

COMPENSATION COMMITTEE CHARTER:

Requirements:

NASDAQ FINAL RULES:

- The Compensation of the CEO is to be determined or recommended to the Board for its determination, by either a majority of independent directors or a wholly-independent compensation committee. The CEO may not be present during voting or deliberations. Compensation of all other executive officers would be required to be determined in the same manner, except that the CEO would be permitted to be present and vote.
- The NASDAQ is silent as to the Compensation Committee Charter.

PATRICK INDUSTRIES, INC. COMPLIANCE

- A. The compensation of the CEO is determined by the full Board upon recommendation by the Compensation Committee. The CEO is not involved in the process. The Compensation of the other executive officers is determined in accordance with the same procedures except that the CEO is involved in the process.
- B. Although the NASDAQ is silent with regards to the Compensation Committee Charter, the Company has adopted the following charter in accordance with the provisions of the NYSE. In accordance with best practices, this charter will be posted on the Company's website.

PATRICK INDUSTRIES, INC.
COMPENSATION COMMITTEE CHARTER

The Compensation Committee reports to the Board of Directors and shall be comprised of at least three (3) independent Board members elected (or appointed) by the Board of Directors. The Committee will meet as necessary but not less than twice annually. Each committee member will serve for two years or a period of time as deemed by the Board.

The Compensation Committee is responsible for reviewing and insuring the Company's compensation and benefit plans and policies as well as enabling the Company to attract and retain qualified employees who are capable of achieving the Company's goals of increasing shareholder value, its operational plans, and accomplishing its mission statement.

The Compensation Committee, in the course of its reviews, will insure the compensation plans and policies used by Management meet the requirements of federal and state laws.

The Compensation Committee will report its findings and make recommendations to the Company's Board of Directors at least annually. Additionally the Committee will review and approve proxy statement committee reports.

The following are the Committee's specific areas of responsibilities:

- 1) Review and recommend an annual compensation package for the President, Chief Executive Officer, Chief Operating Officer, and any other Officer of the Company.
- 2) Review and approve all annual salaries in excess of \$150,000 (including non-cash benefits).
- 3) Review and approve all annual bonuses in excess of \$100,000 and/or in excess of seventy-five (75) percent of an employee's annual salary.
- 4) Review and approve goals relevant to Chief Executive Officer compensation.
- 5) Evaluate Chief Executive Officer performance in light of goals.
- 6) Review and discuss Management's recommendation of the annual discretionary Company contribution to the 401K program.
- 7) Review and approve the matching contribution specified by the 401K plan.
- 8) Review and approve annual accrual for the Deferred Compensation Agreements.
- 9) Review and approve all grants of common stock under the Company's Stock Option Plan.
- 10) Review and approve all long-term employment contracts.
- 11) Review and approve any compensation plan having a material effect on the Company's financial results.
- 12) The Committee will have authority over:
 - a. Compensation consultants.
 - b. Committee member qualifications.
 - c. Committee member appointment and removal.
 - d. Committee structure and operations.

The Committee will report its findings in regularly scheduled meetings of the Board of Directors.

The Committee shall report regularly its findings and recommendations to the Board. The Committee may delegate any of its responsibilities and duties to one or more members of the Committee, except to the extent that such delegation would be inconsistent with the requirements of the Securities Exchange Act of 1934, as amended, or the listing rules of the NASDAQ national market.

To assist in the conduct of its responsibilities, the committee, to the extent it deems necessary or appropriate, may consult with management, may seek advice and assistance from Patrick employees or others, and may retain legal counsel and search firms. The Committee has the authority to retain and terminate any search firm used to identify director candidates and has the authority to approve such firm's fees and other terms of retention.

The Committee shall annually evaluate its own performance.