



**PATRICK INDUSTRIES, INC.  
COMPENSATION COMMITTEE CHARTER**

The Compensation Committee (the “Committee”) is appointed by the Board of Directors (the “Board”) to discharge the Board’s responsibilities relating to compensation of Patrick Industries, Inc. (the “Company”) Chief Executive Officer (the “CEO”) and the Company’s other executive officers (collectively, including the CEO, the “Executive Officers”). The Committee has overall responsibility for approving and evaluating all compensation plans, policies and programs of the Company as they affect the Executive Officers.

**Committee Membership**

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. Each committee member will serve for two years or a period of time as deemed by the Board. The members of the Committee shall meet the independence requirements of the Nasdaq Stock Market.

At least two members of the Committee also shall qualify as “outside” directors within the meaning of Internal Revenue Code Section 162(m) and as “non-employee” directors within the meaning of Rule 16b-3 under the Securities Exchange Act of 1934, as amended.

**Meetings**

The Committee will meet as necessary to carry out its responsibilities but not less than twice annually.

**Responsibilities and Authority**

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, recommend and approve, as least annually, the compensation for the President, Chief Executive Officer, Chief Financial Officer, and any other Officer of the Company. The CEO shall not be present during any Committee deliberations or voting with respect to his or her compensation.
- 2) Review and approve all annual salaries in excess of \$300,000 (including non-cash benefits).
- 3) Review and approve all annual bonuses in excess of \$300,000 and/or in excess of one hundred-twenty five percent (125%) of an employee’s annual salary.
- 4) Review and approve goals relevant to the Chief Executive Officer’s compensation.

- 5) Evaluate Chief Executive Officer performance in light of goals.
- 6) The Committee shall, periodically and as and when appropriate, review and approve the following as they affect the Officers: (a) all other incentive awards and opportunities, including both cash-based and equity-based awards and opportunities; (b) any employment agreements and severance arrangements; (c) any change-in-control agreements and change-in-control provisions affecting any elements of compensation and benefits; and (d) any special or supplemental compensation and benefits for the Officers and individuals who formerly served as Officers, including supplemental retirement benefits and the perquisites provided to them during and after employment.
- 7) The Committee shall review and discuss the Compensation Discussion and Analysis (the "CD&A") required to be included in the Company's proxy statement and annual report on Form 10-K by the rules and regulations of the Securities and Exchange Commission (the "SEC") with management, and, based on such review and discussion, determine whether or not to recommend to the Board that the CD&A be so included.
- 8) The Committee shall produce the annual Compensation Committee Report for inclusion in the Company's proxy statement in compliance with the rules and regulations promulgated by the SEC.
- 9) The Committee shall monitor the Company's compliance with the requirements under the Sarbanes-Oxley Act of 2002 relating to loans to directors and officers, and with all other applicable laws affecting employee compensation and benefits.
- 10) The Committee shall oversee the Company's compliance with SEC rules and regulations regarding shareholder approval of certain executive compensation matters, including advisory votes on executive compensation and the frequency of such votes, and the requirement under the NASDAQ rules that, with limited exceptions, shareholders approve equity compensation plans.
- 11) Review and discuss Management's recommendation of the annual discretionary Company contribution to the 401K program.
- 12) Review and approve the matching contribution specified by the 401K plan.
- 13) Review and approve annual accrual for the Deferred Compensation Agreements.
- 14) Review and approve all equity-related grants under the 2009 Omnibus Incentive Plan including options, performance and time-based stock awards, restricted stock awards, and other stock based incentives.
- 15) Review and approve all long-term employment contracts.
- 16) Review and approve any compensation plan having a material effect on the Company's financial results.
- 17) The Committee shall have the authority, in its sole discretion, to retain and terminate (or obtain the advice of) any adviser to assist it in the performance of its duties, but only after taking into consideration factors relevant to the adviser's independence from management specified in NASDAQ Listing Rule 5605(d)(3). The Committee shall be directly responsible for the appointment, compensation and oversight of the work of any adviser retained by the Committee, and shall have sole authority to approve the adviser's fees and the other terms and conditions of the adviser's retention. The Company must provide for appropriate funding, as determined by the Committee, for payment of reasonable compensation to any adviser retained by the Committee.
- 18) The Committee will have authority over:
  - a. Committee member qualifications
  - b. Committee member appointment and removal
  - c. Committee structure and operations.

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, as set forth above, may retain legal counsel and third party advisors, including an independent compensation consultant or firm.

The Committee shall annually evaluate its own performance.

The Committee shall review and reassess the adequacy of this Compensation Committee Charter and recommend any proposed changes to the Board of Directors as it deems necessary.