

PATRICK INDUSTRIES, INC.
Audit Committee Charter

PURPOSE

The Audit Committee is appointed by the Board of Directors for the primary purposes of:

- Assisting the Board of Directors in fulfilling its oversight responsibilities as they relate to the Company's accounting policies and internal controls, financial reporting practices, audits of the Company's financial statements, and legal and regulatory compliance, and
- Maintaining, through regularly scheduled meetings, a line of communication between the Board of Directors and the Company's financial management, internal auditors, and independent accountants.

COMPOSITION AND QUALIFICATIONS

The Audit Committee shall be appointed by the Board of Directors and shall be comprised of three or more Directors (as determined from time to time by the Board), each of whom shall meet the independence requirements of the Nasdaq Stock Market, Inc. Each member of the Audit Committee shall have the ability to understand fundamental financial statements. In addition, at least one member of the Audit Committee shall have past employment experience in finance or accounting, professional certification in accounting, or any other comparable experience or background which results in the individual's financial sophistication, including being or having been a chief executive officer, chief financial officer, or other senior officer with financial oversight responsibilities.

RESPONSIBILITIES

The Audit Committee will:

- (1) Review the annual audited financial statements with management and the independent accountants. In connection with such review, the Audit Committee will:
 - Discuss with the independent accountants the matters required to be discussed by Statement on Auditing Standards No. 61 relating to the conduct of the audit.
 - Review changes in accounting or auditing policies, including resolution of any significant reporting or operational issues affecting the financial statements.
 - Inquire as to the existence and substance of any significant accounting accruals, reserves or estimates made by management that had or may have a material impact on the financial statements.
 - Review with the independent accountants any problems encountered in the course of their audit, including any change in the scope of the planned audit work and any restrictions placed on the scope of such work, any management letter provided by the independent accountants, and management's response to such letter.
 - Review with the independent accountants and the senior internal auditing executive the adequacy of the Company's internal controls, and any significant findings and recommendations.
- (2) Review with management and the independent accountants the Company's quarterly financial statements in advance of quarterly earnings releases. This Committee may delegate this function to any one of the Audit Committee Financial experts.

- (3) Oversee the external audit coverage. The Company's independent accountants are ultimately accountable to the Board of Directors and the Audit Committee, which have the ultimate authority and responsibility to select, evaluate, and, where appropriate, replace the independent accountants. In connection with its oversight of the external audit coverage, the Audit Committee will:
- Have the sole authority for the appointment of the independent accountants.
 - Approve the engagement letter and the fees to be paid to the independent accountants.
 - Obtain confirmation and assurance as to the independent accountants independence and absence of conflicts of interests, including ensuring that they submit on a periodic basis (not less than annually) to the Audit Committee a formal written statement delineating all relationships between the independent accountants and the Company. The Audit Committee is responsible for actively engaging in a dialogue with the independent accountants with respect to any disclosed relationships or services that may impact the objectivity and independence of the independent accountants and for recommending that the Board of Directors take appropriate action in response to the independent accountants' report to satisfy itself of their independence.
 - Meet with the independent accountants prior to the annual audit to discuss planning and staffing of the audit.
 - Review and evaluate the performance of the independent accountants, as the basis for a recommendation to the Board of Directors with respect to reappointment or replacement.
 - Ensure audit partner rotation.
- (4) Oversee internal audit coverage. In connection with its oversight responsibilities, the Audit Committee will:
- Review the appointment or replacement of the senior internal auditing executive.
 - Review, in consultation with management, the independent accountants and the senior internal auditing executive, the plan and scope of internal audit activities.
 - Review internal audit activities, budget, and staffing.
 - Review significant reports to management prepared by the internal auditing department or the Company's independent accountants and management's responses to such reports.
 - Pre-approve all audit and permitted non-audit services.
- (5) Meet periodically with management to review and assess the Company's major financial risk exposures and the manner in which such risks are being monitored and controlled.
- (6) Meet at least annually in separate executive session with each of the chief financial officer, the senior internal auditing executive, and the independent accountants.
- (7) Review periodically with the Company's General Counsel (i) legal and regulatory matters which may have a material affect on the financial statements, and (ii) corporate compliance policies or codes of conduct.
- (8) Prepare the report of the Audit Committee required by the rules of the Securities and Exchange Commission to be included in the proxy statement for each annual meeting.

