

AMERICAN WOODMARK CORP
Form DEF 14A
June 29, 2017
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934
(Amendment No.)

Filed

by the Filed by a Party other than the Registrant []
Registrant

[X]

Check the appropriate box:

[] Preliminary Proxy Statement

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[X] Definitive Proxy Statement

[] Definitive Additional Materials

[] Soliciting Material Pursuant to §240.14a-12

American Woodmark Corporation
(Name of Registrant as Specified In Its Charter)

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

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- (3) Filing Party:
- (4) Date Filed:
-

3102 Shawnee Drive
Winchester, Virginia 22601

Notice of Annual Meeting of Shareholders

TO THE SHAREHOLDERS OF
AMERICAN WOODMARK CORPORATION:

The Annual Meeting of Shareholders (“Annual Meeting”) of American Woodmark Corporation (the “Company”) will be held at The George Washington Hotel, 103 East Piccadilly Street, Winchester, Virginia, on Thursday, August 24, 2017, at 9:00 a.m., Eastern Daylight Time, for the following purposes:

1. To elect as directors the eight nominees listed in the attached proxy statement to serve a one-year term on the Company’s Board of Directors;
2. To ratify the selection by the Audit Committee of the Board of Directors of KPMG LLP as the independent registered public accounting firm of the Company for the fiscal year ending April 30, 2018;
3. To approve on an advisory basis the Company’s executive compensation;
4. To approve on an advisory basis the frequency of future advisory votes on the Company’s executive compensation;
and
5. To transact such other business as may properly come before the Annual Meeting or any adjournments thereof.

Only shareholders of record of shares of the Company’s common stock at the close of business on June 19, 2017 will be entitled to vote at the Annual Meeting or any adjournments thereof.

Whether or not you plan to attend the Annual Meeting, please mark, sign and date the enclosed proxy and promptly return it in the enclosed envelope. If for any reason you desire to revoke your proxy, you may do so at any time before it is voted.

All shareholders are cordially invited to attend the Annual Meeting.

By Order of the Board of Directors

M. Scott Culbreth
Secretary

June 29, 2017

AMERICAN WOODMARK CORPORATION

3102 Shawnee Drive
Winchester, Virginia 22601

Proxy Statement

PROXY SUMMARY

This summary highlights information contained elsewhere in this Proxy Statement. This summary does not contain all of the information you should consider. Please read the entire Proxy Statement carefully before voting. This Proxy Statement will be mailed to shareholders of American Woodmark Corporation (the “Company”) on or about June 29, 2017.

Annual Stockholders meeting

Date August 24, 2017

Time 9:00 a.m. Eastern Time

Place The George Washington Hotel
103 East Piccadilly Street
Winchester, Virginia 22601

Record date June 19, 2017

Voting Stockholders as of the record date are entitled to vote. Each share of common stock is entitled to one vote for each director nominee and one vote for each of the other proposals to be voted on.

Meeting Agenda

- Election of eight directors
- Ratification of KPMG LLP as our independent registered public accounting firm for fiscal year 2018
- Advisory vote on executive compensation
- Advisory vote on frequency of future advisory votes on executive compensation
- Transact other business that may properly come before the meeting

Voting Matter and Vote Recommendation

| Item | Board recommendation | Reasons for recommendations | More information |
|---|----------------------|--|------------------|
| 1. Election of eight directors | FOR | The Board and Corporate Governance Committee believe that the eight Board candidates possess the skills and experience to effectively monitor performance, provide oversight, and advise management on the Company's long-term strategy. | Page 4 |
| 2. Ratification of KPMG LLP as our independent registered public accounting firm for fiscal year 2018 | FOR | Based on the Audit Committee's assessment of KPMG's qualifications and performance, it believes that their retention for fiscal year 2018 is in the best interests of the Company. | Page 34 |
| 3. Advisory vote on executive compensation | FOR | The Company's executive compensation programs demonstrate the continuing evolution of the Company's pay for performance philosophy. | Page 34 |
| 4. Advisory vote on frequency of future advisory votes on executive compensation | 1 YEAR | The Board believes frequency of one year for holding future advisory votes on the compensation of the Company's named executive officers is appropriate. | Page 35 |

Company Management Profile

The following table provides summary information about each current director.

| Name | Age | Director since | Independent | Other public boards | Committee memberships | | | Up for re-election at current Annual Meeting |
|---------------------|-----|----------------|-------------|---------------------|-----------------------|----|----|--|
| | | | | | AC | CC | GC | |
| Martha M. Hayes | 66 | 1995 | Yes | 0 | | M | M | Yes |
| Kent B. Guichard | 61 | 1997 | No | 0 | | | | No |
| James G. Davis, Jr. | 58 | 2002 | Yes | 0 | M, F | | C | Yes |
| Daniel T. Hendrix | 62 | 2005 | Yes | 1 | | M | | Yes |
| Carol B. Moerdyk | 67 | 2005 | Yes | 1 | M, F | | M | Yes |
| Andrew B. Cogan | 54 | 2009 | Yes | 2 | C, F | | | Yes |
| Vance W. Tang | 50 | 2009 | Yes | 1 | | | C | Yes |
| S. Cary Dunston | 52 | 2014 | No | 0 | | | | Yes |

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David M. Moon 55 2015 Yes 0 M, F Yes

AC - Audit Committee

C - Chair

CC - Compensation Committee

M - Member

GC - Governance Committee

F - Financial Expert

Voting Rights, Procedures and Solicitation

Proxy Solicitation

This Proxy Statement, mailed to shareholders of American Woodmark Corporation (the "Company") on or about June 29, 2017, is furnished in connection with the solicitation of proxies by the Company's Board of Directors in the accompanying form for use at the 2017 Annual Meeting of Shareholders (the "Annual Meeting") to be held at The George Washington Hotel, 103 East Piccadilly Street, Winchester, Virginia, on Thursday, August 24, 2017, at 9:00 a.m., Eastern Daylight Time, and at any adjournments thereof. A copy of the annual report of the Company for the fiscal year ended April 30, 2017 is being mailed to you with this Proxy Statement.

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

Record Date and Voting Rights

On June 19, 2017, the record date for determining the shareholders entitled to receive notice of and to vote at the Annual Meeting, there were 16,305,346 shares of common stock of the Company outstanding and entitled to vote. Each such share of common stock entitles the owner to one vote on each matter presented.

Revocability and Voting of Proxy

A form of proxy for use at the Annual Meeting and a return envelope for the proxy are enclosed. Any shareholder who provides a proxy may revoke such proxy at any time before it is voted. Proxies may be revoked by:

- filing with the Secretary of the Company written notice of revocation which bears a later date than the date of the proxy;
- duly executing and filing with the Secretary of the Company a later dated proxy relating to the same shares; or
- attending the Annual Meeting and voting in person.

Votes will be tabulated by one or more inspectors of election. A proxy, if properly executed and not revoked, will be voted as specified by the shareholder. If the shareholder does not specify his or her choice but returns a properly executed proxy card, the shares will be voted as follows:

- "FOR" the election of the eight nominees for director named herein;
- "FOR" the ratification of KPMG LLP as the independent registered public accounting firm of the Company for the fiscal year ended April 30, 2018 ("fiscal 2018");
- "FOR" the approval on an advisory basis of the compensation of the Company's named executive officers as disclosed in this Proxy Statement;
- "1 YEAR" selection on an advisory basis of the frequency for holding future advisory votes on the compensation of the Company's named executive officers as disclosed in this Proxy Statement; and
- In the proxies' discretion on any other matters properly coming before the Annual Meeting or any adjournment thereof.

A majority of the total outstanding shares of the Company entitled to vote on matters to be considered at the Annual Meeting, represented in person or by proxy, constitutes a quorum. Once a share is represented for any purpose at the Annual Meeting, it is deemed to be present for quorum purposes for the remainder of the meeting.

Abstentions and shares held of record by a broker or its nominee (“Broker Shares”) that are voted on any matter are included in determining the number of votes present or represented at the Annual Meeting. However, Broker Shares that are not voted on any matter at the Annual Meeting will not be included in determining whether a quorum is present at the meeting.

The Company’s bylaws require that, in uncontested elections, each director receive a majority of the votes cast with respect to that director (the number of shares voted “for” a director nominee must exceed the number of votes cast “against” that nominee). Actions on all other matters to come before the meeting will be approved if the votes cast “for” that action exceed the votes cast “against” it, with the exception of the advisory vote on the frequency of future advisory votes on the compensation of the Company’s named executive officers for which the frequency receiving the most votes will be deemed the preference of the shareholders. Abstentions and Broker Shares that are not voted on a particular matter are not considered votes cast and, therefore, will have no effect on the outcome of the election of directors or any other matter.

Participants in the American Woodmark Corporation Retirement Savings Plan will receive a proxy packet from the Company’s transfer agent and registrar, Computershare Shareholder Services, enabling them to provide instructions for voting the shares of the Company’s common stock held in their plan accounts. The Newport Group, the plan’s administrator, will determine the number of shares beneficially owned by each participant and communicate that information to the transfer agent. Each participant’s voting instructions must be properly executed and returned in the envelope provided in order for the participant’s shares to be voted. If a participant does not return voting instructions, then the shares held in the participant’s account will not be voted.

ITEM 1 – ELECTION OF DIRECTORS

The Board is currently comprised of nine members, eight of which have been nominated for election by the Company. On May 25, 2017, the Board received notice from Mr. Kent Guichard, its current Chairman, that he had declined to seek re-election at the Annual Meeting. At its May 25, 2017 meeting, the Board approved an amendment to the Company’s Bylaws that will become effective immediately prior to the Annual Meeting on August 24, 2017, which will decrease the number of directors of the Company from nine to eight. Unless otherwise specified, if returned and properly executed, the enclosed proxy will be voted for the eight persons named below to serve until the next Annual Meeting and until their successors are elected and duly qualified. Each of the nominees listed below, is presently a director of the Company and was elected by shareholders at the last Annual Meeting for a term expiring at the upcoming Annual Meeting.

The Board believes the Company’s directors should possess the highest personal and professional ethics, integrity and values, and be committed to representing the long-term interests of its shareholders. When searching for new directors, the Governance Committee considers a candidate’s managerial experience, as well as business judgment, background, integrity, ethics and conflicts of interest. The Governance Committee does not have a formal policy with respect to diversity; however, the Board and the Governance Committee believe it is essential that Board members represent diverse viewpoints. The Governance Committee considers issues such as diversity of professional experience, skills, viewpoints and education. In considering candidates for the Board, the Governance Committee considers the entirety of each candidate’s credentials in the context of these criteria. With respect to the nomination of continuing directors for re-election, the individual’s contributions to the Board are also considered.

Each nominee listed below has consented to serve as a director, and the Company anticipates all of the nominees named below will be able to serve, if elected. If at the time of the Annual Meeting any nominees are unable or unwilling to serve, then shares represented by properly executed proxies will be voted at the discretion of the persons named therein for such other person or persons as the Board of Directors may designate.

If shareholders do not elect a nominee who is serving as a director, Virginia law provides that the director would continue to serve on the Board as a “holdover director.” Under the Company’s bylaws, each incumbent director submits an advance, contingent, irrevocable offer of resignation that the Board may accept if shareholders do not elect the director at the Annual Meeting. In that situation, the Board’s Governance Committee would make a recommendation to the Board about whether to accept or reject the offer of resignation. The Board would act on the

Governance Committee's recommendation within 90 days after the date that the election results were certified and would promptly publicly disclose its decision and, if applicable, the rationale for rejecting the offer of resignation.

Information Regarding Nominees

The names and ages of the Company's nominees, their principal occupations or employment, and other information regarding each nominee are set forth below.

| Name | Age | Business Experience During the Last Five Years and Directorship(s) in Public Companies Since | Director of Company Since |
|---------------------|-----|---|---------------------------|
| Martha M. Hayes | 66 | Retired from her role as Vice President Customer Development, Sara Lee Corporation (a public company and manufacturer and marketer of consumer products) in 2006. Ms. Hayes's experience with marketing, business development and customer relationships during her 30-year career in the consumer products industry provides the Board with an important perspective on customer issues and opportunities. | 1995 |
| James G. Davis, Jr. | 58 | President and Chief Executive Officer, James G. Davis Construction Corporation (a private commercial general contractor) from 1979 to present; Director, Provident Bankshares Corporation (a public company and financial institution) from October 2006 to July 2009. Mr. Davis's career in the construction industry has been highlighted with leadership roles in operations. Mr. Davis's experience as a chief executive officer of a construction company provides the Board with an important perspective. | 2002 |
| Daniel T. Hendrix | 62 | Chairman of Interface, Inc. (a public company and manufacturer of modular flooring products) from October 2011 to present; President and Chief Executive Officer, from July 2001 to March 2017; Director, Interface, Inc. from 1996 to present. Mr. Hendrix's 34-year career in the building products industry has been highlighted with leadership roles in finance and operations. Mr. Hendrix's experience as a chief executive officer of a publicly traded company in the building products industry provides the Board with an important perspective. | 2005 |
| Carol B. Moerdyk | 67 | Retired; Senior Vice President, International, OfficeMax Incorporated (a public company and office products retailer) from August 2004 to September 2007; Director, Libbey, Inc. (a public company and manufacturer of tableware) from 1998 to present. Ms. Moerdyk's 30-year career in industry has been highlighted with leadership roles in finance and operations. Ms. Moerdyk's experience as a financial executive enables her to provide the Board with a valuable perspective. | 2005 |
| Andrew B. Cogan | 54 | President and Chief Executive Officer, Knoll, Inc. (a public company and manufacturer of furnishings, textiles and fine leathers) from May 2016 to present; Chief Executive Officer, Knoll, Inc. from April 2001 to May 2016; Director, Knoll, Inc. from 1996 to present. Director, Interface, Inc. from 2013 to present. Mr. Cogan's 25-year career in the manufacturing industry has been highlighted with leadership roles in design and marketing. Mr. Cogan's experience as a chief executive officer of a publicly traded company provides the Board with a valuable perspective. | 2009 |
| Vance W. Tang | 50 | Retired; President and Chief Executive Officer of the U.S. subsidiary of KONE Corporation (a Finnish public company and a leading global provider of elevators and escalators) and Executive Vice President of KONE Corporation from 2007 to 2012; Director, Comfort Systems USA (a publicly traded provider of commercial and industrial heating, ventilation and air conditioning and building automation services) from December 2012 to present. Mr. Tang's 20-year career in industry has been highlighted with leadership roles in operations. Mr. Tang's former experience as a chief executive officer in the construction industry provides the Board with a valuable perspective. | 2009 |

| Name | Age | Business Experience During the Last Five Years and Directorship(s) in Public Companies | Director of Company Since |
|-----------------|-----|--|---------------------------|
| S. Cary Dunston | 52 | Company Chief Executive Officer and President from August 2015 to present; Company President and Chief Operating Officer from August 2014 to August 2015; Company Executive Vice President and Chief Operating Officer from August 2013 to August 2014; Company Executive Vice President, Operations from September 2012 to August 2013; Company Senior Vice President, Manufacturing and Supply Chain Services from October 2006 to September 2012. Mr. Dunston's 20-year career in the manufacturing industry has been highlighted with leadership roles in operations. Mr. Dunston's role as the Company's Chief Executive Officer will provide the Board with intimate knowledge of the Company's operational performance. | 2014 |
| David W. Moon | 55 | Executive Vice President and President and Chief Operating Officer of Lennox International, Inc.'s (a public company and leading global provider of climate control solutions and manufacturer of products for the heating, ventilation, air conditioning and refrigeration markets) Worldwide Refrigeration Segment since August 2006. Mr. Moon's career has been highlighted with leadership roles in operations. Mr. Moon's operations experience with a publicly traded manufacturing company provides the Board with a valuable perspective. | 2015 |

CORPORATE GOVERNANCE

Codes of Business Conduct and Ethics

Code of Business Conduct and Ethics

The Board of Directors has adopted a Code of Business Conduct and Ethics applicable to all directors, officers and employees of the Company. This code sets forth important Company policies and procedures in conducting the Company's business in a legal, ethical and responsible manner. The Code of Business Conduct and Ethics encompasses policies addressing employee conduct, conflicts of interest, insider trading and the protection of confidential information, and requires all employees to respect and obey all applicable laws and regulations when conducting the Company's business.

Code of Ethics for the Chief Executive Officer and Senior Financial Officers

The Board has also adopted an additional Code of Ethics for the Chief Executive Officer and all Senior Financial Officers, including the Chief Financial Officer, Treasurer and Controller of the Company. This code sets forth Company policies and procedures for ensuring that disclosures in the Company's financial reports and documents that the Company files or furnishes to the Securities and Exchange Commission ("SEC") and in other public communications are full, fair, accurate, timely and understandable. Additionally, the Chief Executive Officer and Senior Financial Officers are required to report to the Audit Committee any material information that affects financial disclosures, significant deficiencies concerning internal controls, fraud, violations of the Company's Code of Business Conduct and Ethics and Code of Ethics for the Chief Executive Officer and Senior Financial Officers, and violations of securities or other laws or rules and regulations applicable to the operation of the business.

Both of these codes can be found on the Corporate Governance page of the Company's web site at <http://investors.americanwoodmark.com/governance>. Any amendments to, or waivers from, any code provisions that apply to the Company's directors or executive officers, including the Company's Chief Executive Officer and Chief Financial Officer, as well as the Company's Controller and Treasurer, will be promptly posted on the Corporate

Governance page of the Company's web site. No amendments or waivers were requested or granted during the fiscal year ended April 30, 2017.

Board Structure

The Company's Board currently consists of nine directors, all of whom are subject to annual shareholder elections to one-year terms of service. Mr. Guichard announced in May 2017 that he would not stand for re-election at the upcoming Annual Meeting. At its May 2017 meeting, the Board approved an amendment to the Company's Bylaws that will become effective on August 24, 2017 immediately prior to the Annual Meeting, which will decrease the number of directors of the Company from nine to eight. Each of the Company's independent directors sits on at least one of the three Board committees, which include the Audit Committee, the Compensation Committee and the Governance Committee.

Mr. Guichard stepped down as Chief Executive Officer as of August 26, 2015 but remained with the Company in the role of non-executive Chairman of the Board. As discussed above, Mr. Guichard announced in May 2017 that he would not stand for re-election at the upcoming Annual Meeting and the Board determined that, assuming he is re-elected as a director at the upcoming Annual Meeting, Mr. Dunston will assume the additional role of Chairman of the Board subsequent to the Annual Meeting. The Board believes that there are a number of important advantages for the Company having the positions of Chairman and Chief Executive Officer held by the same person. The Chief Executive Officer has historically been the director most familiar with the Company's business and industry, and most capable of effectively identifying strategic priorities and leading the discussion and execution of strategy. Independent directors and management have different perspectives and roles in strategy development. The Company's independent directors bring experience, oversight and expertise from outside the Company and its industry, while the Chief Executive Officer has historically brought Company-specific experience and expertise. The Board believes that its leadership structure following the Annual Meeting will enhance its ability to engage in effective risk oversight because Mr. Dunston's insight and understanding of the material risks inherent in the Company's business will allow him to identify and raise key risks to the Board and his role as Chairman will ensure that the Board and its committees give attention to areas of concern. From time to time, during managed transitions of leadership of the Company, there may be a period where the positions of Chairman and Chief Executive Officer are held by different people.

The Company's independent directors meet in regularly scheduled executive sessions at each of the Company's Board meetings, without management present. During fiscal year 2017, the independent directors met four times to discuss certain Board policies, processes and practices, the performance and compensation of the Company's Chief Executive Officer, management succession and other matters relating to the Company and the functioning of the Board. As of April 30, 2017 the Board did not have a lead independent director and believes its leadership structure has many years of industry experience and expertise.

Risk Management Oversight

The Board, both directly and through its committees, has an active role in overseeing management of the Company's risks. The entire Board regularly reviews information concerning the Company's operations, liquidity and competitive position and personnel, as well as the risks associated with each. The Company's Compensation Committee is responsible for overseeing the Company's management of its risks relating to the Company's executive and long-term compensation plans and risks related to employee compensation in general. The Audit Committee oversees the Company's management of its risks pertaining to internal controls, adherence to generally accepted accounting principles and financial reporting. The Governance Committee oversees the Company's management of its risks pertaining to potential conflicts of interest and independence of board members. While each committee is responsible for evaluating certain risks and overseeing the management of such risks, the entire Board of Directors is regularly informed through committee reports about such risks.

Director Independence

The Board of Directors of the Company is composed of a majority of directors who are independent directors as defined under the NASDAQ Marketplace Rules. The Board's Audit and Compensation Committee members also meet additional independence requirements pursuant to the NASDAQ Marketplace Rules and SEC rules.

To be independent under the NASDAQ Marketplace Rules, the Board must determine that a director has no relationship that, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. The NASDAQ Marketplace Rules specify certain persons who cannot be considered independent. The Board reviews the independence of all directors at least annually.

Based upon this review, the Board affirmatively determined that seven of its nine current directors (and seven of the eight directors proposed for re-election) are independent as defined by the NASDAQ Marketplace Rules. The independent directors are: Mr. Cogan, Mr. Davis, Ms. Hayes, Mr. Hendrix, Ms. Moerdyk, Mr. Moon and Mr. Tang, each of whom is standing for re-election at the Annual Meeting. In addition, all of the members of the Audit Committee, the Compensation Committee, and the Governance Committee are independent. The members of the Audit and Compensation Committees also meet the additional independence requirements applicable to them under the NASDAQ Marketplace Rules and SEC rules.

Communicating Concerns to the Board of Directors

The Audit Committee and the independent non-management directors have established procedures to enable any shareholder or employee who has a concern about the Company's conduct or policies, or any employee who has a concern about the Company's accounting, internal accounting controls or auditing matters, to communicate that concern directly to the Board, to the independent directors, or to the Audit Committee. Such communications may be confidential or anonymous. Such communications may be submitted in writing by sending a letter to:

Audit Committee
c/o Manager, Internal Audit
American Woodmark Corporation
P.O. Box 2252
Winchester, Virginia 22604

The Company's Manager, Internal Audit reviews all such written correspondence and forwards to the Audit Committee a summary of all correspondence received. The Audit Committee will review this information and determine a course of action as appropriate based on the information received.

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

Board of Directors and Committees

The Company's Board of Directors presently consists of nine directors. The Board held seven meetings during the fiscal year ended April 30, 2017. All of the directors attended at least 75% of the total number of Board meetings and meetings of all committees of the Board held during periods when they were members of the Board or such committees. The Board of Directors believes that attendance at the Company's Annual Meeting demonstrates a commitment to the Company, responsibility and accountability to the shareholders, and support of management and employees. Therefore, it is a policy of the Board that all members attend the Annual Meeting of Shareholders. All members of the Board attended last year's Annual Meeting.

The Company's bylaws specifically allow for the Board to create one or more committees and to appoint members of the Board to serve on them. Under such authority, the Board created the Audit Committee, the Compensation Committee and the Governance Committee and appointed individuals from among its independent members to serve

on these three committees. Each committee operates under a written charter adopted by the Board, as amended from time to time. On an annual basis, each committee reviews and reassesses the adequacy of its committee charter. The Audit Committee is scheduled to meet at least quarterly and the Compensation and Governance Committees meet as required, typically two to three times per year. The committees may hold special

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meetings as necessary. These committees report regularly to the full Board of Directors with respect to their fulfillment of the responsibilities and duties outlined in their respective charters. These charters can be found on the Corporate Governance page of the Company's web site at <http://investors.americanwoodmark.com/governance>.

Audit Committee

The Audit Committee consists of Mr. Cogan, who chairs the Committee, Mr. Davis, Ms. Moerdyk and Mr. Moon. All members have been determined by the Board of Directors to be "independent" as defined under the NASDAQ Marketplace Rules and SEC rules. The Board of Directors has determined that all of the current members of the Audit Committee are "audit committee financial experts" as defined under SEC rules.

Purpose and Duties. The Audit Committee provides oversight for the integrity of the Company's financial statements, the Company's compliance with legal and regulatory requirements, the independence and qualifications of the Company's independent registered public accounting firm, the performance of the internal audit function and independent registered public accounting firm, and the adequacy and competency of the Company's finance and accounting staff.

The Audit Committee's duties include but are not limited to: (1) selecting and overseeing the performance of the Company's independent registered public accounting firm, (2) reviewing the scope of the audits to be conducted by them, as well as the results of their audits, (3) overseeing the Company's financial reporting activities, including the Company's financial statements included in the Company's Annual Report on Form 10-K, and the accounting standards and principles that are followed, (4) approving audit and non-audit services provided to the Company by the Company's independent registered public accounting firm, (5) reviewing the organization and scope of the Company's internal audit function and internal controls, (6) reviewing and approving or ratifying transactions with related persons required to be disclosed under SEC rules, and (7) conducting other reviews relating to compliance by employees with Company policies and applicable laws.

The Audit Committee met seven times during fiscal year 2017. The Audit Committee is governed by a written charter approved by the Board of Directors, which can be viewed on the Corporate Governance page of the Company's web site at <http://investors.americanwoodmark.com/governance>. The Report of the Audit Committee is found beginning on page 33.

Compensation Committee

The Compensation Committee is composed of Mr. Tang, who chairs the Committee, Ms. Hayes and Mr. Hendrix. All members have been determined by the Board of Directors to be "independent" as defined under the NASDAQ Marketplace Rules and SEC rules.

Purpose and Duties. The Compensation Committee is primarily concerned with designing and managing competitive compensation programs to facilitate the attraction and retention of talented senior executives and directors. The activities of the Compensation Committee include reviewing, evaluating, and approving senior executive compensation plans and evaluating and recommending director compensation plans for approval by the Board. The Compensation Committee also provides oversight for all of the Company's employee benefit plans. The Compensation Committee delegates certain aspects of implementation and day-to-day management of compensation administration to officers of the Company.

The Compensation Committee's duties include but are not limited to: (1) reviewing, evaluating, and approving corporate goals and objectives relevant to the Chief Executive Officer's and other senior executive officers' compensation, (2) evaluating the Chief Executive Officer's and other senior executive officers' performance in light of those goals and objectives, (3) determining and approving the Chief Executive Officer's and other senior executive

officers' compensation levels based on this evaluation, and (4) overseeing the compensation and benefit plans, policies, and programs of the Company.

The Compensation Committee determines the Chief Executive Officer's compensation after reviewing his performance with the independent directors of the Board and without members of management being present, and

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shares this information with the full Board. The Compensation Committee determines the compensation of the other senior executives after considering the recommendation from the Chief Executive Officer. The Compensation Committee does not delegate its authority with regard to executive compensation decisions.

The Compensation Committee administers and approves awards under the Second Amended and Restated 2016 Stock Incentive Plan for Employees and the Company's 2015 Non-Employee Directors Restricted Stock Unit Plan.

The Compensation Committee met two times during fiscal year 2017. The Compensation Committee's charter can be viewed on the Corporate Governance page of the Company's web site at <http://investors.americanwoodmark.com/governance>. Additional information on the Company's philosophy and policies pertaining to executive compensation are addressed in the Compensation Discussion and Analysis beginning on page 11. The Report of the Compensation Committee can be found beginning on page 28.

Governance Committee

The Governance Committee is composed of Mr. Davis, who chairs the Committee, Ms. Moerdyk and Ms. Hayes. All members have been determined by the Board of Directors to be "independent" as defined under the NASDAQ Marketplace Rules.

Purpose and Duties. The Governance Committee is responsible for identifying and recommending to the Board new director nominees for the Board, recommending directors for appointment to committees and chairs, and ensuring that the size, composition, and practices of the Board best serve the Company and its shareholders. From time to time, the Committee may engage an independent firm to assist in identifying potential candidates.

In evaluating candidates for election to the Board, the Governance Committee will assess the candidate's character and professional ethics, judgment, business experience, independence, understanding of the Company's or other related industries, and other factors deemed pertinent in light of the current needs of the Board. Specific qualities and skills established by the Committee for directors, which are included in the Governance Committee charter, include:

- each candidate will be recommended without regard to gender, race, age, religion or national origin;
- each candidate must be an individual that has consistently demonstrated the highest character and integrity;
- each candidate must have demonstrated professional and managerial proficiency, an openness to new and unfamiliar experiences and the ability to work in a team environment;
- each candidate must be free of any conflicts of interest which would violate applicable law or regulation or interfere with the proper performance of the responsibilities of a director;
- each candidate should possess substantial and significant experience which would be of particular relevance to the Company and its shareholders in the performance of the duties of a director; and
- each candidate must demonstrate commitment to the responsibilities of being a director, including the investment of the time, energy and focus required to carry out the duties of a director.

The Governance Committee's responsibilities also include, but are not limited to: (1) regularly assessing the effectiveness of the Board; (2) annually reviewing the performance of each director; (3) determining whether any director conflicts of interest exist; (4) reviewing any director related party transactions; and (5) periodically reviewing the Company's corporate governance policies. The Governance Committee met four times during fiscal year 2017. The Governance Committee's charter can be viewed on the Corporate Governance page of the Company's web site at <http://investors.americanwoodmark.com/governance>.

Procedures for Shareholder Nominations of Director Nominees

The Governance Committee will consider a director nominated by a shareholder of record for the 2018 Annual Meeting if the nomination is submitted in writing to the Secretary of the Company in accordance with the Company's bylaws and is received in the Company's principal executive offices on or before April 26, 2018. The nomination must include the name and address of the director nominee and a description of the director nominee's qualifications for serving as a director and the following information:

- the name and address of the shareholder making the nomination;
a representation that the shareholder is a record holder of the Company's common stock entitled to vote at the meeting and, if necessary, would appear in person or by proxy at the meeting to nominate the person or persons specified in the nomination;
- a description of all arrangements or understandings between the shareholder and the nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the shareholder;
- such other information regarding the nominee as would be required to be included in a proxy statement filed under the proxy rules of the SEC if the director nominee were to be nominated by the Board of Directors;
- information regarding the nominee's independence as defined by applicable NASDAQ listing standards; and
- the consent of the nominee to serve as a director of the Company if nominated and elected.

The Governance Committee may subsequently request additional information regarding the director nominee or the shareholder making the nomination. Nominations by shareholders made in accordance with these procedures will receive due consideration by the Governance Committee. However, the Chair of the Governance Committee may refuse to acknowledge the nomination of any person not made in compliance with these procedures. The Governance Committee also considers director nominees recommended by current members of the Board of Directors and members of management. From time to time, the Governance Committee may engage an independent firm to assist in identifying potential director nominees. The Governance Committee evaluates all director nominees in the same manner regardless of the source of the recommendation.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The Company's Compensation Program Goal

The goal of the Company's compensation program, as administered by the Compensation Committee, is to facilitate the creation of long-term value for its shareholders by attracting, motivating and retaining qualified senior management. To this end, the Company has designed and administered the Company's compensation program to appropriately reward its executives for sustained financial and operating performance, to align their interests with those of the Company's shareholders, and to encourage them to remain with the Company for long and productive careers. To achieve alignment with shareholder interests, the Company's compensation program provides significant, but appropriate, rewards for outstanding performance, as well as clear financial consequences for underperformance. The majority of the Company's senior executives' compensation is "at risk" in the form of annual and long-term incentive awards that are paid, if at all, based upon Company performance. While a significant portion of compensation may fluctuate with annual results, the total program is structured to emphasize long-term performance and sustained growth in shareholder value.

Key Considerations in Setting Pay

The following is a summary of the key considerations affecting the determination of compensation by the Compensation Committee for the Company's named executive officers. The Company's named executive officers ("NEOs") for fiscal year 2017 were:

- Mr. S. Cary Dunston, President and Chief Executive Officer;
- Mr. M. Scott Culbreth, Senior Vice President and Chief Financial Officer;
- Mr. R. Perry Campbell, Senior Vice President Sales and Marketing; and
- Mr. Robert J. Adams, Jr., Senior Vice President Value Stream Operations.

Performance-based Compensation. Every employee in the Company has an opportunity to earn an annual bonus, most of which is based upon the Company's attainment of goals related to its operating profitability and other operational performance goals. The majority of the targeted total compensation for the Company's NEOs is performance-based to achieve alignment with shareholder interests. Bonuses are only payable to named executive officers if the Company earns an operating profit in excess of specified threshold levels during its fiscal year. The Company strives to establish challenging Company-wide targets that are appropriate given the expected level of performance given current and anticipated market conditions.

Balance of Future Pay Opportunity versus Current Pay Opportunity. The Compensation Committee strives to provide an optimal balance between current and long-term compensation and cash versus equity compensation for the Company's executive officers. Current compensation is paid in cash in the form of a base salary and an annual bonus, primarily as a reward for recent performance, while long-term compensation is equity-based, to encourage the Company's executive officers to deliver excellent results over a longer period of time and to serve as a retention tool. The Compensation Committee has targeted the mix of performance-based compensation for the Company's senior executive officers to be an equal amount of current year bonus and long-term compensation.

Providing shareholders with an appropriate level of return on their investment is an important objective of the Company, the Board and the Compensation Committee. As a result, performance that rewards the Company's shareholders factors prominently in the Compensation Committee's decisions about the type and amount of long-term compensation paid to the Company's executive officers.

Discretionary Nature of Compensation Programs. The Compensation Committee does not use fixed formulas in determining the amount and mix of compensation to be paid to the Company's executives. The Compensation Committee believes that using only quantitative performance measures would not create the appropriate balance of incentives to build long-term shareholder value. The Compensation Committee uses a broad range of quantitative and qualitative factors to determine compensation. Quantitative factors are determined annually based upon the Company's overall goals and objectives. In general, qualitative factors include the executives' ability to build the organization and to lead the Company's attainment of its "CITE" principles of customer satisfaction, integrity, teamwork and excellence. Additional qualitative factors considered by the Compensation Committee include the executives' contribution to achieving the Company's overall vision, the evaluation of the executives' performance against their stated objectives, their experience, skill sets and the breadth and scope of their responsibilities.

Significance of Company Results. The Compensation Committee believes that the named executive officers' contributions to the Company's overall performance are more important than their individual performance. Accordingly, all of the annual bonus opportunity for Messrs. Dunston, Culbreth, Campbell and Adams is dependent upon the Company's performance in relation to its operating profitability goals.

Consideration of Compensation Risk. The Company's compensation programs are discretionary, balanced and focused on the long-term. Under this structure, the highest amount of compensation can be achieved through consistent

superior performance over sustained periods of time. This provides strong incentives to manage the Company for the long term, while avoiding excessive risk in the short term. The elements of the Company's variable compensation program are balanced among current cash payments and longer-term equity awards. The Company uses a mix of quantitative and qualitative performance measures to assess achievement for its performance-based

restricted stock unit awards to avoid placing excessive weight on a single performance measure. The Company has also adopted stock ownership guidelines under which its named executive officers are expected to hold a significant amount of Company stock on an ongoing basis, which the Compensation Committee believes helps mitigate compensation-related risk by focusing the officers' attention and efforts on the long-term stock performance of the Company.

Use of Compensation Consultants and Peer Group Data. The Company, at the direction of the Compensation Committee, retains an independent compensation consultant every three to four years to assist the Compensation Committee by collecting compensation data regarding peer group companies, which is used by the Compensation Committee in reviewing and establishing executive compensation guidelines. The Compensation Committee considers this data, among other factors, when it determines the components and amounts of total compensation that are appropriate for the Company's named executive officers. In its most recent compensation review in 2015, the Company retained Pearl Meyer & Partners ("Pearl Meyer") to evaluate the competitiveness of the Company's executive compensation program, the alignment of executive compensation and Company performance and update the Company's Competitive Peer Group for use in the evaluation of the Company's compensation practices. Pearl Meyer performs no other services for the Company other than those described in this section. The Compensation Committee has examined Pearl Meyer's relationship with the Compensation Committee members, the Company and the Company's management and has determined that Pearl Meyer's work has not raised any conflict of interest.

The Company's Competitive Peer Group was updated at the recommendation of Pearl Meyer and consists primarily of similar-sized companies in the furniture and building products industries that may compete with the Company for executive talent and which investors may consider as investment alternatives to the Company. For purposes of Pearl Meyer's 2015 analysis, the Company's Competitive Peer Group included: Bassett Furniture Industries, Inc., Builders FirstSource, Inc., The Dixie Group Inc., Ethan Allen Interiors Inc., Flexsteel Industries, Inc., Gibraltar Industries, Inc., Kimball International, Inc., La-Z-Boy Incorporated, OMNOVA Solutions Inc., Patrick Industries, Inc., Select Comfort Corporation, Simpson Manufacturing Co., Inc., Trex Company, Inc., Herman Miller, Inc., Masonite International Corporation, Ply Gem Holdings, Inc., Libbey Inc., and Continental Building Products, Inc.

In its 2015 update, Pearl Meyer evaluated the competitiveness of compensation programs using proxy information from the companies included as part of the Company's Competitive Peer Group, and also considered data compiled from published surveys of executive compensation for other comparably-sized companies within the durable goods manufacturing sector. Pearl Meyer's findings were that both the Company's targeted annual cash compensation and long-term compensation levels fell within a range between the 25th percentile to the 50th percentile of median market compensation for the companies included as part of the Company's Competitive Peer Group and for comparably-sized companies in comparable industries. These findings were consistent with the Compensation Committee's compensation objective.

Results of 2016 Say on Pay Vote. At the Company's Annual Meeting of Shareholders held on August 25, 2016, 99.5% of votes cast by its shareholders (excluding abstentions and broker non-votes) approved on an advisory basis the Company's executive compensation program as disclosed in its 2016 proxy statement. The Compensation Committee considered the results of the 2016 say-on-pay vote in formulating the Company's executive compensation program for fiscal year 2017 and, partially in light of the overwhelming support that the 2016 say-on-pay proposal received, did not make any specific changes to the fiscal year 2017 executive compensation program in response to the vote.

Stock Ownership Guidelines. The Company has adopted guidelines for stock ownership by its named executive officers. The Company determines the amount of Company stock its named executive officers holds by including all shares of stock owned outright by the individual as well as earned but unvested restricted stock units ("RSUs"), but not unexercised stock options, so that a minimum ownership of Company stock is achieved. For Mr. Dunston, the stock ownership guideline is equivalent to three times his base salary, and for Messrs. Culbreth, Campbell and Adams, the stock ownership guideline is equivalent to their respective base salaries. As of April 30, 2107 all NEOs meet the

ownership guideline established by the Company.

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Elements of Compensation

The compensation program for executive officers for fiscal year 2017 consisted of the following elements:

Elements available to substantially all salaried employees:

- base salary;
- annual performance-based cash bonus;
- annual employee profit sharing; and
- retirement and health and welfare benefits.

Elements available to the Company's NEOs, key managers and selected employees:

- long-term incentive awards in the form of restricted stock units.

Elements available only to NEOs:

- other benefits, which includes the ability to purchase products at a discounted price, and
a medical exam from a nationally recognized medical clinic.

These compensation elements are described below:

Base Salary. Base salary is intended to compensate the Company's executives for:

- the scope of their responsibilities;
- the complexity of the tasks associated with their position within the Company;
- their skill set; and
- their performance.

Base salaries for all executives have been competitively established based on salaries paid for like positions in comparably-sized companies in similar industries. When setting annual base salaries for the executives, the Compensation Committee targets approximately the 45th percentile of annual base salaries for similar positions in comparably sized companies. The companies used for comparison of base salaries may include additional companies from those used in the Company's Competitive Peer Group where other competitive factors or local market conditions warrant. These salaries are obtained by management periodically and reviewed by the Compensation Committee to assure continued competitiveness and are adjusted when necessary.

While the other named executive officers received a salary increase ranging from approximately 3-10% during fiscal year 2017, Mr. Culbreth's base salary for fiscal year 2017 was increased by approximately 16%, from \$289,224 to \$335,500, to align more closely with the average base salary level for the CFO position in comparably sized companies.

Annual Cash Bonus. Annual cash bonus incentive awards are provided as an incentive to executives to achieve the Company's annual financial goals, and reflect the Compensation Committee's belief that a significant portion of the annual compensation of senior executives and other key employees should be contingent upon the financial performance of the Company. Annual bonus levels are established as a percentage of base salary. Jobs with greater spans of control and impact upon the Company's results have higher bonus percentages. For fiscal year 2017, Mr. Dunston was eligible for a maximum potential bonus opportunity equal to 150% of his base salary; and Messrs. Culbreth, Campbell and Adams were eligible for a maximum potential bonus opportunity equal to 100% of their respective base salaries.

Named executive officers have one component to their annual bonus that is tied to the Company's performance for the fiscal year. Other employees have two components to their annual bonus: one component that is

ties to the Company's performance for the fiscal year, and one component that is tied to individual performance. For fiscal year 2017, operating income was utilized to measure Company performance for nearly every employee in the Company, due to its ease of understanding as a simple, consistent and important indicator of the Company's annual performance. Individual performance is assessed by each employee's manager based on agreed-upon goals established at the onset of the fiscal year. No portion of an employee's individual goal bonus is paid unless the Company achieves positive operating profitability.

All of the annual cash bonus opportunity for Messrs. Dunston, Culbreth, Campbell and Adams during fiscal year 2017 was dependent upon the Company's performance with respect to its operating income performance measure.

Company Goals. On an annual basis, the Compensation Committee establishes bonus goals for Company performance based upon a variety of factors including progress achieved towards critical elements of the Company's long-term strategy, prior year performance, and the external economic environment. As a result, Company-wide performance targets vary from fiscal year to fiscal year. The annual performance goals for each of the fiscal years listed below represented the expected range across the following three levels of performance:

- "Threshold" representing the minimum level of achievement in order to qualify for payment;
- "Target" representing performance consistent with demanding expectations to qualify for a payout of 60% of the maximum; and
- "Superior" representing outstanding performance against demanding expectations to achieve 100% of the maximum.

Company performance falling between each performance level results in an interpolated percentage payout based upon a predetermined scale. No annual bonuses are paid if the Company's performance is below the predetermined operating profitability threshold.

Company performance targets are set sufficiently high to require excellent performance. In the last ten years, the Company has achieved superior performance one time, and achieved target performance three times. Annual performance goals for Company performance at the threshold, target and superior performance levels for fiscal year 2017, as well as the actual operating income achieved, are presented in the table below.