



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

The Compensation Committee (or the “Committee”) of Patrick Industries, Inc. (the “Company”) is appointed by the Board of Directors (the “Board”) to discharge the Board’s responsibilities relating to compensation of the Chief Executive Officer (the “CEO”) of the Company and the Company’s other senior 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 Composition and Qualifications

The Compensation Committee reports to the Board and shall be comprised of at least three (3) independent Board members appointed by the Board. The members of the Committee shall meet the independence requirements of the Nasdaq Stock Market and any other applicable law or regulations.

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.

Meeting Structure

The chairperson of the Compensation Committee will preside at each meeting of the Committee and, in consultation with the other members of the Committee, shall set the frequency of meetings and the agenda of items to be addressed at each meeting. The chairperson will ensure that the agenda for each meeting is circulated in advance of the meeting. Minutes shall be prepared for each meeting of the Committee, which minutes shall be submitted to the Committee for approval at a later meeting. The minutes of all meetings of the Committee shall be made available to all independent Board members and delivered to the Secretary of the Company for filing.

The Committee will meet as necessary to carry out its responsibilities but not less than twice annually. Directors not on the Committee may attend meetings of the Committee at the discretion of the chairperson. A majority of the members of the Committee shall constitute a quorum for the transaction of business. The Committee may act by unanimous written consent of all members in lieu of a meeting. The Committee may meet by telephone conference call or by any other means permitted by law and the Company’s bylaws.

Responsibilities and Authority

The primary objective of the Compensation Committee is to develop and implement compensation policies and plans that ensure the attraction and retention of key management personnel, the motivation of management to achieve the Company’s corporate goals and strategies, and the alignment of the interests of management with the long-term interests of the Company’s shareholders.

The Compensation Committee, in the course of its oversight, will evaluate and monitor the Company’s compensation plans’ and policies’ compliance with the requirements of federal and state laws.

The Compensation Committee will report its findings to the Board concerning areas of the Compensation Committee's responsibility at least annually.

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

- 1) Review and approve, as least annually, the compensation for the Executive Officers 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 any compensation matters relating to the succession of the Executive Officers of the Company.
- 3) Review and approve all annual salaries in excess of \$350,000 (including non-cash benefits).
- 4) Review and approve all annual bonuses in excess of \$500,000.
- 5) Review and approve goals and objectives relevant to the CEO's compensation and evaluate CEO performance in light of the Company's goals and objectives and approve the compensation based upon such evaluation.
- 6) The Committee shall, periodically and as when appropriate, review and approve the following as they affect the Executive 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 Executive Officers and individuals who formerly served as Executive 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, 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 accordance with applicable rules and regulations.
- 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) Make recommendations to the Board with respect to the approval, adoption and amendment of all equity-based plans that are subject to Board approval, including equity-based incentive compensation plans in which any Executive Officer of the Company participates. The Committee will be responsible for the administration of, or providing for the administration of, all equity-based plans, and will approve all grants of stock options and other equity-based awards, subject to the terms and conditions of applicable plans. The Committee may delegate to the Chief Executive Officer the determination of the amount and type of awards that may be granted to employees of the Company that are not Executive Officers.

- 12) The Committee will consider, at least annually, the extent to which the risks arising from the compensation policies and practices of the Company are reasonably likely to have a material adverse effect on the Company as a whole.

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 Stock Market.

To assist in the conduct of its responsibilities, the Committee, in its sole discretion, may consult with management, may seek advice and assistance from, rely upon advice and information that it receives in its discussions and communications with, Executive Officers, Patrick employees, experts, advisors and professions with whom the Committee may consult, and legal counsel and third party advisors, including an independent compensation consultant or firm.

The Committee shall have the authority, in its sole discretion, to retain and terminate (or obtain the advice of) any consultants, legal counsel and/or other advisers 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 shall provide for appropriate funding, as determined by the Committee, for payment of reasonable compensation to a compensation consultant, legal counsel or any other adviser retained by the Committee.

The Committee shall annually evaluate its own performance.

The Committee shall review and reassess the adequacy of the Compensation Committee Charter and recommend any proposed changes to the Board annually.