

CORPORATE GOVERNANCE AND NOMINATIONS COMMITTEE CHARTER:

Requirements:

NASDAQ FINAL RULES:

- The nomination of directors must be determined by a majority of independent directors or a nominations committee composed solely of independent directors.
- Each listed company is to have a written charter or board resolution addressing the nominations process and such related matters as may be under the federal securities laws.

PATRICK INDUSTRIES, INC. COMPLIANCE

- A. In accordance with best practices, Patrick Industries has adopted the following Corporate Governance Guidelines which will be posted on the Company's website:

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 number of directors would be preferable.

2. Selection of Board Members. Board members are elected to serve one (1) 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

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.

7. Selection of CEO and Chairman. The Board selects the Company's CEO and Chairman in the manner that it determines to be in the best interests of the Company's shareholders.

8. No Specific Limitation on Other Board Service. The Board does not believe that its members should be prohibited from serving on boards and/or committees of other organizations, and the board has not adopted any guidelines limiting such activities. However, the Governance and Nominating Committee and the Board will take into account the nature of and time involved in a director's service on other boards in evaluating the suitability of individual directors and making its recommendations to Company shareholders. Service on boards and/or committees of other organizations should be consistent with the Company's conflict of interest policies.

Board Meetings; Involvement of Senior Management

9. Board Meetings – Agenda. The Chairman and CEO, taking into account suggestions from other members of the Board, will set the agenda for each Board meeting, and will distribute this agenda in advance to each director.

10. Advance Distribution of Materials. All information relevant to the Board's understanding of matters to be discussed at an upcoming Board meeting should be distributed in writing or electronically to all members in advance, whenever feasible and appropriate. This will help facilitate the efficient use of meeting time. In preparing this information, management should ensure that the materials distributed are as concise as possible, yet give directors sufficient information to make informed decisions. The Board acknowledges that certain items to be discussed at Board meetings are of an extremely sensitive nature and that the distribution of materials on these matters prior to Board meetings may not be appropriate.

11. Access to Employees. The Board should have access to Company employees in order to ensure that directors can ask all questions and glean all information necessary to fulfill their duties. The Board may specify a protocol for making such inquiries. Management is encouraged to invite Company personnel to any Board meeting at which their presence and expertise would help the Board have a full understanding of matters being considered.

12. Executive Sessions of Independent Directors. The independent directors of the Company will meet at least two times per year in executive session, i.e., with no management directors or management present. These executive session discussions may include such topics as the independent directors determine.

Performance Evaluation; Succession Planning

13. Succession Planning. As part of the annual officer evaluation process, the Compensation Committee works with the CEO to plan for CEO succession, as well as to develop plans for interim succession for the CEO in the event of an unexpected occurrence. Succession planning may be reviewed more frequently by the Board as it deems necessary.

14. Board Self-Evaluation. The Governance and Nominating Committee is responsible for conducting an annual evaluation of the performance of the full Board and reports its conclusions to the Board. The Governance and Nominating Committee's report should generally include an assessment of the Board's compliance with the principles set forth in these guidelines, as well as identification of areas in which the Board could improve its performance.

Compensation

15. Board Compensation Review. Company management should report to the Board on an annual basis as to how the Company's director compensation practices compare with those of other similar public corporations. The Board should make changes in its director compensation practices only upon the recommendation of the Governance and Nominating Committee, and following discussion and concurrence by the Board.

16. Director Stock Ownership. The Board believes that, in order to align the interests of directors and shareholders, directors should have a significant financial stake in the Company. The Board will evaluate whether exceptions should be made for any director on whom this requirement would impose a financial hardship.

Committees

17. Number and Type of Committees. The Board has 3 committees - an Audit Committee, a Compensation Committee, and a Governance and Nominating Committee. The Board may add new committees or remove existing committees as it deems advisable in the fulfillment of its primary responsibilities. Each committee will perform its duties as assigned by the Board of Directors in compliance with Company bylaws and the Committee's charter. Committee duties may be described briefly as follows:

Audit Committee. The Audit Committee reviews the work of the Company's internal accounting and audit processes. The committee is directly responsible for the appointment, compensation, retention and oversight of the Company's independent auditors.

Compensation Committee. The Compensation Committee stays informed as to market levels of compensation and, based on evaluations, recommends compensation levels and systems to the Board. Compensation of the Chief Executive Officer will be determined by the Compensation Committee or by a majority of the independent directors.

□ Governance and Nominating Committee. The Governance and Nominating Committee is responsible for recommending to the Board individuals to be nominated as directors. The committee evaluates new candidates and current directors, and performs other duties as described elsewhere in these guidelines.

18. Composition of Committees; Committee Chairpersons. The Audit, Compensation, and Governance and Nominating Committees consist solely of independent directors. The Board is responsible for the appointment of committee members and committee chairpersons according to criteria that it determines to be in the best interest of the Company and its shareholders.

19. Committee Meetings and Agenda. The chairperson of each committee is responsible for developing, together with relevant Company managers, the committee's general agenda and objectives and for setting the specific agenda for committee meetings. The chairperson and committee members will determine the frequency and length of committee meetings consistent with the committee's charter.

Miscellaneous

20. Review of Governance Guidelines. The practices memorialized in these guidelines have developed over a period of years. The Board expects to review these guidelines at least every two years as appropriate.

- A. The following Corporate Governance and Nominations Committee Charter has been reviewed by the Nominations Committee and approved by the full Board of Directors:
- B. Although the NASDAQ is silent with regards to the Nominations 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. CORPORATE GOVERNANCE AND NOMINATIONS COMMITTEE CHARTER

The Corporate Governance and Nominations Committee (the "Committee") reports to the Board of Directors (the "Board") and shall be comprised of at least three independent Board members as defined by the NASDAQ national market, elected (or appointed) by the Board. The Committee will meet as deemed necessary, but not less than once annually. Each committee member will serve for not less than two years.

The Committee is responsible for the ensuring compliance with the standards as set forth in the Patrick Industries, Inc. Corporate Governance Guidelines. Additionally, the Committee is responsible for the reviewing and ensuring ongoing compliance as new guidelines are set and implemented in accordance with all appropriate laws and regulations governing the Company and its subsidiaries.

The Committee is responsible for reviewing, interviewing, and recommending candidates and potential candidates for appointment to the Board. The following is the process for presenting a potential candidate to the Nominations Committee:

- The Committee shall receive suggestions concerning possible candidates for election to the Board, including all self-nominations and third-party nominations. The Committee shall review and evaluate the qualifications of all individuals identified as possible candidates for director and recommend to the Board individuals for election as directors. This function shall include but not be limited to making recommendations regarding:

- Individuals for vacancies occurring from time to time, including vacancies resulting from an increase in the size of the Board; and
- The slates of directors proposed on behalf of management at annual meetings of shareholders
- In accordance with the By-Laws, a potential candidate can be recommended to the Committee by the following persons:
 - Any Member of the Board of Directors
 - Any stockholder who is a stockholder of record at the time of giving the notice of nomination provided for in the By-Laws and who is entitled to vote in the election of directors.
 - All nominations and stockholder's notices must include the information as specified in the By-Laws.
- Among other criteria that the Committee may develop, new candidates must:
 - Be able and willing to represent the shareholders' short and long term interests
 - Be able to contribute to the evaluation of the existing management of Patrick Industries, Inc.
 - Be cognizant of the responsibilities of Patrick Industries, Inc. to its employees, customers, regulatory authorities, and of its civic and social responsibilities
 - Be willing to take the necessary time to properly prepare for Board and Committee meetings, including a thorough review of the material supplied before each Board meeting.
- Incumbent directors will be evaluated for re-nomination based on the following criteria:
 - Adequate preparation for Board and Committee meetings including thorough review of material supplied before each meeting
 - Participation in and contributions to Board and Committee discussions through useful and pertinent suggestions, questions, and comments which reflect an informed and independent viewpoint
 - Providing ongoing advice and counsel to management on the director's own initiative and when requested by management
 - Regular attendance at Board meetings
 - Maintaining an independent familiarity with the external environments in which the Company operates and especially in that director's own particular expertise
- The size of the Board in terms of number will be solely at the discretion of the Board based on factors including, but not limited to Company structure, annual sales volume, number of operating units, and complexity of organization chart. The Board may, at any time deny a candidate's request for admission to the Board if it is determined that the size and composition of the Board at the time of the request is appropriate.
- All candidate requests for nomination to the Board should be submitted to the Committee Chairman in care of the Company's Chief Financial Officer at the corporate address. The Chief Financial Officer will be responsible for forwarding **ALL** requests to the Nominations Committee Chairman within 10 business days of receipt of such request.
- All requests for nomination to the Board are required to be received by the Chief Financial Officer no later than six (6) months prior to the next annual meeting, in order for them to be considered at the next required meeting of the Committee.
- All potential new candidate requests should include a cover letter and a resume listing the potential candidate's qualifications and at least three (3) professional references with corresponding addresses and telephone numbers.
- All appropriately received requests will be considered at the next Committee meeting.
- Neither the Committee nor the Board of Directors shall have a commitment to respond in any way to the potential candidate's request in the event that it is determined that the candidate will not be recommended to the Board for admission.

The Committee shall have the responsibility for recommending to the Board annually the persons to be elected as Executive Officers of Patrick Industries, Inc.

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.

The Nominations Committee, in the course of its reviews, will insure the policies used meet the requirements of federal and state laws.

To assist it 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 sole authority to approve such firm's fees and other terms of retention.

The Committee shall annually evaluate its own performance.