

PATRICK INDUSTRIES, INC. CORPORATE GOVERNANCE GUIDELINES

Over the course of the Company's history, the Board has developed corporate governance practices to help it fulfill its responsibilities to shareholders to oversee the work of management and the Company's business results. The governance practices are memorialized in these guidelines to assure that the Board will have the necessary authority and practices in place to review and evaluate the Company's business operations as needed and to make decisions that are independent of the Company's management. The guidelines are also intended to align the interests of directors and management with those of Patrick's shareholders.

The guidelines are subject to future refinement or changes as the Board may find necessary or advisable for Patrick in order to achieve these objectives.

Board Composition and Selection; Independent Directors

1. Board Size. The Board believes 8 to 10 is an appropriate size based on the Company's present circumstances. The Board periodically evaluates whether a larger or smaller slate of directors would be preferable.

2. Selection of Board Members. Board members are elected to serve three (3) year terms by the Company's shareholders, except as noted below with respect to vacancies. Each year at the Company's annual meeting, the Board recommends a slate of directors for election by shareholders. The Board's recommendations are based on its determination (using advice and information supplied by the Governance and Nominating Committee) as to the suitability of each individual, and the slate as a whole, to serve as directors of the Company, taking into account the membership criteria discussed below. The Board's recommendations must be approved by a majority of the independent directors.

The Board may fill vacancies in existing or new director positions. Such directors elected by the Board serve only until the next election of directors unless elected by the shareholders to a further term at that time.

3. Board Membership Criteria. The Governance and Nominating Committee works with the Board on an annual basis to determine the appropriate characteristics, skills and experience for the Board as a whole and its individual members. In evaluating the suitability of individual Board members, the Board takes into account many factors, including general understanding of marketing, finance and other disciplines relevant to the success of a publicly-traded company in today's business environment; understanding of Patrick's business on a technical level; and educational and professional background. The Board evaluates each individual in the context of the Board as a whole, with the objective of recommending a group that can best perpetuate the success of the business and represent shareholder interests through the exercise of sound judgment, using its diversity of experience. In determining whether to recommend a director for re-election, the Governance and Nominating Committee also considers the director's past attendance at meetings and participation in and contributions to the activities of the Board.

4. Board Composition – Mix of Management and Independent Directors. The Board believes that, except during periods of temporary vacancies, a majority of its directors must be independent. In determining the independence of a director, the Board will apply the definition of "independent director" in the listing standards of the NASDAQ Stock Market and applicable laws and regulations.

5. Term Limits. The Board does not believe it should limit the number of terms for which an individual may serve as a director. Directors who have served on the Board for an extended period of time are able to provide valuable insight into the operations and future of the Company based on their experience with and understanding of the Company's history, policies and objectives. The Board believes that, as an alternative to term limits, it can ensure that the Board continues to evolve and adopt new viewpoints through the evaluation and nomination process described in these guidelines.

6. Directors with Significant Job Changes. The Board believes that any director who retires from his or her present employment, or who materially changes his or her position, should tender resignation to the Board. The Board, and specifically the Governance and Nominating Committee, would then evaluate whether the Board should accept the resignation based on a review of whether the individual continues to satisfy the Board's membership criteria in light of his or her new occupational status.

