended April 30, 2013 was $5.2 million.

The revolving credit facility does not limit the Company's ability to pay dividends or repurchase its common stock as long as the Company is in compliance with these covenants.

Cash flow from operations combined with accumulated cash and cash equivalents on hand are expected to be more than sufficient to support forecasted working capital requirements, service existing debt obligations and fund capital expenditures for fiscal 2014.

The timing of the Company's contractual obligations as of April 30, 2013 is summarized in the table below:

		FISCAL YEARS ENDED APRIL 30			
(in thousands)	TOTAL AMOUNTS	2014	2015–2016	2017–2018	2019 AND THEREAFTER
Revolving credit facility	$10,000	$ —	$10,000	$ —	$ —
Economic development loans	3,480	—	—	—	3,480
Term loans	3,530	349	763	2,418	—
Capital lease obligations	7,739	806	1,689	1,356	3,888
Interest on long-term debt[1]	2,622	659	1,113	488	362
Operating lease obligations	10,926	3,411	5,870	1,553	92
Pension contributions[2]	33,208	2,258	10,020	15,700	5,230
Total	$ 71,505	$7,483	$ 29,455	$ 21,515	$13,052

[1] Interest commitments under interest bearing debt consist of interest under the Company's primary loan agreement, term loans and capitalized lease agreements. Amounts outstanding under the Company's revolving credit facility, $10 million at April 30, 2013, bear a variable interest rate determined by the London Interbank Offered Rate (LIBOR) plus 2.625%. Interest under the Company's term loans and capitalized lease agreements is fixed at rates between 2% and 6.5%. Interest commitments under interest bearing debt for the Company's revolving credit facility are at LIBOR plus the spread as of April 30, 2013, throughout the remaining term of the facility.

[2] The estimated cost of the Company's two defined benefit pension plans is determined annually based upon the discount rate and other assumptions at fiscal year end. Future pension funding contributions beyond fiscal 2019 have not been determined at this time.

MARKET RISKS

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. The Company has generally been able, over time, to recover the effects of inflation and commodity price fluctuations through sales price increases.

On April 30, 2013, the Company had no material exposure to changes in interest rates for its debt agreements.

The Company does not currently use commodity or interest rate derivatives or similar financial instruments to manage its commodity price or interest rate risks.

For additional discussion of risks that could affect the Company and its business, see "Forward-Looking Statements" above and "Risk Factors" in the Company's most recent annual report on Form 10-K filed with the SEC.

OFF-BALANCE SHEET ARRANGEMENTS

As of April 30, 2013 and 2012, the Company had no off-balance sheet arrangements.

CRITICAL ACCOUNTING POLICIES

Management has chosen accounting policies that are necessary to give reasonable assurance that the Company's operational results and financial position are accurately and fairly reported. The significant accounting policies of the Company are disclosed in Note A to the Consolidated Financial Statements included in this annual report. The following discussion addresses the accounting policies that management believes have the greatest potential impact on the presentation of the financial condition and operating results of the Company for the periods being reported and that require the most judgment.

Management regularly reviews these critical accounting policies and estimates with the Audit Committee of the Board of Directors.

LONG-LIVED ASSET IMPAIRMENT. The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the related carrying amounts may not be recoverable. For purposes of assessing if impairment exists, assets are grouped at the lowest level for which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets. To determine whether an impairment has occurred, the Company compares estimates of the future undiscounted net cash flows of groups of assets to their carrying values. The Company has not recognized impairments

of long-lived assets in the last three years other than the impairments related to restructuring activities.

REVENUE RECOGNITION. The Company utilizes signed sales agreements that provide for transfer of title to the customer upon delivery. The Company must estimate the amount of sales that have been transferred to third-party carriers but not delivered to customers. The estimate is calculated using a lag factor determined by analyzing the actual difference between shipment date and delivery date of orders over the past 12 months. Revenue is only recognized on those shipments which the Company believes have been delivered to the customer.

The Company recognizes revenue based on the invoice price less allowances for sales returns, cash discounts and other deductions as required under U.S. generally accepted accounting principles (GAAP). Collection is reasonably assured as determined through an analysis of accounts receivable data, including historical product returns and the evaluation of each customer's ability to pay. Allowances for sales returns are based on the historical relationship between shipments and returns. The Company believes that its historical experience is an accurate reflection of future returns.

SELF INSURANCE. The Company is self-insured for certain costs related to employee medical coverage and workers' compensation liability. The Company maintains stop-loss coverage with third-party insurers to limit total exposure. The Company establishes a liability at each balance sheet date based on estimates for a variety of factors that influence the Company's ultimate cost. In the event that actual experience is substantially different from the estimates, the financial results for the period could be adversely affected. The Company believes that the methodologies used to estimate all factors related to employee medical coverage and workers' compensation are an accurate reflection of the liability as of the date of the balance sheet.

PENSIONS. The Company has two non-contributory defined benefit pension plans covering many of the Company's employees hired prior to April 30, 2012.

Effective April 30, 2012, the Company froze all future benefit accruals under the Company's hourly and salary defined benefit pension plans.

The estimated expense, benefits and pension obligations of these plans are determined using various assumptions. The most significant assumptions are the long-term expected rate of return on plan assets and the discount rate used to determine the present value of the pension obligations. In fiscal 2013 and 2012, the Company determined the discount rate by referencing the Aon Hewitt AA Bond Universe Yield Curve. In fiscal 2011, the Company referred to the Hewitt Above Median Yield Curve in establishing the discount rate. This change was caused by the merger of Aon and Hewitt and the corresponding elimination of the Hewitt Above Median Yield Curve. The Company believes that using a yield curve approach accurately reflects changes in the present value of liabilities over time since each cash flow is discounted at the rate at which it could effectively be settled. The long-term expected rate of return on plan assets reflects the current mix of the plan assets invested in equities and bonds.

The following is a summary of the potential impact of a hypothetical 1% change in actuarial assumptions for the discount rate, expected return on plan assets and consumer price index:

(in millions)	IMPACT OF 1% INCREASE	IMPACT OF 1% DECREASE
(decrease) increase		
Effect on annual pension expense	$ (1.1)	$ 1.1
Effect on projected pension benefit obligation	$ (21.1)	$26.9

Pension expense for fiscal 2013 and the assumptions used in that calculation are presented in Note H of the Consolidated Financial Statements. At April 30, 2013, the discount rate was 4.21% compared with 4.66% at April 30, 2012. The expected return on plan assets was 7.5% at both April 30, 2013 and April 30, 2012. The assumed rate of increase in compensation levels was 4.0% for the fiscal years ended April 30, 2012 and 2011. The rate of compensation increase is not applicable for periods beyond April 30, 2012 because the Company froze its pension plans as of that date.

The projected performance of the Company's pension plans is largely dependent on the assumptions used to measure the obligations of the plans and to estimate future performance of the plans' invested assets. Over the past two measurement periods, the most material deviations between results based on assumptions and the actual plan performance have resulted from changes to the discount rate used to measure the plans' benefit

obligations and the actual return on plan assets. Accounting guidelines require the discount rate to be set to market at each annual measurement date. From the fiscal 2011 to fiscal 2012 measurement dates, the discount rate decreased from 5.66% at April 30, 2011 to 4.66% at April 30, 2012, which caused an actuarial loss of $26.3 million. From the fiscal 2012 to fiscal 2013 measurement dates, the discount rate decreased from 4.66% to 4.21% which caused an actuarial loss of $10.8 million.

The Company strives to balance expected long-term returns and short-term volatility of pension plan assets. Favorable and unfavorable differences between the assumed and actual returns on plan assets are generally amortized over a period no longer than the average life expectancy of the plans' active participants. The actual rates of return on plan assets realized, net of investment manager fees, were 10.2%, 3.1% and 11.9% for fiscal 2013, 2012 and 2011, respectively.

The fair value of plan assets at April 30, 2013 was $95.7 million compared with $85.7 million at April 30, 2012. The Company's projected benefit obligation exceeded plan assets by $53.7 million in fiscal 2013 and by $50.5 million in fiscal 2012. The $3.2 million increase in the Company's net under-funded position during fiscal 2013 was primarily driven by the Company's $10.8 million actuarial losses, offset in part by a higher return on plan assets and Company contributions. The Company expects its pension expense to decrease from $0.6 million in fiscal 2013 to $0.2 million in fiscal 2014, due primarily to a higher expected return on plan assets. The Company expects to contribute $2.3 million to its pension plans in fiscal 2014, which represents required funding. The Company made contributions of $4.9 million to its pension plans in fiscal 2013.

PROMOTIONAL DISPLAYS. The Company invests in promotional displays in retail stores to demonstrate product features, product and quality specifications and serve as a training tool for designers. The investment is carried at cost less applicable amortization. Amortization is provided by the straight-line method on an individual display basis over the estimated period of economic benefit, approximately 30 to 36 months. The Company believes that the estimated period of economic benefit provides an accurate reflection of the value of displays as of the date of the balance sheet based on historical experience.

PRODUCT WARRANTY. The Company estimates outstanding warranty costs based on the historical relationship between warranty claims and revenues. The warranty accrual is reviewed monthly to verify that it properly reflects the Company's remaining obligation based on anticipated expenditures over the balance of the obligation period. Adjustments are made when actual warranty claim experience differs from estimates. Warranty claims are generally made within two months of the original shipment date.

STOCK-BASED COMPENSATION EXPENSE. The calculation of stock-based compensation expense involves estimates that require management's judgment. These estimates include the fair value of each stock option and restricted stock unit award granted. Stock option awards are estimated on the date of grant using a Black-Scholes option pricing model. There are two significant inputs into the Black-Scholes option pricing model: expected volatility and expected term. The Company estimates expected volatility based on the historical volatility of the Company's stock over a term equal to the expected term of the option granted. The expected term of stock option awards granted is derived from historical exercise experience under the Company's stock option plans and represents the period of time that stock option awards granted are expected to be outstanding.

For performance-based restricted stock units, the Company estimates the number of shares that will be granted upon satisfaction of the performance conditions, based upon actual and expected future operating results. The assumptions used in calculating the fair value of stock-based payment awards represent management's best estimates, but these estimates involve inherent uncertainties and the application of significant management judgment. As a result, if factors change or the Company uses different assumptions, stock-based compensation expense could be materially different in the future. In addition, the Company is required to estimate the expected forfeiture rate and only recognize expense for those shares expected to vest. If the Company's actual forfeiture rate is materially different from its estimate, the stock-based compensation expense could be significantly different from what the Company has recorded in the current period. See Note G to the Consolidated Financial Statements for further discussion on stock-based compensation.

VALUATION OF DEFERRED TAX ASSETS. The Company regularly considers the need for a valuation allowance against its deferred

tax assets. Based upon the Company's analysis at April 30, 2013 and 2012, the Company determined in each case that a valuation allowance was not required. The Company considered all available evidence, both positive and negative, in determining the need for a valuation allowance. Based upon this analysis, management determined that it is more likely than not that the Company's deferred tax assets will be realized through expected future income and the reversal of taxable temporary differences. The Company will continue to update this analysis on a periodic basis and changes in expectations about future income or the timing of the reversal of taxable temporary differences could cause the Company to record a valuation allowance in a future period.

RECENT ACCOUNTING PRONOUNCEMENTS

In February 2013, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2013-02, "Comprehensive Income (Topic 220): Reporting Amounts Reclassified Out of Accumulated Other Comprehensive Income," which requires an entity to provide information about the amounts reclassified out of accumulated other comprehensive income by component. In addition, an entity is required to present, either on the face of the statement where net income is presented or in the notes, significant amounts reclassified out of accumulated other comprehensive income by the respective line items of net income if the amount reclassified is required under U.S. GAAP to be reclassified to net income in its entirety in the same reporting period. The ASU does not change the current requirements for reporting net income or other comprehensive income in financial statements. The ASU is effective prospectively for fiscal years and interim periods within those years beginning after December 15, 2012. The adoption of ASU 2013-02 is not expected to have a significant impact on the Company's results of operations or financial position.

In June 2011, the FASB issued ASU No. 2011-05, "Comprehensive Income (Topic 220): Presentation of Comprehensive Income," which requires an entity to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income, or in two separate but consecutive statements. Additionally, ASU 2011-05 eliminates the option to present comprehensive income and its components as part of the statement of shareholders' equity. The ASU does not change the items that must be reported in other comprehensive income. The Company adopted this guidance effective May 1, 2012 and now includes Statements of Comprehensive Income (Loss) in its financial statements.

In December 2011, the FASB issued ASU No. 2011-12, "Comprehensive Income (Topic 220): Deferral of the Effective Date of Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in ASU No. 2011-05." The amendments were made to allow FASB time to redeliberate whether to present on the face of the financial statements the effects of reclassifications out of accumulated other comprehensive income on the components of net income and other comprehensive income.

LEGAL MATTERS

The Company is involved in suits and claims in the normal course of business, including without limitation product liability and general liability claims and claims pending before the Equal Employment Opportunity Commission. On at least a quarterly basis, the Company consults with its legal counsel to ascertain the reasonable likelihood that such claims may result in a loss. As required by ASC Topic 450, "Contingencies" (ASC 450), the Company categorizes the various suits and claims into three categories according to their likelihood for resulting in potential loss: those that are probable, those that are reasonably possible and those that are deemed to be remote. Where losses are deemed to be probable and estimable, accruals are made. Where losses are deemed to be reasonably possible or remote, a range of loss estimates is determined and considered for disclosure. Where no loss estimate range can be made, the Company and its counsel perform a worst-case estimate. In determining these loss range estimates, the Company considers known values of similar claims and consultation with independent counsel.

The Company believes that the aggregate range of estimated loss stemming from the various suits and asserted and unasserted claims which were deemed to be either probable or reasonably possible was not material as of April 30, 2013.

CONSOLIDATED BALANCE SHEETS

(in thousands, except share and per share data)	APRIL 30 2013	2012
ASSETS		
Current Assets		
Cash and cash equivalents	$ 96,971	$ 66,620
Customer receivables, net	39,044	32,533
Inventories	29,338	22,340
Prepaid expenses and other	3,084	2,523
Deferred income taxes	9,481	7,086
Total Current Assets	177,918	131,102
Property, plant and equipment, net	74,064	75,375
Restricted cash	—	7,064
Promotional displays, net	5,811	5,073
Deferred income taxes	29,262	34,969
Other assets	6,938	11,538
TOTAL ASSETS	$293,993	$265,121
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	$ 23,306	$ 19,492
Current maturities of long-term debt	1,155	875
Accrued compensation and related expenses	26,213	21,963
Accrued marketing expenses	10,159	8,756
Other accrued expenses	8,275	8,135
Total Current Liabilities	69,108	59,221
Long-term debt, less current maturities	23,594	23,790
Defined benefit pension liabilities	53,696	50,547
Other long-term liabilities	1,400	1,543
Shareholders' Equity		
Preferred stock, $1.00 par value; 2,000,000 shares authorized, none issued	—	—
Common stock, no par value; 40,000,000 shares authorized; issued and outstanding shares: at April 30, 2013: 14,822,580, at April 30, 2012: 14,395,273	107,165	96,205
Retained earnings	71,180	61,422
Accumulated other comprehensive loss— Defined benefit pension plans	(32,150)	(27,607)
Total Shareholders' Equity	146,195	130,020
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$293,993	$265,121

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except per share data)	FISCAL YEARS ENDED APRIL 30 2013	2012	2011
Net sales	$630,437	$515,814	$452,589
Cost of sales and distribution	527,781	449,339	399,838
Gross Profit	102,656	66,475	52,751
Selling and marketing expenses	57,402	58,271	61,034
General and administrative expenses	27,575	25,329	22,709
Restructuring charges	1,433	16,321	62
Insurance proceeds	(975)	—	—
Operating Income (Loss)	17,221	(33,446)	(31,054)
Interest expense	643	527	572
Other income	(162)	(685)	(1,666)
Income (Loss) Before Income Taxes	16,740	(33,288)	(29,960)
Income tax expense (benefit)	6,982	(12,502)	(9,942)
Net Income (Loss)	$ 9,758	$ (20,786)	$ (20,018)

SHARE INFORMATION

	2013	2012	2011
Earnings (loss) per share			
Basic	$ 0.67	$ (1.45)	$ (1.40)
Diluted	0.66	(1.45)	(1.40)
Cash dividends per share	0.00	0.09	0.36

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(in thousands)	FISCAL YEARS ENDED APRIL 30 2013	2012	2011
Net income (loss)	$ 9,758	$ (20,786)	$ (20,018)
Other comprehensive loss net of tax:			
Change in pension benefits, net of deferred taxes of $2,905, $3,624 and $294, respectively	(4,543)	(5,669)	(460)
Total Comprehensive Income (Loss)	$ 5,215	$ (26,455)	$ (20,478)

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(in thousands, except share data)	COMMON STOCK SHARES	COMMON STOCK AMOUNT	RETAINED EARNINGS	ACCUMULATED OTHER COMPREHENSIVE LOSS	TOTAL SHAREHOLDERS' EQUITY
Balance, May 1, 2010	14,205,462	$ 88,153	$108,643	$(21,478)	$175,318
Net loss			(20,018)		(20,018)
Other comprehensive loss, net of tax				(460)	(460)
Stock-based compensation		3,995			3,995
Adjustments to excess tax benefit from stock-based compensation		(1,347)			(1,347)
Cash dividends			(5,130)		(5,130)
Exercise of stock-based compensation awards	27,401	394			394
Employee benefit plan contributions	62,677	1,213			1,213
Balance, April 30, 2011	14,295,540	$ 92,408	$ 83,495	$(21,938)	$153,965
Net loss			(20,786)		(20,786)
Other comprehensive loss, net of tax				(5,669)	(5,669)
Stock-based compensation		3,413			3,413
Adjustments to excess tax benefit from stock-based compensation		(859)			(859)
Cash dividends			(1,287)		(1,287)
Exercise of stock-based compensation awards	19,410	12			12
Employee benefit plan contributions	80,323	1,231			1,231
Balance, April 30, 2012	14,395,273	$ 96,205	$ 61,422	$(27,607)	$130,020
Net income			9,758		9,758
Other comprehensive loss, net of tax				(4,543)	(4,543)
Stock-based compensation		3,509			3,509
Adjustments to excess tax benefit from stock-based compensation		(650)			(650)
Exercise of stock-based compensation awards	328,490	5,768			5,768
Employee benefit plan contributions	98,817	2,333			2,333
Balance, April 30, 2013	14,822,580	$107,165	$ 71,180	$(32,150)	$146,195

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)	2013	2012	2011
	FISCAL YEARS ENDED APRIL 30		
OPERATING ACTIVITIES			
Net income (loss)	$ 9,758	$ (20,786)	$ (20,018)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	14,431	23,387	26,703
Net loss on disposal of property, plant and equipment	231	180	209
Impairment loss related to restructuring activities	270	7,913	—
(Gain) loss on sales of assets held for sale	(481)	111	(982)
Gain on insurance recoveries	(975)	—	—
Stock-based compensation expense	3,509	3,413	3,995
Deferred income taxes	5,789	(12,290)	(8,185)
Pension contributions (in excess of) less than expense	(4,299)	4,528	6,907
Tax benefit from stock-based compensation	(18)	—	(80)
Other non-cash items	944	867	(971)
Changes in operating assets and liabilities:			
Customer receivables	(6,825)	(1,533)	(3,514)
Inventories	(7,068)	115	331
Prepaid expenses and other assets	(1,669)	(320)	5,709
Accounts payable	3,814	923	4,534
Accrued compensation, marketing and other accrued expenses	7,116	9,545	(1,442)
Net Cash Provided by Operating Activities	24,527	16,053	13,196
INVESTING ACTIVITIES			
Payments to acquire property, plant and equipment	(8,860)	(6,679)	(4,952)
Proceeds from sales of property, plant and equipment	80	15	3
Proceeds from sales of assets held for sale	6,447	56	2,939
Proceeds from insurance recoveries	975	—	—
Investment in promotional displays	(4,759)	(3,310)	(3,456)
Net Cash Used by Investing Activities	(6,117)	(9,918)	(5,466)
FINANCING ACTIVITIES			
Payments of long-term debt	(1,019)	(1,021)	(892)
Change in restricted cash	7,064	7,355	—
Tax benefit from stock-based compensation	18	—	80
Proceeds from issuance of common stock and other	5,878	18	399
Payment of dividends	—	(1,287)	(5,130)
Net Cash Provided (Used) by Financing Activities	11,941	5,065	(5,543)
Net Increase in Cash and Cash Equivalents	30,351	11,200	2,187
Cash and Cash Equivalents, Beginning of Year	66,620	55,420	53,233
Cash and Cash Equivalents, End of Year	$ 96,971	$ 66,620	$ 55,420

See notes to consolidated financial statements.

notes
to consolidated financial statements

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company manufactures and distributes kitchen cabinets and vanities for the remodeling and new home construction markets. The Company's products are sold across the United States through a network of independent dealers and distributors and directly to home centers and major builders.

The following is a description of the Company's significant accounting policies:

PRINCIPLES OF CONSOLIDATION AND BASIS OF PRESENTATION: The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary. Significant inter-company accounts and transactions have been eliminated in consolidation.

REVENUE RECOGNITION: The Company recognizes revenue when product is delivered to the customer and title has passed. Revenue is based on invoice price less allowances for sales returns, cash discounts and other deductions.

COST OF SALES AND DISTRIBUTION: Cost of sales and distribution includes all costs associated with the manufacture and distribution of the Company's products including the costs of shipping and handling.

ADVERTISING COSTS: Advertising costs are expensed as incurred. Advertising expenses for fiscal years 2013, 2012 and 2011 were $36.5 million, $37.4 million and $30.0 million, respectively.

CASH AND CASH EQUIVALENTS: Cash in excess of operating requirements is invested in money market accounts which are carried at cost (which approximates fair value). The Company considers all highly liquid short-term investments with an original maturity of three months or less when purchased to be cash equivalents. Cash equivalents were $38.9 million and $31.8 million at April 30, 2013 and 2012, respectively.

INVENTORIES: Inventories are stated at lower of cost or market. Inventory costs are determined by the last-in, first-out (LIFO) method.

The LIFO cost reserve is determined in the aggregate for inventory and is applied as a reduction to inventories determined on the first-in, first-out method (FIFO). FIFO inventory cost approximates replacement cost.

PROPERTY, PLANT AND EQUIPMENT: Property, plant and equipment is stated on the basis of cost less accumulated depreciation. Depreciation is provided by the straight-line method over the estimated useful lives of the related assets, which range from 15 to 30 years for buildings and improvements and 3 to 10

years for machinery and equipment. Assets under capital leases are amortized over the shorter of their estimated useful lives or the term of the related lease.

IMPAIRMENT OF LONG-LIVED ASSETS: The Company reviews its long-lived assets for impairment when events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. During fiscal years 2013, 2012 and 2011, the Company concluded no impairment existed, except for impairments related to restructuring activities.

PROMOTIONAL DISPLAYS: The Company invests in promotional displays in retail stores to demonstrate product features, product and quality specifications and serve as a training tool for retail kitchen designers. The Company invests in these long-lived productive assets to provide the aforementioned benefits. 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 periods of 30 to 36 months (the estimated period of benefit). Promotional display amortization expense for fiscal years 2013, 2012 and 2011 was $4.0 million, $5.6 million and $7.9 million, respectively, and is included in selling and marketing expenses.

INCOME TAXES: The Company accounts for deferred income taxes utilizing the asset and liability method, whereby deferred tax assets and liabilities are recognized based on the tax effects of temporary differences between the financial statement amounts and the tax basis of assets and liabilities, using enacted tax rates in effect for the year in which these items are expected to reverse. At each reporting date, the Company evaluates the need for a valuation allowance to adjust deferred tax assets and liabilities to an amount that more likely than not will be realized.

PENSIONS: The Company has two non-contributory defined benefit pension plans covering many of the Company's employees hired before April 30, 2012. Both defined benefit pension plans were frozen effective April 30, 2012. The Company recognizes the overfunded or underfunded status of its defined benefit pension plans, measured as the difference between the fair value of plan assets and the benefit obligation, in its consolidated balance sheets. The Company also recognizes the actuarial gains and losses and the prior service costs, credits and transition costs as a component of other comprehensive income (loss), net of tax.

STOCK-BASED COMPENSATION: The Company recognizes stock-based compensation expense based on the grant date fair value over the requisite service period.

RECENT ACCOUNTING PRONOUNCEMENTS: In February 2013, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2013-02, "Comprehensive Income (Topic 220): Reporting Amounts Reclassified Out of Accumulated Other Comprehensive Income," which requires an entity to provide information about the amounts reclassified out of accumulated other comprehensive income by component. In addition, an entity is required to present, either on the face of the statement where net income is presented or in the notes, significant amounts reclassified out of accumulated other comprehensive income by the respective line items of net income if the amount reclassified is required under U.S. GAAP to be reclassified to net income in its entirety in the same reporting period. The ASU does not change the current requirements for reporting net income or other comprehensive income in financial statements. The ASU is effective prospectively for fiscal years and interim periods within those years beginning after December 15, 2012. The adoption of ASU 2013-02, is not expected to have a significant impact on the Company's results of operations or financial position.

In June 2011, the FASB issued ASU No. 2011-05, "Comprehensive Income (Topic 220): Presentation of Comprehensive Income," which requires an entity to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income, or in two separate but consecutive statements. Additionally, ASU 2011-05, eliminates the option to present comprehensive income and its components as part of the statement of shareholders' equity. The ASU does not change the items that must be reported in other comprehensive income. The Company adopted this guidance effective May 1, 2012 and now includes Statements of Comprehensive Income (Loss) in its financial statements.

In December 2011, the FASB issued ASU No. 2011-12, "Comprehensive Income (Topic 220): Deferral of the Effective Date of Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in ASU No. 2011-05." The amendments were made to allow FASB time to redeliberate whether to present on the face of the financial statements the effects of reclassifications out of accumulated other comprehensive income on the components of net income and other comprehensive income.

USE OF ESTIMATES: The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during each reporting period. Actual results could differ from those estimates.

NOTE B—CUSTOMER RECEIVABLES

The components of customer receivables were:

	APRIL 30	
(in thousands)	2013	2012
Gross customer receivables	$ 41,397	$ 34,572
Less:		
Allowance for doubtful accounts	(148)	(93)
Allowance for returns and discounts	(2,205)	(1,946)
Net customer receivables	$ 39,044	$ 32,533

NOTE C—INVENTORIES

The components of inventories were:

	APRIL 30	
(in thousands)	2013	2012
Raw materials	$ 11,823	$ 9,412
Work-in-process	17,170	14,543
Finished goods	11,318	8,734
Total FIFO inventories	40,311	32,689
Reserve to adjust inventories to LIFO value	(10,973)	(10,349)
Total LIFO inventories	$ 29,338	$ 22,340

There was no liquidation of LIFO based inventories in fiscal 2013 to impact net income. After tax losses were impacted by $125,000 and $34,000 in fiscal years 2012 and 2011, respectively, as a result of liquidation of LIFO based inventories.

NOTE D—PROPERTY, PLANT AND EQUIPMENT

The components of property, plant and equipment were:

(in thousands)	APRIL 30 2013	2012
Land	$ 5,929	$ 5,929
Buildings and improvements	65,245	65,750
Buildings and improvements—capital leases	11,202	11,202
Machinery and equipment	177,393	169,406
Machinery and equipment—capital leases	26,966	26,685
Construction in progress	1,494	2,908
	288,229	281,880
Less accumulated amortization and depreciation	(214,165)	(206,505)
Total	$ 74,064	$ 75,375

Amortization and depreciation expense on property, plant and equipment amounted to $9.2 million, $16.8 million and $18.1 million in fiscal years 2013, 2012 and 2011, respectively. Accumulated amortization on capital leases included in the above table amounted to $26.6 million as of both April 30, 2013 and 2012.

NOTE E—LOANS PAYABLE AND LONG-TERM DEBT

Maturities of long-term debt are as follows:

	FISCAL YEARS ENDING APRIL 30						
(in thousands)	2014	2015	2016	2017	2018	2019 AND THEREAFTER	TOTAL OUTSTANDING
Revolving credit facility	$ —	$ —	$10,000	$ —	$ —	$ —	$10,000
Economic development loans	—	—	—	—	—	3,480	3,480
Term loans	349	370	393	411	2,007	—	3,530
Capital lease obligations	806	835	854	763	593	3,888	7,739
Total	$1,155	$1,205	$ 11,247	$1,174	$2,600	$7,368	$24,749
Less current maturities							$ 1,155
Total long-term debt							$23,594

The Company's primary loan agreement is a $35 million secured revolving credit facility which expires on December 31, 2015 with Wells Fargo Bank, N.A. (Wells Fargo). The Company incurs a fee for amounts not used under the revolving credit facility. Fees paid by the Company related to non-usage of its current and former credit facilities have been included in interest expense and were $61,000, $54,158 and $54,002 for fiscal years 2013, 2012 and 2011, respectively.

An amendment to the revolving credit facility and modifications to related security arrangements completed on March 18, 2013 eliminated the requirement that 50% of the Company's outstanding indebtedness and other obligations to Wells Fargo be secured by cash and securities held in certain of the Company's accounts with Wells Fargo. The Company's outstanding indebtedness and other obligations to Wells Fargo are secured by substantially all of the Company's assets. The Company can borrow under the revolving credit facility up to the lesser of $35 million or the maximum borrowing base (which equals 75% of eligible accounts receivable, 50% of eligible pre bill

reserves and up to $20 million for equipment value, each as defined in the agreement) less any outstanding loan balance. Any outstanding loan balance bears interest at the London Interbank Offered Rate (LIBOR) (0.25% at April 30, 2013) plus 2.625%. Under the terms of the revolving credit facility, the Company must: (1) maintain at the end of each fiscal quarter a ratio of total liabilities to tangible net worth of not greater than 1.4 to 1.0; (2) maintain at the end of each fiscal quarter a ratio of cash flow to fixed charges of not less than 1.25 to 1.0 measured on a rolling four-quarter basis; (3) maintain at least $1.00 in net income for the fiscal quarter ending April 30, 2013 and at least $1.00 in net income on a rolling four-quarter basis for the fiscal quarter ending July 31, 2013; and comply with other customary affirmative and negative covenants.

The Company was in compliance with all covenants specified in the amended revolving credit facility as of April 30, 2013, as follows: (1) the Company's ratio of total liabilities to tangible net worth at April 30, 2013 was 1.0 to 1.0; (2) cash flow to fixed charges for its most recent four quarters was 2.72 to 1.0; and (3) its net income for the fiscal quarter ended April 30, 2013 was $5.2 million.

The revolving credit facility does not limit the Company's ability to pay dividends or repurchase its common stock as long as the Company is in compliance with these covenants.

In 2009, the Company entered into a loan agreement with the Board of County Commissioners of Garrett County as part of the Company's capital investment in land located in Garrett County, Maryland. This loan agreement is secured by a Deed of Trust on the property and bears interest at a fixed rate of 3%. The agreement defers principal and interest during the term of the obligation and forgives any outstanding balance at December 31, 2019, if the Company complies with certain employment levels. The outstanding balance as of April 30, 2013 and 2012 was $1,290,000.

In 2005, the Company entered into two separate loan agreements with the Maryland Economic Development Corporation and the County Commissioners of Allegany County as part of the Company's capital investment and operations at the Allegany County, Maryland site. These loan agreements were amended in 2013 and 2008. The aggregate balance of these loan agreements was $2,190,000 and $2,234,000 for fiscal years ended April 30, 2013 and 2012, respectively. The loan agreements expire at December 31, 2018 and bear interest at a fixed rate of 3% per annum. These loan agreements are secured by mortgages on the manufacturing facility constructed in Allegany County, Maryland. These loan agreements defer principal and interest during the term of the obligation and forgive any outstanding balance at December 31, 2018, if the Company complies with certain employment levels at the facility.

In 2002, the Company entered into a loan agreement with the Perry, Harlan, Leslie, Breathitt Regional Industrial Authority (a.k.a. Coalfields Regional Industrial Authority, Inc.) as part of the Company's capital investment and operations at the Hazard, Kentucky site. This debt facility is a $6 million term loan, which expires November 13, 2017, bearing interest at a fixed rate of 2% per annum. It is secured by a mortgage on the manufacturing facility constructed in Hazard, Kentucky. The loan requires annual debt service payments consisting of principal and interest with a fixed balloon payment of $1.6 million at loan expiration. The outstanding amounts owed as of April 30, 2013 and 2012 were $3,530,000 and $3,858,000, respectively.

In 2013 and 2012, the Company entered into a total of six capitalized lease agreements in the aggregate amount of $639,000 with First American Financial Bancorp related to financing computer equipment. Each lease has a term of 48 months and an interest rate of 6.5%. The leases require quarterly rental payments. The aggregate outstanding amount under all of these leases as of April 30, 2013 and 2012 was $545,000 and $95,000, respectively.

During 2013, the Company entered into five capitalized lease agreements in the aggregate amount of $568,000 with e-Plus Group related to financing computer equipment. Each lease has a term of 51 months and an interest rate of 6.5%. The leases require monthly rental payments. The aggregate outstanding amount under all of these leases as of April 30, 2013 was $529,000.

In 2004, the Company entered into a lease agreement with the West Virginia Economic Development Authority as part of the Company's capital investment and operations at the South Branch plant located in Hardy County, West Virginia. This capital lease agreement is a $10 million term obligation, which expires June 30, 2024, bearing interest at a fixed rate of 2% per annum. The lease requires monthly rental payments. The outstanding amounts owed as of April 30, 2013 and 2012 were $6,665,000 and $7,188,000, respectively.

Certain of 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. In addition to the assets previously discussed, certain of the Company's property, plant and equipment are pledged as collateral under term loan agreements and capital lease arrangements. The Company was in compliance with all covenants contained in its loan agreements and capital leases at April 30, 2013.

Interest paid under the Company's loan agreements and capital leases during fiscal years 2013, 2012 and 2011 was $576,000, $453,000 and $467,000, respectively.

NOTE F—EARNINGS (LOSS) PER SHARE

The following table summarizes the computations of basic and diluted earnings (loss) per share:

	FISCAL YEARS ENDED APRIL 30		
(in thousands, except per share amounts)	2013	2012	2011
Numerator used in basic and diluted earnings (loss) per common share:			
Net income (loss)	$ 9,758	$ (20,786)	$ (20,018)
Denominator:			
Denominator for basic earnings (loss) per common share—weighted-average shares	14,563	14,344	14,252
Effect of dilutive securities:			
Stock options and restricted stock units	270	—	—
Denominator for diluted earnings (loss) per common share—weighted-average shares and assumed conversions	14,833	14,344	14,252
Net earnings (loss) per share			
Basic	$ 0.67	$ (1.45)	$ (1.40)
Diluted	$ 0.66	$ (1.45)	$ (1.40)

Potentially dilutive shares of 1.0 million, 1.8 million and 1.7 million issuable under the Company's stock incentive plans have been excluded from the calculation of net earnings (loss) per share for the fiscal years ended April 30, 2013, 2012 and 2011, respectively, as the effect would be anti-dilutive.

NOTE G—STOCK-BASED COMPENSATION

The Company has two types of stock-based compensation awards in effect for its employees and directors. The Company has issued stock options since 1986 and restricted stock units (RSUs) since fiscal 2010. Total compensation expense related to stock-based awards for the fiscal years ended April 30, 2013, 2012 and 2011 was $3.5 million, $3.4 million and $4.0 million, respectively. The Company recognizes stock-based compensation costs net of an estimated forfeiture rate for those shares expected to vest on a straight-line basis over the requisite service period of the award. The Company estimates the forfeiture rates based upon its historical experience.

STOCK INCENTIVE PLANS

At April 30, 2013, the Company had stock option and RSU awards outstanding under four different plans: (1) 1999 stock option plan for employees; (2) amended and restated 2004 stock incentive plan for employees; (3) 2006 non-employee directors equity ownership plan; and (4) 2011 non-employee directors equity ownership plan. As of April 30, 2013, there were 1,133,999 shares of common stock available for future stock-based compensation awards under the Company's stock incentive plans.

METHODOLOGY ASSUMPTIONS

For purposes of valuing stock option grants, the Company has identified two employee groups and one non-employee director group, based upon observed option exercise patterns. The Company uses the Black-Scholes option-pricing model to value the Company's stock options for each of the three groups. Using this option-pricing model, the fair value of each stock option award is estimated on the date of grant. The fair value of the Company's stock option awards is expensed on a straight-line basis over the vesting period of the stock options. The expected volatility assumption is based on the historical volatility of the Company's stock over a term equal to the expected term of the option granted. The expected term of stock option awards granted is derived from the Company's historical exercise experience and represents the period of time that stock option awards granted are expected to be outstanding for each of the three identified groups. The expected term assumption incorporates the contractual term of an option grant, which is generally ten years for employees and from four to ten years for non-employee directors, as well as the vesting period of an award, which is typically three years. The risk-free interest rate is based on the implied yield on a U.S. Treasury constant maturity with a remaining term equal to the expected term of the option granted.

For purposes of determining the fair value of RSUs, the Company uses the closing stock price of its common stock as reported on the NASDAQ Global Select Market on the date of grant, reduced by the discounted value of future expected dividend payments during the vesting period, since the recipients are not entitled to dividends during the vesting period. The fair value of the Company's RSU awards is expensed on a straight-line basis over the vesting period of the RSUs to the extent the Company believes it is probable the related performance criteria, if any, will be met. The risk-free interest rate is based on the implied yield on a U.S. Treasury constant maturity with a remaining term equal to the vesting period of the RSU grant.

The weighted-average assumptions and valuation of the Company's stock options were as follows:

	FISCAL YEARS ENDED APRIL 30		
	2013	2012	2011
Weighted-average fair value of grants	**$ 7.39**	$ 5.43	$ 8.87
Expected volatility	**42.5%**	35.1%	49.1%
Expected term in years	**6.1**	6.0	6.2
Risk-free interest rate	**1.09%**	2.24%	2.64%
Expected dividend yield	**0.0%**	2.0%	1.7%

STOCK OPTION ACTIVITY

Stock options granted and outstanding under each of the Company's plans vest evenly over a three-year period and have contractual terms of ten years. The exercise price of all stock options granted is equal to the fair market value of the Company's common stock on the option grant date.

The following table presents a summary of the Company's stock option activity for the fiscal years ended April 30, 2013, 2012 and 2011 (remaining contractual term in years and exercise prices are weighted-averages):

	NUMBER OF OPTIONS	REMAINING CONTRACTUAL TERM	WEIGHTED AVERAGE EXERCISE PRICE	AGGREGATE INTRINSIC VALUE (in thousands)
Outstanding at April 30, 2010	2,105,515	5.6	$29.03	$ 295
Granted	115,000	9.1	20.87	—
Exercised	(27,000)	—	14.80	216
Cancelled or expired	(588,159)	—	29.58	—
Outstanding at April 30, 2011	1,605,356	5.7	$28.48	$ 29
Granted	130,000	9.1	18.16	—
Exercised	(1,200)	—	14.93	6
Cancelled or expired	(109,396)	—	28.82	—
Outstanding at April 30, 2012	1,624,760	5.1	$27.64	$ —
Granted	125,000	9.1	17.62	—
Exercised	(251,799)	—	23.35	1,868
Cancelled or expired	(96,148)	—	31.03	—
Outstanding at April 30, 2013	1,401,813	4.8	$27.27	$9,272
Vested and expected to vest in the future at April 30, 2013	1,375,039	4.7	$27.43	$8,871
Exercisable at April 30, 2013	1,156,809	4.0	$29.17	$5,509

The aggregate intrinsic value in the previous table of the outstanding options on April 30, 2013 represents the total pre-tax intrinsic value (the excess, if any, of the Company's closing stock price on the last trading day of fiscal 2013 over the exercise price, multiplied by the number of in-the-money options) of the shares of the Company's common stock that would have been received by the option holders had all option holders exercised their options on April 30, 2013. This amount changes based upon the fair market value of the Company's common stock. The total fair value of options vested for the fiscal years ended April 30, 2013, 2012 and 2011 was $1.2 million, $2.4 million and $3.3 million, respectively.

As of April 30, 2013, there was $0.9 million of total unrecognized compensation expense related to unvested stock options granted under the Company's stock-based compensation plans. This expense is expected to be recognized over a weighted-average period of 1.8 years.

Cash received from option exercises for the fiscal years ended April 30, 2013, 2012 and 2011, was an aggregate of $5.9 million, $0.0 million and $0.4 million, respectively. The actual tax benefit realized for the tax deduction from option exercises of stock option awards totaled $729,000, $3,000 and $84,000 for the fiscal years ended April 30, 2013, 2012 and 2011, respectively.

The following table summarizes information about stock options outstanding at April 30, 2013 (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
$17.62–$18.16	223,334	8.7	$17.86	14,998	$ 18.16
$20.87–$26.85	497,467	5.0	24.05	460,799	24.30
$28.97–$34.63	658,400	3.4	32.39	658,400	32.39
$38.37–$42.17	22,612	1.5	41.73	22,612	41.73
	1,401,813			1,156,809	

RESTRICTED STOCK UNIT ACTIVITY:

The Company's RSUs granted to employees cliff-vest over a three-year period from date of grant, while RSUs granted to non-employee directors vest daily over a two-year period from date of grant. Directors were granted service-based RSUs only, while employees were awarded both service-based and performance-based RSUs (PBRSUs) in fiscal years 2013, 2012 and 2011. The PBRSUs granted in fiscal 2013 are earned based on achievement of a number of goals pertaining to the Company's operational and financial performance during the performance period of fiscal 2013. Employees who satisfy the vesting criteria will receive a proportional amount of PBRSUs based upon the Compensation Committee's assessment of the Company's achievement of the performance criteria.

The following table contains a summary of the Company's RSU activity for the fiscal years ended April 30, 2013, 2012 and 2011:

	PERFORMANCE-BASED RSUs	SERVICE-BASED RSUs	TOTAL RSUs	WEIGHTED AVERAGE GRANT DATE FAIR VALUE
Issued and outstanding, April 30, 2010	117,900	60,500	178,400	$ 21.99
Granted	125,475	61,825	187,300	$ 19.25
Cancelled due to non-achievement of performance goals	(63,145)	—	(63,145)	$ 22.10
Settled in common stock	(364)	(260)	(624)	$ 22.10
Forfeited	(5,296)	(2,965)	(8,261)	$ 21.96
Issued and outstanding, April 30, 2011	174,570	119,100	293,670	$ 20.25
Granted	134,250	64,750	199,000	$ 17.00
Cancelled due to non-achievement of performance goals	(48,870)	—	(48,870)	$ 19.81
Settled in common stock	(666)	(17,951)	(18,617)	$ 21.15
Forfeited	(22,208)	(10,171)	(32,379)	$ 19.30
Issued and outstanding, April 30, 2012	237,076	155,728	392,804	$ 18.75
Granted	129,075	63,025	192,100	$ 17.76
Cancelled due to non-achievement of performance goals	(24,311)	—	(24,311)	$ 17.09
Settled in common stock	(49,546)	(58,328)	(107,874)	$ 20.66
Forfeited	(13,189)	(5,425)	(18,614)	$ 17.91
Issued and outstanding, April 30, 2013	279,105	155,000	434,105	$ 17.96

As of April 30, 2013, there was $2.7 million of total unrecognized compensation expense related to unvested RSUs granted under the Company's stock-based compensation plans. This expense is expected to be recognized over a weighted-average period of 1.7 years.

For the fiscal years ended April 30, 2013, 2012 and 2011 stock-based compensation expense was allocated as follows:

(in thousands)	2013	2012	2011
Cost of sales and distribution	$ 606	$ 531	$ 735
Selling and marketing expenses	859	715	842
General and administrative expenses	2,044	2,167	2,418
Stock-based compensation expense, before income taxes	$ 3,509	$ 3,413	$ 3,995

NOTE H—EMPLOYEE BENEFIT AND RETIREMENT PLANS

EMPLOYEE STOCK OWNERSHIP PLAN

In fiscal 1990, the Company instituted the American Woodmark Investment Savings Stock Ownership Plan. Under this plan, all employees who are at least 18 years old and have been employed by the Company for at least six consecutive months are eligible to receive Company stock through a discretionary profit-sharing contribution and a 401(k) matching contribution based upon the employee's contribution to the plan.

Beginning in fiscal 2013, discretionary profit-sharing contributions in the form of Company stock may be made annually. Prior to fiscal 2013, profit-sharing contributions in the form of Company stock were 3% of after-tax earnings, calculated on a quarterly basis. The Company recognized expenses for profit-sharing contributions of $293,000 in fiscal 2013. The Company did not make, or recognize any expenses for, discretionary profit-sharing contributions in fiscal years 2012 and 2011.

Prior to fiscal 2013, the Company matched 401(k) contributions in the form of Company stock at 50% of an employee's annual contribution to the plan up to 4% of base earnings for an effective maximum Company contribution of 2% of base earnings. Beginning in fiscal 2013, as part of the realignment of its retirement plans, the Company increased the match on 401(k) contributions in the form of Company stock to 100% of an employee's annual contribution to the plan up to 4% of base earnings. The expense for 401(k) matching contributions for this plan was $2,547,000, $1,284,000 and $1,272,000, in fiscal years 2013, 2012 and 2011, respectively.

PENSION BENEFITS

The Company has two defined benefit pension plans covering many of the Company's employees hired prior to April 30, 2012. These plans provide defined benefits based on years of service and final average earnings (for salaried employees) or benefit rate (for hourly employees).

Effective April 30, 2012, the Company froze all future benefit accruals under the Company's hourly and salary defined benefit pension plans.

Included in accumulated other comprehensive loss at April 30, 2013 is $52.7 million ($32.1 million net of tax) related to net unrecognized actuarial losses and unrecognized prior service costs that have not yet been recognized in net periodic pension benefit costs. The Company expects to recognize $1.1 million ($0.7 million net of tax) in net actuarial losses in net periodic pension benefit costs during fiscal 2014. The Company uses an April 30 measurement date for its benefit plans.

The following provides a reconciliation of benefit obligations, plan assets and funded status of the Company's non-contributory defined benefit pension plans as of April 30:

(in thousands)	PENSION BENEFITS 2013	2012
CHANGE IN PROJECTED BENEFIT OBLIGATION		
Projected benefit obligation at beginning of year	$136,264	$120,059
Service cost	—	5,305
Interest cost	6,261	6,533
Actuarial losses	10,801	26,318
Benefits paid	(3,897)	(3,293)
Curtailments	—	(18,658)
Projected benefit obligation at end of year	$149,429	$136,264
CHANGE IN PLAN ASSETS		
Fair value of plan assets at beginning of year	$ 85,717	$ 83,334
Actual return on plan assets	8,993	2,805
Company contributions	4,920	2,871
Benefits paid	(3,897)	(3,293)
Fair value of plan assets at end of year	$ 95,733	$ 85,717
Funded status of the plans	$ (53,696)	$ (50,547)
Unamortized prior service cost	—	—
Unrecognized net actuarial loss	52,703	45,255
Accrued benefit cost	$ (993)	$ (5,292)
AMOUNTS RECOGNIZED IN THE CONSOLIDATED BALANCE SHEETS		
Defined benefit pension liabilities	$ (53,696)	$ (50,547)
Accumulated other comprehensive loss	52,703	45,255
Net amount recognized	$ (993)	$ (5,292)

The accumulated benefit obligation for both pension plans was $149,429,000 and $136,264,000 at April 30, 2013 and 2012, respectively.

(in thousands)	2013	PENSION BENEFITS 2012	2011
COMPONENTS OF NET PERIODIC PENSION BENEFIT COST			
Service cost	$ —	$ 5,305	$ 4,717
Interest cost	6,261	6,533	6,268
Expected return on plan assets	(6,563)	(6,533)	(6,159)
Amortization of prior service cost	—	53	85
Curtailment loss	—	331	—
Recognized net actuarial loss	923	1,710	1,996
Pension benefit cost	$ 621	$ 7,399	$ 6,907

ACTUARIAL ASSUMPTIONS: The discount rate at April 30 was used to measure the year-end benefit obligations and the earnings effects for the subsequent year. Actuarial assumptions used to determine benefit obligations and earnings effects for the pension plans follow:

	FISCAL YEARS ENDED APRIL 30	
	2013	2012
WEIGHTED-AVERAGE ASSUMPTIONS TO DETERMINE BENEFIT OBLIGATIONS		
Discount rate	4.21%	4.66%

	FISCAL YEARS ENDED APRIL 30		
	2013	2012	2011
WEIGHTED-AVERAGE ASSUMPTIONS TO DETERMINE NET PERIODIC PENSION BENEFIT COST			
Discount rate	4.66%	5.66%/4.76%[1]	5.91%
Expected return on plan assets	7.5%	8.0%	8.0%
Rate of compensation increase	*	4.0%	4.0%

[1] The discount rate was 5.66% from May 1, 2011 to December 31, 2011 and 4.76% from January 1, 2012 to April 30, 2012. The rate changed during fiscal 2012 as a result of the required re-measurement of the Company's pension liability upon its decision to freeze its pension plans.

* The rate of compensation increase is not applicable for periods beyond April 30, 2012 because the Company froze its pension plans effective as of that date.

In fiscal 2013 and 2012, the Company determined the discount rate by referencing the Aon Hewitt AA Bond Universe Yield Curve. In fiscal 2011, the Company referred to the Hewitt Above Median Yield Curve in establishing the discount rate. This change was caused by the merger of Aon and Hewitt and the corresponding elimination of the Hewitt Above Median Yield Curve. The Company believes that using a yield curve approach accurately reflects changes in the present value of liabilities over time since each cash flow is discounted at the rate at which it could effectively be settled.

In developing the expected long-term rate of return assumption for the assets of the defined benefit pension plans, the Company evaluated input from its third party pension plan asset managers, including their review of asset class return expectations and long-term inflation assumptions. The Company also considered the related historical ten-year average asset returns at April 30, 2013.

The Company amortizes experience gains and losses, as well as the effects of changes in actuarial assumptions and plan provisions, over the average remaining lifetime of the active participants.

CONTRIBUTIONS: The Company funds the pension plans in amounts sufficient to meet minimum funding requirements set forth in employee benefit and tax laws plus additional amounts the Company deems appropriate.

The Company expects to contribute $2.3 million to its pension plans in fiscal 2014. The Company made contributions of $4.9 million and $2.9 million to its pension plans in fiscal 2013 and 2012, respectively.

ESTIMATED FUTURE BENEFIT PAYMENTS: The following benefit payments, which reflect expected future service, are expected to be paid:

FISCAL YEAR	BENEFIT PAYMENTS (in thousands)
2014	$ 4,247
2015	4,698
2016	5,156
2017	5,511
2018	5,888
Years 2019–2023	35,710

PLAN ASSETS: Pension assets by major category and the type of fair value measurement as of April 30, 2013 and 2012 are presented in the following tables:

(in thousands)	TOTAL	FAIR VALUE MEASUREMENTS AT APRIL 30, 2013 QUOTED PRICES IN ACTIVE MARKETS (LEVEL 1)	SIGNIFICANT OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)
Cash Equivalents	$ 315	$315	$ —	$ —
Equity Collective Funds:[1]				
Equity Index Value Fund	19,202	—	19,202	—
Equity Index Growth Fund	19,245	—	19,245	—
Small Cap Index Fund	5,632	—	5,632	—
International Equity Fund	3,932	—	3,932	—
Fixed Income Collective Funds:[1]				
Core Fixed Income Fund	17,407	—	17,407	—
Capital Preservation Fund	30,000	—	30,000	—
Total	$95,733	$315	$95,418	$ —

(in thousands)	TOTAL	FAIR VALUE MEASUREMENTS AT APRIL 30, 2012 QUOTED PRICES IN ACTIVE MARKETS (LEVEL 1)	SIGNIFICANT OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)
Cash Equivalents	$ 273	$273	$ —	$ —
Equity Collective Funds:[1]				
Equity Index Value Fund	16,850	—	16,850	—
Equity Index Growth Fund	17,094	—	17,094	—
Small Cap Index Fund	5,002	—	5,002	—
International Equity Fund	3,315	—	3,315	—
Fixed Income Collective Funds:[1]				
Core Fixed Income Fund	25,824	—	25,824	—
Capital Preservation Fund	17,359	—	17,359	—
Total	$85,717	$273	$85,444	$ —

[1] The Collective Trust Funds are valued by applying each plan's ownership percentage in the fund to the fund's net assets at fair value at the valuation date.

INVESTMENT STRATEGY: The Company has established formal investment policies for the assets associated with its pension plans. The objectives of the investment strategies include preservation of capital and long-term growth of capital while avoiding excessive risk. Target allocation percentages are established at an asset class level by the Company's Pension Committee. Target allocation ranges are guidelines, not limitations, and occasionally the Pension Committee will approve allocations above or below a target range.

During a period of uncertainty in the equity and fixed income markets, the Pension Committee may suspend the Target Asset Allocation and manage the investment mix as it sees reasonable, prudent and in the best interest of the plans to better protect the value of the plan assets.

The Company's pension plans' weighted-average asset allocations at April 30, 2013 and 2012, by asset category, were as follows:

	PLAN ASSET ALLOCATION		
APRIL 30	2013 TARGET	2013 ACTUAL	2012 ACTUAL
Equity Funds	50.0%	50.2%	49.5%
Fixed Income Funds	50.0%	49.8%	50.5%
Total	100.0%	100.0%	100.0%

Within the broad categories outlined in the preceding table, the Company has targeted the following specific allocations as a percentage of total funds invested: 19% Capital Preservation, 31% Bond, 20% Large Capital Growth, 20% Large Capital Value, 6% Small Capital and 4% International.

NOTE I—INCOME TAXES

Income tax expense was comprised of the following:

	FISCAL YEARS ENDED APRIL 30		
(in thousands)	2013	2012	2011
CURRENT EXPENSE (BENEFIT)			
Federal	$ 1,031	$ (36)	$ (2,368)
State	162	(176)	611
Total current expense (benefit)	1,193	(212)	(1,757)
DEFERRED EXPENSE (BENEFIT)			
Federal	4,859	(10,115)	(6,065)
State	930	(2,175)	(2,120)
Total deferred expense (benefit)	5,789	(12,290)	(8,185)
Total expense (benefit)	6,982	(12,502)	(9,942)
Other comprehensive loss	(2,905)	(3,624)	(294)
Total comprehensive income tax expense (benefit)	$ 4,077	$(16,126)	$(10,236)

The Company's effective income tax rate varied from the federal statutory rate as follows:

	FISCAL YEARS ENDED APRIL 30		
	2013	2012	2011
Federal statutory rate	35.0%	35.0%	35.0%
Effect of:			
Tax basis adjustment	0.0%	(1.7)%	(3.3)%
Meals and entertainment	1.5	(0.8)	(0.8)
Other	1.1	0.0	(0.8)
Total	2.6%	(2.5)%	(4.9)%
Effective federal income tax rate	37.6%	32.5%	30.1%
State income taxes, net of federal tax effect	4.1	5.1	3.1
Effective income tax rate	41.7%	37.6%	33.2%

Income taxes paid were $1,219,000, $229,000 and $235,000 for fiscal years 2013, 2012 and 2011, respectively.

The significant components of deferred tax assets and liabilities were as follows:

(in thousands)	APRIL 30 2013	2012
Deferred tax assets:		
Pension benefits	$20,563	$18,238
Accounts receivable	3,983	3,103
Product liability	700	735
Employee benefits	11,243	10,878
Net operating loss carryforward	1,099	6,686
Income tax credits	1,088	747
Depreciation	73	896
Other	496	772
Total	39,245	42,055
Deferred tax liabilities:		
Inventory	502	—
Net deferred tax asset	$38,743	$42,055

The net operating loss carryforward value for April 30, 2013 contained in the above table includes amounts pertaining to various state net operating loss carryforwards with various expiration dates.

Management believes it is more likely than not that the Company will realize its gross deferred tax assets due to expected future taxable income and the reversal of taxable temporary differences.

NOTE J—ACCOUNTING FOR UNCERTAINTY IN INCOME TAXES

The Company accounts for its income tax uncertainties in accordance with ASC Topic 740, "Income Taxes." The Company had no liability relating to uncertain tax positions for the years ended April 30, 2013 and 2012.

With minor exceptions, the Company is currently open to audit by tax authorities for tax years ending April 30, 2010 through April 30, 2013. The Company is currently not under federal audit.

NOTE K—COMMITMENTS AND CONTINGENCIES

LEGAL MATTERS

The Company is involved in suits and claims in the normal course of business, including without limitation product liability and general liability claims, and claims pending before the Equal Employment Opportunity Commission. On at least a quarterly basis, the Company consults with its legal counsel to ascertain the reasonable likelihood that such claims may result in a loss. As required by ASC Topic 450, "Contingencies" (ASC 450), the Company categorizes the various suits and claims into three categories according to their likelihood for resulting in potential loss: those that are probable, those that are reasonably possible and those that are deemed to be remote. Where losses are deemed to be probable and estimable, accruals are made. Where losses are deemed to be reasonably possible or remote, a range of loss estimates is determined and considered for disclosure. Where no loss estimate range can be made, the Company and its counsel perform a worst-case estimate. In determining these loss range estimates, the Company considers known values of similar claims and consultation with independent counsel.

The Company believes that the aggregate range of loss stemming from the various suits and asserted and unasserted claims which were deemed to be either probable or reasonably possible was not material as of April 30, 2013.

PRODUCT WARRANTY

The Company estimates outstanding warranty costs based

on the historical relationship between warranty claims and revenues. The warranty accrual is reviewed monthly to verify that it properly reflects the remaining obligation based on the anticipated expenditures over the balance of the obligation period. Adjustments are made when actual warranty claim experience differs from estimates. Warranty claims are generally made within two months of the original shipment date.

The following is a reconciliation of the Company's warranty liability:

(in thousands)	2013	2012
PRODUCT WARRANTY RESERVE		
Beginning balance	$ 1,885	$ 1,738
Accrual for warranties	9,839	8,605
Settlements	(9,929)	(8,458)
Ending balance at fiscal year end	$ 1,795	$ 1,885

LEASE AGREEMENTS

The Company leases certain office buildings, manufacturing buildings, service centers and equipment. Total rental expenses under operating leases amounted to approximately $7,378,000, $7,206,000 and $7,518,000, in fiscal years 2013, 2012 and 2011, respectively. Minimum rental commitments as of April 30, 2013, under noncancelable leases with terms in excess of one year are as follows:

FISCAL YEAR	OPERATING (in thousands)	CAPITAL (in thousands)
2014	$ 3,411	$ 997
2015	3,102	997
2016	2,768	986
2017	1,336	866
2018	217	678
2019 (and thereafter)	92	4,140
	$10,926	$ 8,664
Less amounts representing interest (2%)		(925)
Total obligations under capital leases		$ 7,739

RELATED PARTIES

During fiscal 1985, prior to becoming a publicly held corporation, the Company entered into an agreement with a partnership which includes certain former executive officers and current significant shareholders of the Company, including one current member of the Board of Directors of the Company, to lease the Company's headquarters building which was constructed and is owned by the partnership. The Company has subsequently renewed this lease in accordance with Company policy and procedures which includes approval by the Board of Directors. As of April 30, 2013, the Company is in the third year of the latest five-year renewal period, which expires in 2016. Under this agreement, rental expense was $461,000, $460,000 and $460,000, in fiscal years 2013, 2012 and 2011, respectively. Rent during the remaining term of approximately $1,397,000 (included in the preceding table) is subject to annual increases of 2% through the remaining term of the lease.

NOTE L—CREDIT CONCENTRATION

Credit is extended to customers based on an evaluation of each customer's financial condition and generally collateral is not required. The Company's customers operate in the new home construction and home remodeling markets.

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 each customer's 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.

At April 30, 2013, the Company's two largest customers, Customers A and B, represented 21.1% and 21.1% of the Company's gross customer receivables, respectively. At April 30, 2012, Customers A and B represented 26.5% and 30.7% of the Company's gross customer receivables, respectively.

The following table summarizes the percentage of sales to the Company's two largest customers for the last three fiscal years:

	PERCENT OF ANNUAL GROSS SALES		
	2013	2012	2011
Customer A	35.7	41.5	38.7
Customer B	22.8	26.0	34.2

NOTE M—FAIR VALUE MEASUREMENTS

The Company utilizes the hierarchy of fair value measurements to classify certain of its assets and liabilities based upon the following definitions:

LEVEL 1— Investments with quoted prices in active markets for identical assets or liabilities. The Company's cash equivalents are invested in money market funds, mutual funds and United States Treasury instruments. The Company's mutual fund investment assets represent contributions made and invested on behalf of the Company's named executive officers in a supplementary employee retirement plan.

LEVEL 2—Investments with observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. The Company has no Level 2 assets or liabilities.

LEVEL 3—Investments with unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. The Company has no Level 3 assets or liabilities.

The following table summarizes the fair value of assets that are recorded in the Company's consolidated financial statements as of April 30, 2013 and 2012 at fair value on a recurring basis:

	FAIR VALUE MEASUREMENTS AS OF APRIL 30, 2013		
(in thousands)	LEVEL 1	LEVEL 2	LEVEL 3
ASSETS:			
Money market funds	$ 38,875	$ —	$ —
Mutual funds	1,311	—	—
Total assets at fair value	$ 40,186	$ —	$ —

	FAIR VALUE MEASUREMENTS AS OF APRIL 30, 2012		
(in thousands)	LEVEL 1	LEVEL 2	LEVEL 3
ASSETS:			
Money market funds	$ 38,874	$ —	$ —
Mutual funds	1,357	—	—
Total assets at fair value	$ 40,231	$ —	$ —

The fair value measurement of assets held by the Company's defined benefit pension plans is discussed in Note H.

NOTE N—RESTRUCTURING CHARGES

In the third quarter of fiscal 2012, the continuing impact of the housing economy's lengthy downturn caused the Company to announce a restructuring initiative ("2012 Restructuring Plan") that committed to the closing of two of the Company's manufacturing plants located in Hardy County, West Virginia and Hazard, Kentucky, offering its previously idled plant in Tahlequah, Oklahoma for sale, and realigning its retirement program, including freezing the Company's defined benefit pension plans. Operations ceased at the Hazard plant in April 2012 and at the Hardy County plant in May 2012. The 2012 Restructuring Plan was adopted to reduce costs and increase the Company's capacity utilization rates.

During fiscal 2012, the Company recognized pre-tax restructuring charges of $15.9 million related to the 2012 Restructuring Plan. During fiscal 2013, the Company recognized pre-tax restructuring charges of $1.4 million related to the 2012 Restructuring Plan, including severance and separation costs of $0.2 million, building impairment charges of $0.3 million, facilities-related expenses of $0.7 million and professional fees of $0.2 million.

A reserve for restructuring charges in the amount of $13 thousand is included in the Company's consolidated balance sheet as of April 30, 2013 which relates to employee termination costs accrued but not yet paid. Below is the summary of the restructuring reserve balance as of April 30, 2013:

(in thousands)

2012 RESTRUCTURING PLAN	
Restructuring reserve balance as of April 30, 2012	$ 2,817
Additions	196
Payments	(3,000)
Reserve balance as of April 30, 2013	$ 13

In the fourth quarter of fiscal 2009, the Company announced a restructuring plan ("2009 Restructuring Plan") to close two of its manufacturing plants, located in Berryville, Virginia and Moorefield, West Virginia and suspend operations in a third manufacturing plant located in Tahlequah, Oklahoma. These actions were completed during the first quarter of fiscal 2010. These initiatives were intended to increase the Company's capacity utilization rates and decrease overhead costs. In addition to these initiatives, the Company made other staffing reductions during the fourth quarter of fiscal 2009.

During fiscal years 2013, 2012 and 2011, the Company recognized total pre-tax restructuring charges for both the 2012 Restructuring Plan and the 2009 Restructuring Plan of $1.4 million, $16.3 million and $62,000, respectively. The Company recognized recurring operating costs for the facilities closed as part of the 2012 Restructuring Plan of $0.9 million in fiscal 2013. The Company will continue to incur costs related to its closed and unsold plants until they are sold.

The Company has a total of two manufacturing plants classified as held for sale, which were closed in the 2012 Restructuring Plan. During the second quarter of fiscal 2013, the Company sold its closed plant located in Tahlequah, Oklahoma and recognized a gain of $0.3 million on the sale. The gain was included in restructuring charges on the Company's statements of operations. During fiscal 2013, the Company recorded impairment charges of $0.3 million relating to one of the plants that is included as held for sale. The Company believes that the remaining $2.7 million net book value of the properties classified as held for sale is fully recoverable. These assets are included in Other Assets on the Company's balance sheet at April 30, 2013.

NOTE O—QUARTERLY FINANCIAL DATA (UNAUDITED)

FISCAL 2013	7/31/12	10/31/12	1/31/13	4/30/13
(in thousands, except per share amounts)				
Net sales	$148,252	$159,760	$ 151,346	$171,079
Gross profit	22,043	24,794	23,507	32,312
Income before income taxes	1,015	3,371	3,476	8,878
Net income	561	1,950	2,057	5,190
Earnings per share				
Basic	$ 0.04	$ 0.13	$ 0.14	$ 0.36
Diluted	$ 0.04	$ 0.13	$ 0.14	$ 0.35

FISCAL 2012	7/31/11	10/31/11	1/31/12	4/30/12
(in thousands, except per share amounts)				
Net sales	$ 131,199	$ 128,418	$ 119,976	$ 136,221
Gross profit	18,407	16,114	14,588	17,366
Loss before income taxes	(3,908)	(4,523)	(15,653)	(9,204)
Net loss	(2,716)	(2,976)	(9,114)	(5,980)
Loss per share				
Basic	$ (0.19)	$ (0.21)	$ (0.63)	$ (0.42)
Diluted	$ (0.19)	$ (0.21)	$ (0.63)	$ (0.42)

report of independent registered public accounting firm

THE BOARD OF DIRECTORS AND SHAREHOLDERS OF AMERICAN WOODMARK CORPORATION:

We have audited the accompanying consolidated balance sheets of American Woodmark Corporation and subsidiary (the Company), as of April 30, 2013 and 2012, and the related consolidated statements of operations, comprehensive income (loss), shareholders' equity, and cash flows for each of the years in the three year period ended April 30, 2013. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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 consolidated financial statements referred to above present fairly, in all material respects the financial position of American Woodmark Corporation and subsidiary as of April 30, 2013 and 2012, and the results of their operations and their cash flows for each of the years in the three year period ended April 30, 2013, in conformity with U.S. generally accepted accounting principles.

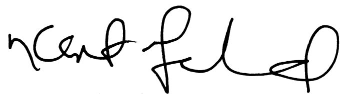
We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of April 30, 2013, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated June 28, 2013 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

KPMG LLP

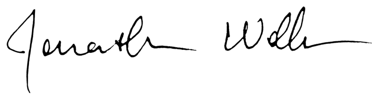
Richmond, Virginia
June 28, 2013

management's
report on internal control over financial reporting

Management has responsibility for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with U.S. generally accepted accounting principles. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Management has assessed the effectiveness of the Company's internal control over financial reporting as of April 30, 2013. In making its assessment, Management has utilized the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control—Integrated Framework. Management concluded that based on its assessment, American Woodmark Corporation's internal control over financial reporting was effective as of April 30, 2013. The Company's internal control over financial reporting as of April 30, 2013, has been audited by KPMG LLP, an independent registered public accounting firm, as stated in their report, which appears in this Annual Report to Shareholders.



Kent B. Guichard
Chairman and Chief Executive Officer



Jonathan H. Wolk
Senior Vice President and Chief Financial Officer

report
of independent registered public accounting firm—internal control over financial reporting

THE BOARD OF DIRECTORS AND SHAREHOLDERS OF AMERICAN WOODMARK CORPORATION:

We have audited American Woodmark Corporation's internal control over financial reporting as of April 30, 2013, based on criteria established in Internal Control—Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, American Woodmark Corporation maintained, in all material respects, effective internal control over financial reporting as of April 30, 2013, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of American Woodmark Corporation and subsidiary as of April 30, 2013 and 2012, and the related consolidated statements of operations, comprehensive income (loss), shareholders' equity, and cash flows for each of the years in the three-year period ended April 30, 2013 and our report dated June 28, 2013 expressed an unqalified opinion on those consolidated financial statements.

KPMG LLP

Richmond, Virginia
June 28, 2013

stock performance graph

Set forth below is a graph comparing the five-year cumulative total shareholder return, including reinvestment of dividends, from investing $100 on May 1, 2008 through April 30, 2013 in American Woodmark Corporation common stock, the Russell 2000 Index and the S&P Household Durables Index:

COMPARATIVE FIVE-YEAR CUMULATIVE TOTAL SHAREHOLDER RETURNS

DIRECTORS AND EXECUTIVE OFFICERS

Bradley S. Boyer
Senior Vice President, Sales and Marketing Remodel

William F. Brandt, Jr.
Director;
Former Chairman and Chief Executive Officer

Andrew B. Cogan
Director;
Member of the Audit Committee
Chief Executive Officer of Knoll, Inc.

Martha M. Dally
Director;
Chair of the Governance Committee and
Member of the Compensation Committee
Retired Vice President Customer Development of Sara Lee Corporation

James G. Davis, Jr.
Director;
Member of the Audit Committee and
Member of the Governance Committee
President and Chief Executive Officer of James G. Davis Construction Corporation

S. Cary Dunston
Executive Vice President, Operations

Kent B. Guichard
Director;
Chairman and Chief Executive Officer

Daniel T. Hendrix
Director;
Chair of the Compensation Committee
Chairman and Chief Executive Officer of Interface, Inc.

Kent J. Hussey
Director;
Member of the Audit Committee and
Member of the Governance Committee
Retired Chairman, President and Chief Executive Officer of Spectrum Brands, Inc.

Carol B. Moerdyk
Director;
Chair of the Audit Committee and
Member of the Governance Committee
Retired Senior Vice President, International, OfficeMax Incorporated

Vance W. Tang
Director;
Member of the Compensation Committee
Retired President and Chief Executive Officer of KONE Inc.

Jonathan H. Wolk
Senior Vice President and Chief Financial Officer;
Corporate Secretary

CORPORATE INFORMATION

ANNUAL MEETING
The Annual Meeting of Shareholders of American Woodmark Corporation will be held on Thursday, August 22, 2013, at 9:00 a.m. at the Holiday Inn, 333 Front Royal Pike 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, 2013, may be obtained free of charge on the Company's Web site at www.americanwoodmark.com or by writing:

Glenn Eanes
Vice President & Treasurer
American Woodmark Corporation
PO Box 1980
Winchester, VA 22604-8090

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American Woodmark Corporation
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Winchester, VA 22601-4208
(540) 665-9100

MAILING ADDRESS
PO Box 1980
Winchester, VA 22604-8090

TRANSFER AGENT
Registrar and Transfer Company
Investor Relations
(800) 368-5948

SHAREHOLDER INQUIRES
Investor Relations
American Woodmark Corporation
3102 Shawnee Drive
Winchester, VA 22601-4208
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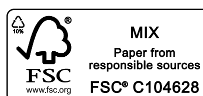

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CORPORATION

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