UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-K

(Mark One)
[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 1999 or

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file Number 0-3922
PATRICK INDUSTRIES, INC.
(Exact name of Company as specified in its charter)

Indiana	35-1057796
(State or other jurisdiction of incorporation or organization)	(IRS Employer identification No.)

1800 South 14th Street, P.O. Box 638, Elkhart, Indiana	46515
(Address of principal executive offices)	(ZIP code)

Company's telephone number, including area code: (219) 294-7511

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act:

COMMON STOCK, WITHOUT PAR VALUE
PREFERRED SHARE PURCHASE RIGHTS
(Title of each class)

Indicate by check mark whether the Company (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Company was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No ________

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Company's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K [X]

The aggregate market value of the voting stock held by non-affiliates of the Company on March 22, 2000 (based upon the closing price on NASDAQ and an estimate that 76.61% of the shares are owned by non-affiliates) was $33,327,772. The closing market price was $8.250 on that day.

As of March 22, 2000, 5,273,266 shares of the Company's common stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE.

Portions of the Company's Proxy Statement for its Annual Meeting of Shareholders to be held on May 16, 2000 are incorporated by reference into Parts III of this Form 10-K.

EXPLANATORY NOTE: This Amendment is being filed to add the correct date to the signature page.

PART I

ITEM 1. BUSINESS

The Company is a leading manufacturer and supplier of building products and materials to the Manufactured Housing and Recreational Vehicle Industries. In addition, the Company is a supplier to certain other industrial markets, such as furniture manufacturing, marine, and the automotive aftermarket. The Company manufactures decorative vinyl and paper panels, cabinet doors, countertops, aluminum extrusions, drawer sides, pleated shades, wood adhesives, and laminating machines. The Company is also an independent wholesale distributor of pre-finished wall and ceiling panels, particleboard, hardboard siding, passage doors, roofing products, building hardware, insulation, and other related products.

The Company has a nationwide network of distribution centers for its products, thereby reducing intransit delivery time and cost to the regional manufacturing plants of its customers. The Company believes that it is one of the few suppliers to the Manufactured Housing and Recreational Vehicle Industries that has such a nationwide network. The Company maintains ten manufacturing plants and two distribution facilities near its principal offices in Elkhart, Indiana, and operates fourteen other warehouse and distribution centers and sixteen other manufacturing plants in fourteen states.

Strategy

Over time, the Company has developed very strong working relationships with its customers. In so doing, the Company has oriented its business and expansion to the needs of these customers. These customers include all of the larger Manufactured Housing and Recreational Vehicle manufacturers. The Company's customers generally demand high quality standards and a high degree of flexibility from their suppliers. The result has been that the Company focuses on maintaining and improving the quality of its manufactured products, and has developed a nationwide manufacturing and distribution presence in response to its customers' need for flexibility. As the Company explores new markets and industries, it believes that this nationwide network provides it with a strong foundation for expansion.

The Company continually seeks to improve its position as a leading supplier to the Manufactured Housing and Recreational Vehicle Industries and other industries to which its products, manufacturing processes, or sales and distribution system are applicable. Currently, approximately 67% of the Company's sales are to the Manufactured Housing industry, 16% to the Recreational Vehicle industry, and 17% to other industries. These industries, and the impact that they have on their suppliers, are characterized by cyclical demand and production, small order quantities, and short lead times. These characteristics have an impact on the suppliers, many of whom tend to be small, regional, and specific product line companies.

Management has identified several tools which it expects to utilize to accomplish its operating strategies, including the following:

Diversification into Additional Industries

While the Company continually seeks to improve its position as a leading supplier to the Manufactured Housing and Recreational Vehicle Industries, it is also seeking to expand its product lines into other industrial markets. Many of the Company's products, such as its countertops, cabinet doors, laminated panels, and shelving, have applications in the furniture and cabinetry markets. In addition, the manufacturing processes for the Company's aluminum extrusions are easily applied to the production of products for the marine, automotive and truck accessories markets and aftermarkets, and many other markets. The Company's adhesives are produced for almost all industrial applications.

Because industrial order size tends to be for larger numbers of units, the Company enjoys better production efficiencies for these orders. The Company believes that diversification into additional industries will reduce its vulnerability to the cyclical nature of the Manufactured Housing and Recreational Vehicle Industries. In addition, the Company believes that it's nationwide manufacturing and distribution capabilities enable it to more effectively serve it's customers and position it for product expansion.

Expansion of Manufacturing Capacity

In the last 4 years, the Company has invested approximately $37.7 million to upgrade existing facilities and equipment and to build new manufacturing facilities for its laminated paneling products, industrial adhesives, cabinet doors, and furniture components. In addition, the Company has invested $9.4 million to purchase existing businesses. The new capacity created by these investments has enabled the Company to accommodate future growth in the Company's product lines and markets.

Strategic Acquisitions and Expansion

The Company supplies a broad variety of building material products and, with its nationwide manufacturing and distribution capabilities, is well-positioned for the introduction of new products. The Company, from time to time, considers the acquisition of additional product lines, facilities or other assets to complement or expand its existing business. In 1997 the Company purchased the assets of two pleated shade manufacturers, and in 1998 acquired the assets of a wood component manufacturer who was a competitor. In 1996 the Company expanded existing product lines and capacity with the opening of a new manufacturing and distribution complex in Woodburn, Oregon, and in 1998 did the same in New London, North Carolina. In 1998 the Company also started a new plastic thermoforming operation in Indiana. In 1999 the Company expanded the Sun Adhesive facility in Decatur, Alabama to increase capacity.

Business Segments

The Company's operations comprise four reportable segments. Information related to those segments is contained in "Note 13-Segment Information" appearing herein the financial statements as noted in the index appearing under Item 14(a)(1) and (2).

Principal Products

The Company distributes primarily prefinished wall and ceiling panels, particleboard, hardboard siding, roofing products, passage doors, building hardware, insulation, and other products. Through its manufacturing divisions, the Company fabricates decorative vinyl and paper panels, cabinet doors, shelving, countertops, wood mouldings, aluminum extrusions, drawer sides, furniture components, wood adhesives, and laminating presses.

Pre-finished wall panels contributed more than 10% to total sales. The percentage contributions of this class of product to total sales was 39.7%, 42.4%, and 40.9% for the years ended December 31, 1999, 1998, and 1997 respectively.

The Company has no material patents, licenses, franchises, or concessions and does not conduct significant research and development activities.

Manufacturing Processes and Operations

The Company's laminating facilities utilize various materials including gypsum, particleboard, plywood, and fiberboard which are bonded by adhesives or a heating process to a number of products

including vinyl, paper, foil, and high pressure laminate. These laminated products are utilized to produce furniture, shelving, wall, counter, and cabinet products with a wide variety of finishes and textures.

The Company's plastic thermoforming operation utilizes two modern technology vacuum presses and robotic finishing equipment to thermoform products for our core industries and many other industries.

The Company's metals division utilizes sophisticated technology to produce aluminum extrusions for framing and window applications. In addition, the Company's metals division extrudes running boards, accessories for pick-up trucks, marine industry products, and construction-related materials.

The Company manufactures two distinct cabinet door product lines. One product line is manufactured from raw lumber utilizing solid oak and other hardwood materials. The Company's other line of doors is made of laminated fiberboard. The Company's doors are sold mainly to the Manufactured Housing and Recreational Vehicle Industries, and continue to gain acceptance with cabinet manufacturers and "ready-to-assemble" furniture manufacturers.

The Company's wood adhesive division, which supplies adhesives used in most of the Company's manufacturing processes and to outside industrial customers, uses a process of mixing non-toxic non-hazardous chemicals with water to produce adhesives sold in tubes, pails, barrels, totes, and rail tank cars.

Markets

The Company is engaged in the manufacturing and distribution of building products and material for use primarily by the Manufactured Housing and Recreational Vehicle Industries and other industrial markets.

Manufactured Housing

The Manufactured Housing Industry has historically served as a more affordable alternative to the home buyer. Because of the relatively lower cost of construction as compared to site-built homes, manufactured homes traditionally have been one of the principal means for first-time home buyers to overcome the obstacles of large down payments and higher monthly mortgage payments. Manufactured Housing also presents an affordable alternative to site-built homes for retirees and others desiring a lifestyle in which home ownership is less burdensome than in the case with site-built homes. The increase in square footage of living space in manufactured homes created by multi-sectional models has made them more attractive to a larger segment of home buyers.

Manufactured homes are built in accordance with national and state building codes. Manufactured homes are factory-built and transported to a site where they are installed, often permanently. Some manufactured homes have design limitations imposed by the constraints of efficient production and over-the-road transit. Delivery expense limits the effective competitive shipping range of the manufactured homes to approximately 400 to 600 miles.

The Manufactured Housing Industry is cyclical, and is affected by the availability of alternative housing such as apartments, town houses, and condominiums. In addition, interest rates, availability of financing, regional population, employment trends, and general regional economic conditions affect the sale of manufactured homes. The Manufactured Housing Institute reported that during the four-year period ended December 31, 1991, shipments of manufactured homes declined 26.6% to a total of approximately 171,000 units nationally in 1991. The reported number of units increased sharply in the five years following 1991, with increases in each of those years. Manufactured home unit shipments in 1999 were 349,000, which is 6.5% lower than 1998, but still 104% more units than shipped in 1991. In the second half of 1999 manufactured housing shipments did not keep pace with 1998 because retail lots and manufacturers both had significant inventories created by over-production in earlier months. The industry production levels will remain lower than those of 1998 until the excess inventory is sold.

Manufactured Housing Shipments:

1990 - 188,200
1991 - 170,700
1992 - 210,800
1993 - 254,300
1994 - 303,900
1995 - 339,600
1996 - 363,400
1997 - 353,400
1998 - 372,800
1999 - 348,700

These cycles have a historic precedent. The Company believes that the factors responsible for the national decline prior to 1992 included weakness in the manufacturing, the agricultural, and, in particular, the oil industry sectors. These industry sectors have historically provided a significant portion of the Manufactured Housing Industry's customer base. Additionally, high vacancy rates in apartments, high levels of repossession inventories, and over-built housing markets in certain regions of the country resulted in fewer sales of new manufactured homes in the past. Changes in these market characteristics have caused the Manufactured Housing cycle to change positively. Manufactured Housing now accounts for approximately 30% of all homes built.

Recreational Vehicles

The Recreational Vehicle Industry has been characterized by cycles of growth and contraction in consumer demand, reflecting prevailing general economic conditions which affect disposable income for leisure time activities. Fluctuations in interest rates, consumer confidence, and concerns about the availability and price of gasoline, in the past, have had an adverse impact on recreational vehicle sales. Recently the industry has been characterized by shifting demand towards lower-priced, higher-value products which appeal to economy-minded, value-conscious buyers.

Recreational Vehicle classifications are based upon standards established by the Recreational Vehicle Industry Association. The principal types of recreational vehicles include conventional travel trailers, folding camping trailers, fifth wheels, motor homes, and van conversions. These Recreational Vehicles are distinct from mobile homes, which are manufactured houses designed for permanent and semi-permanent residential dwelling.

Conventional travel trailers and folding camping trailers are non-motorized vehicles which are designed to be towed by passenger automobiles, pick-up trucks or vans. They provide comfortable, self-contained living facilities for short periods of time. Conventional travel trailers and folding camping trailers are towed by means of a frame hitch attached to the towing vehicle. Fifth wheel trailers, designed to be towed by pick-up trucks, are constructed with a raised forward section that is attached to the bed area of the pick-up truck. This allows for a bi-level floor plan and more living space than a conventional travel trailer.

A motor home is a self-powered vehicle built on a motor vehicle chassis. The interior typically includes a driver's area, kitchen, bathroom, dining, and sleeping areas. Motor homes are self-contained with their own lighting, heating, cooking, refrigeration, sewage holding, and water storage facilities. Although they

are not designed for permanent or semi-permanent living, motor homes do provide comfortable living facilities for short periods of time.

Van conversions are conventional vans modified for recreational or other use.

Sales of Recreational Vehicle products have been cyclical. Shortages of motor vehicle fuels and significant increases in fuel prices have had a material adverse effect on the market for Recreational Vehicles in the past, and could adversely affect demand in the future. The Recreational Vehicle Industry is also affected by the availability and terms of financing to dealers and retail purchasers. Substantial increases in interest rates and decreases in the general availability of credit have had a negative impact upon the industry in the past and may do so in the future. Recession and lack of consumer confidence generally results in a decrease in the sale of leisure time products such as Recreational Vehicles. The industry shipped 321,000 units in 1999, which was 9.7% more than in 1998 and more than any of the last 14 years.

Recreational Vehicle Shipments:

1990 - 173,100
1991 - 163,300
1992 - 203,400
1993 - 227,800
1994 - 259,200
1995 - 247,000
1996 - 247,500
1997 - 254,500
1998 - 292,700
1999 - 321,200

Other Markets

Many of the Company's products, such as its countertops, laminated panels, cabinet doors, and shelving may be utilized in the furniture and cabinetry markets. The Company's aluminum extrusion process is easily applied to the production of accessories for pick-up trucks and vans, architectural and also certain other building products. The Company's adhesives are marketed in many industrial adhesive markets. The Company's plastic thermoforming products can be marketed in many areas including construction, automotive, marine, and architectural.

While demand in these industries also fluctuates with general economic cycles, the Company believes that these cycles are less severe than those in the Manufactured Housing and Recreational Vehicle Industries. As a result, the Company believes that diversification into these new markets will reduce its reliance on the markets it has traditionally served and will mitigate the impact of their historical cyclical patterns on its operating results.

Marketing and Distribution

The Company's sales are to Manufactured Housing and Recreational Vehicle manufacturers and other building products manufacturers. The Company has approximately 4,000 customers. The Company has three customers, who together accounted for approximately 35% of the Company's total sales in 1999 and 1998. Ten other customers collectively accounted for approximately 26% of 1999 sales. The Company believes it has good relationships with its customers.

Products for distribution are purchased in carload or truckload quantities, warehoused, and then sold and delivered by the Company. Approximately 41% of the Company's distribution products are shipped

directly from the suppliers to the customers. The Company typically experiences a two to four week delay between issuing its purchase orders and delivering of products to the Company's warehouses or customers. The Company's customers do not maintain long-term supply contracts, and therefore the Company must bear the risk of accurate advance estimation of customer orders. The Company maintains a substantial inventory to satisfy these orders. The Company has no significant backlog of orders.

The Company operates sixteen warehouse and distribution centers and twenty-six manufacturing plants located in Alabama, Arizona, California, Florida, Georgia, Idaho, Indiana, Kansas, New Mexico, Nevada, North Carolina, Oregon, Pennsylvania, and Texas. Through the use of these facilities, the Company is able to minimize its in-transit delivery time and cost to the regional manufacturing plants of its customers.

Suppliers
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During the year ended December 31, 1999, the Company purchased approximately 67% of its raw materials and distributed products from twenty different suppliers. The five largest suppliers accounted for approximately 44% of the Company's purchases. Materials are primarily commodity products, such as lauan, gypsum, aluminum, particleboard, and other lumber products which are available from many suppliers. Alternate sources of supply are available for all of the Company's important materials.

Competition
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The Manufactured Housing and Recreational Vehicle Industries are highly competitive with low barriers to entry. This level of competition carries through to the suppliers to these industries. Competition is based primarily on price, product features, quality, and service. The Company has several competitors in each of its classes of products. Some manufacturers and suppliers of materials purchased by the Company also compete with it and sell directly to the same industries. Most of the Company's competitors compete with the Company on a regional basis. In order for a competitor to compete with the Company on a national basis, the Company believes that a substantial capital commitment and experienced personnel would be required. The industrial markets in which the Company continues to expand are also highly competitive.

Employees
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As of December 31, 1999, the Company had 1,670 employees of which 1,428 employees are engaged directly in production, warehousing, and delivery operations, 56 in sales, and 186 in office and administrative activities. There are five manufacturing plants and one distribution center covered by collective bargaining agreements. The Company considers its relationships with its employees to be good.

The Company provides retirement, group life, hospitalization, and major medical plans under which the employee pays a portion of the cost.

ITEM 2. PROPERTIES AND EQUIPMENT

As of December 31, 1999, the Company maintained the following warehouse, manufacturing and distribution facilities:

<TABLE>

Location	Use	Area Sq. Ft.	Ownership or Lease Arrangement
<S>	<C>	<C>	<C>
Argos, IN	Manufacturing(4)	44,000	Leased to 2001
Elkhart, IN	Manufacturing(3)	40,400	Leased to 2000
Elkhart, IN	Mfg. & Dist.(1)(3)	133,600	Leased to 2005
Elkhart, IN	Distribution(1)	39,760	Owned
Elkhart, IN	Manufacturing(3)	32,900	Owned
Elkhart, IN	Manufacturing (2)	42,000	Leased to 2001
Elkhart, IN	Manufacturing(2)	31,000	Leased to 2004
Elkhart, IN	Manufacturing(2)	30,000	Leased to 2000
Elkhart, IN	Manufacturing(4)	36,000	Owned
Goshen, IN	Manufacturing(4)	50,870	Owned
Bristol, IN	Mfg. & Dist.(1)(4)	62,000	Owned
Decatur, AL	Distribution(1)	30,000	Leased to 2000
Decatur, AL	Distribution (1)	15,000	Leased to 2000
Decatur, AL	Manufacturing(2)	35,000	Owned
Decatur, AL	Manufacturing(2)	30,000	Leased to 2000
Decatur, AL	Manufacturing(2)(4)	41,000	Owned
Valdosta, GA	Distribution (1)	20,000	Leased to 2001
Valdosta, GA	Manufacturing(2)	30,800	Owned
New London, NC	Mfg. & Dist.(1)(2)	160,000	Owned, Subject to Mortgage
Halstead, KS	Distribution(1)	36,000	Owned
Waco, TX	Distribution(1)(2)	52,800	Leased to 2004
Waco, TX	Manufacturing(2)	52,800	Leased to 2004
Waco, TX	Manufacturing(2)	21,000	Leased to 2000
Mt. Joy, PA	Distribution(1)	58,500	Owned
Mt. Joy, PA	Manufacturing(2)	30,000	Owned
Ocala, FL	Manufacturing(3)	20,600	Leased to 2004
Ocala, FL	Manufacturing(3)	15,000	Leased to 2001
Ocala, FL	Mfg. & Dist.(1)(2)	55,500	Owned
Fontana, CA	Mfg. & Dist.(1)(2)	110,000	Owned
Fontana, CA	Manufacturing(2)	71,755	Owned

Woodland, CA	Distribution (1)	10,000	Leased to 2000
Phoenix, AZ	Manufacturing (3)	43,600	Leased to 2002
Phoenix, AZ	Manufacturing (2)	36,000	Leased to 2000
Phoenix, AZ	Manufacturing (2)	15,700	Leased to 2000
Woodburn, OR	Manufacturing(3)	21,500	Owned
Woodburn, OR	Mfg. & Dist.(1,2,3)	153,000	Owned, Subject to Mortgage
Mishawaka, IN	Manufacturing(4)	191,000	Owned, Subject to Mortgage
Elkhart, IN	Manufacturing(4)	90,700	Owned
Boulder City, NV	Manufacturing(4)	24,700	Leased to 2004
Elkhart, IN	Admin. Offices	10,000	Owned

(1) Distribution center
(2) Vinyl/paper/foil laminating
(3) Cabinet doors and other wood related
(4) Aluminum, adhesives, and other

</TABLE>

Additionally, the Company operates distribution centers out of public warehouses in Phoenix, Arizona, Nampa, Idaho, and Belen, New Mexico. As of December 31, 1999, the Company owned or leased 43 trucks, 71 tractors, 100 trailers, 140 forklifts, 5 automobiles and a corporate aircraft. All owned and leased facilities and equipment are in good condition and well maintained.

ITEM 3. LEGAL PROCEEDINGS

The Company is subject to claims and suits in the ordinary course of business. In management's opinion, currently pending legal proceedings and claims against the Company will not, individually or in the aggregate, have a material adverse effect on the Company's financial condition or results of operations.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

No matters were submitted to a vote of security holders during the fourth quarter of the fiscal year covered by this report.

PART II

ITEM 5. MARKET FOR THE COMPANY'S COMMON STOCK AND RELATED SECURITY HOLDER MATTERS

The Company's common stock is listed on The NASDAQ Stock Market(R) under the symbol PATK. The high and low trade prices of the Company's common stock as reported on NASDAQ/NMS for each quarterly period during the last two years were as follows:

<TABLE>

<S>	1st Quarter <C>	2nd Quarter <C>	3rd Quarter <C>	4th Quarter <C>
1999	16.000 - 12.750	16.250 - 10.750	16.000 - 12.000	14.125 - 7.313
1998	17.000 - 14.000	16.750 - 15.000	16.125 - 13.250	15.750 - 14.250

</TABLE>

The quotations represent prices between dealers, do not include retail mark-ups, mark-downs or commissions and may not necessarily represent actual transactions.

There were approximately 634 holders of the Company's common stock as of March 17, 2000 as taken from the transfer agent's shareholder listing. It is estimated that there are approximately 2,100 holders of the Company's common stock held in street name.

The Company declared a first time regular quarterly dividend of $.04 per common share starting June 30, 1995 and has continued it through December 31, 1999. Although this is a regular quarterly dividend, any future determination to pay cash dividends will be made by the Board of Directors in light of the Company's earnings, financial position, capital requirements, and such other factors as the Board of Directors deems relevant.

ITEM 6. SELECTED FINANCIAL DATA

The following selected financial data for each of the five years set forth below has been derived from financial statements audited by McGladrey & Pullen, LLP, independent certified public accountants, certain of which have been included elsewhere herein. The following data should be read in conjunction with the Financial Statements and related Notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere herein:

<TABLE>

	As of or for the Year Ended December 31,				
	1999	1998	1997	1996	1995
	(dollars in thousands, except per share amounts)				
<S>	<C>	<C>	<C>	<C>	<C>
Net sales	$457,356	$453,518	$410,567	$403,511	$362,519
Gross profit	57,339	59,556	52,142	53,362	49,690
Warehouse and delivery expenses	16,715	16,076	15,158	14,645	13,244
Selling, general, and administrative expenses	27,058	26,796	22,145	19,909	18,809
Interest expense, net	1,393	1,172	1,149	1,078	1,200
Income taxes	4,769	6,205	5,396	6,929	6,344
Net income	7,404	9,307	8,294	10,800	10,093
Basic earnings per common share	1.30	1.58	1.40	1.81	1.70
Diluted earnings per common share	1.29	1.57	1.39	1.80	1.69
Weighted average common shares outstanding	5,714	5,903	5,921	5,967	5,947
Cash dividends, per common share	.16	.16	.16	.16	.12
Working capital	47,553	46,698	40,181	45,646	43,280
Total assets	126,203	127,755	112,187	106,606	95,916
Long-term debt	22,457	26,129	25,015	26,152	26,200
Shareholders' equity	79,567	76,307	68,726	62,296	52,989

</TABLE>

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

GENERAL

The Company's business has shown significant revenue growth since 1991, as net sales increased annually from $143 million to over $457 million in eight years. Although the rate of growth in 1997 slowed to 1.8%, the sales in 1998 were 10.5% ahead of the 1997 record year. The increase in sales resulted from the continued strength of both the economy and the Manufactured Housing and Recreational Vehicle Industries. In the last quarter of 1999 it became apparent that the Manufactured Housing industry had produced units in excess of the retail demand resulting in approximately 7% decline in production in that year. Retail sales lots were over-stocked and unit production was reduced. This will continue into the year 2000 until inventory levels resume a more appropriate level.

The following table sets forth the percentage relationship to net sales of certain items in the Company's statements of operations:

	Year Ended December 31,		
	1999	1998	1997

Net sales	100.0%	100.0%	100.0%
Cost of sales	87.5	86.9	87.3
Gross profit	12.5	13.1	12.7
Warehouse and delivery	3.6	3.5	3.7
Selling, general and administrative	5.9	5.9	5.4
Operating income	3.0	3.7	3.6
Net income	1.6	2.1	2.0

RESULTS OF CONSOLIDATED OPERATIONS

Year Ended December 31, 1999 Compared to Year Ended December 31, 1998

Net Sales. Net sales increased $3.8 million, or 0.8%, from $453.5 million for the year ended December 31, 1998, to $457.3 million in the year ended December 31, 1999. This increase was the result of record sales in the first half of 1999, caused by increased production levels in the Manufactured Housing and Recreational Vehicle industries. In the second half of 1999 production levels in the Manufactured Housing industry were reduced, causing an approximate 7% decline in that industry for the year. That was the primary reason the Company also had lower sales in the second half of 1999 compared to 1998. The Company's sales for the year were 67% to Manufactured Housing, 16% to the Recreational Vehicle , and 17% to other industries.

Gross Profit. Gross profit decreased by approximately $2.3 million, or 3.7%, from $59.6 million in 1998, to $57.3 million in the 1999 year. As a percentage of net sales, gross profit was lower in 1999, going from 13.1% to 12.5%. The decrease in gross profit was due to most manufacturing operations showing reductions in volume and efficiencies in 1999, especially in the second half, when compared to 1998. Competitive pricing situations nationwide had a negative impact on gross profits making several of the Company's manufacturing operations unprofitable for the year.

Warehouse and Delivery Expenses. Warehouse and delivery expenses increased approximately $0.6 million, or 4.0%, from $16.1 million in 1998, to $16.7 million in 1999. As a percentage of net sales, these expenses increased because the distribution segment of the Company had sales increases approximately 8% in 1999 and that segment represents approximately 38% of all sales.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased by $0.3 million, or 1.0%, from $26.8 million in 1998, to $27.1 million in 1999. As a percentage of sales, both years were 5.9%.

Operating Income. Operating income was lower by $3.1 million because of reduced gross profit and higher operating costs. As a percentage of sales, operating income decreased from 3.7% in 1998 to 3.0% in 1999.

Interest Expense, Net. Interest expense, net increased by $220,000. The Company's borrowing level was reduced by over $3.2 million in the last four months of 1999, but lower invested funds also reduced interest income. Interest expense in 1998 that related to an expansion project was capitalized and reduced total interest expense for that year.

Net Income. Net income decreased by $1.9 million from $9.3 million in 1998 to $7.4 million in 1999. This reduction is attributable to the factors described above.

Year Ended December 31, 1998 Compared to Year Ended December 31, 1997

Net Sales. Net sales increased by $42.9 million, or 10.5%, from $410.6 million for the year ended December 31, 1997, to $453.5 million in the year ended December 31, 1998. This sales increase was attributable to increases in the number of units produced in both the Manufactured Housing and Recreational Vehicle Industries, to whom the Company is a major supplier. The Company's sales in the year were 62% to Manufactured Housing, 19% to Recreational Vehicle, and 19% to other industries. The Manufactured Housing units shipped were up 5.5% and Recreational Vehicle shipments were up 15.0% in 1998.

Gross Profit. Gross Profit increased by approximately $7.5 million, or 14.2%, from $52.1 million in the year 1997, to $59.6 million in the same 1998 period. As a percentage of net sales, gross profit increased from 12.7% in 1997 to 13.1% in 1998. The increase in gross profit was due to certain manufacturing operations showing improvement in volume and efficiencies over the same 1997 period. In certain markets highly competitive pricing continued to have a negative impact on normal gross profits making several of the Company's manufacturing operations unprofitable in 1998.

Warehouse and Delivery Expenses. Warehouse and delivery expenses increased approximately $0.9 million, or 6.1%, from $15.2 million in 1997, to $16.1 million in 1998. As a percentage of net sales, warehouse and delivery expenses decreased from 3.7% in 1997 to 3.5% in 1998.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased by $4.7 million, or 21.0%, from $22.1 million in 1997, to $26.8 million in 1998. As a percentage of net sales, selling, general and administrative expenses increased from 5.4% in 1997 to 5.9% in 1998. Expense increases were partially attributable to new management information systems, additional personnel required due to the growth the Company has experienced over the last several years, and for management transition plans.

Operating Income. Operating income increased by approximately $1.8 million because of the increased sales and the increased gross profits. As a percentage of sales, operating income increased from 3.6% in 1997 to 3.7% in the same 1998 period.

Interest Expense, Net. Interest expense, net increased by approximately $23,000 in 1998. The Company's borrowing levels during the 1998 period were approximately the same while invested cash was lower.

Net Income. Net income increased by approximately $1.0 million from $8.3 million in 1997 to $9.3 million in 1998. This increase is attributable to the factors described above.

BUSINESS SEGMENTS

The Company's reportable segments are as follows:

Laminating - Utilizes various materials including gypsum, particleboard, plywood, and fiberboard which are bonded by adhesives or a heating process to a number of products including vinyl, paper, foil, and high pressure laminate. These laminated products are utilized to produce furniture, shelving, wall, counter, and cabinet products with a wide variety of finishes and textures.

Distribution - Distributes primarily pre-finished wall and ceiling panels, particleboard, hardboard, and vinyl siding, roofing products, passage doors, building hardware, insulation, and other products.

Wood - Uses raw lumber including solid oak, other hardwood materials, and laminated particleboard or plywood to produce cabinet door product lines.

Other - Includes aluminum extrusion, painting and distribution, manufacture of adhesive products, pleated shades, plastic thermoforming, and manufacturer of laminating equipment.

The table below presents information about the revenue and earnings before interest and taxes of those segments. A reconciliation to consolidated totals is presented in footnote 13 of the Company's 1999 financial statements.

	Year Ended December 31		
	1999	1998	1997
	(dollars in thousands)		
Sales			
Laminating	$ 192,033	$ 198,448	$ 201,203
Distribution	185,104	171,700	144,881
Wood	43,667	50,853	36,566
Other	65,128	68,641	54,860
Earnings Before Interest and Taxes (EBIT)			
Laminating	$ 5,229	$ 8,289	$ 7,582
Distribution	4,588	3,480	3,700
Wood	(2,572)	(3,019)	(2,250)
Other	2,623	4,590	2,299

Year Ended December 31, 1999 Compared to Year Ended December 31, 1998

Laminating Segment Discussion

Net sales were lower by 3.2% from 1998. The Company closed an operation in mid 1998 that resulted in approximately $3.8 million less sales. In 1999 the Company also chose not to keep certain business it had because of low margins. Certain manufactured housing customers are now using more sheetrock drywall panels in place of laminated wall panels. Both somewhat reducing this segment's sales in that year.

EBIT in this segment decreased 36.9% in 1999 and as a percentage of sales went from 4.2% to 2.7%. Competitive situations in several laminating operations caused reduced selling prices and lower margins. A new operation in this segment had higher than anticipated start-up costs and attempted to produce new products for new markets, resulting in a large operating loss. Selling and administrative costs in this segment were similar to those in 1998 with only a 0.2% increase as a percentage of sales due to lower sales.

Distribution Segment Discussion

Net sales in 1999 increased 7.8% in this segment primarily due to increased penetration in certain markets with the Company's commodity wood products. Certain other new products introduced in 1998 and 1999 also contributed to 1999 increased sales. The core customer base of this segment is the Manufactured Housing and Recreational Vehicle Industries.

EBIT in the distribution segment increased 31.8% and as a percentage of sales was 2.5% compared to 2.0% in 1998. Selling and administrative expenses increased over $800,000 in this segment because of increased allocated corporate expenses but remained constant as a percentage of sales.

Wood Segment Discussion

Net sales decreased by $7.2 million, or 14.1%, in 1999. The 1998 sales increase of $14 million, resulting from the acquisition of a competitor, was not able to be maintained in 1999 due to production problems. Reduced production in the Manufactured Housing industry in the second half of 1999 also caused lower sales levels in certain wood operations.

Operating losses before interest and taxes in this segment continued at the same level as in 1998, showing 5.9% in both years as a percentage of sales. Each of the cabinet door operations showed operating losses in 1999 because of competitive pricing pressures, reduced volumes, and one operation closing certain facilities and consolidating production into one location. The wood segments not producing cabinet doors showed improvement in operations and were profitable in 1999. Selling and administrative expenses were lower by $119,000 and based on lower sales were 7.6% of sales as compared to 6.7% in 1998.

The cabinet door operations are being reviewed by management to determine if changes of different production methods and management implemented in late 1999 will return these facilities to profitability. Alternatives that management will consider in 2000 to reduce operating losses and return this segment to profitability include changing the customer and product base, plant closings, plant relocations, and/or further plant consolidations. Any of these methods may result in one time expenses when implemented.

Other Segment Discussion

Sales were 5.1% less in 1999 in this segment because the Metals operation lost production days caused by required equipment maintenance, and the Company's machinery company was being utilized for more intercompany production than in 1998.

EBIT in this segment was lower by approximately $2 million and as a percentage of sales went from 6.7% in 1998 to 4.0% in 1999. Reduced volumes in the metal manufacturing operation and machinery manufacturing operation reduced their profitability. The pleated shade operation had operating profits affected by inefficiencies caused by producing at levels over capacity and also incurring start-up costs related to an expansion project. A 1998 thermoforming start-up operation failed to reach profitability in 1999. Selling and administrative expenses for the other segment increased by 5.7% and 0.9% as a percentage of sales.

Year Ended December 31, 1998 Compared to Year Ended December 31, 1997

Laminating Segment Discussion

Net sales for both years were comparable, with the 1998 total laminating segment sales lower than 1997 by 1.4%. In 1998, one operation in this segment was closed resulting in approximately $9.0 million less sales and a new operation was added resulting in $4.7 million of new sales. In 1998, the Company also moved one operation into a larger facility so that additional products can be offered in that market area.

EBIT in the laminating segment increased 9.3% in 1998 and as a percentage of sales the increase was 0.4%. The segment was able to reduce material costs in most of the larger operations and direct labor and manufacturing expenses would have been less than 1997 except for the costs associated with plant closings and new start-ups. Selling and administrative expenses were higher in 1998 in this segment because of additional personnel and the costs associated with the implementation of information systems.

Distribution Segment Discussion

Net sales in 1998 increased by 18.5% in the distribution segment primarily because of the growth in both the Manufactured Housing and Recreational Vehicle markets. In addition, the Company introduced some new products for the distribution operations in 1998.

EBIT generated by the distribution operations in 1998 did not reach the levels of 1997, primarily because of increased allocated corporate expenses to this segment in 1998, resulting in a reduction of approximately $1.6 million to operating income.

Wood Segment Discussion

Net sales in the wood segment were higher in 1998 by more than $14.2 million, or 39.1%. In 1998 the Company consolidated the assets and sales of a company acquired during the year into its operation and this increased this segment's sales approximately $8.0 million. The balance of the increased sales was the result of new or expanded business.

Certain operations in this segment have gone from profitable results two years ago to losses in both 1998 and 1997. In 1998, the consolidation of the newly purchased business contributed to the losses because of moving expenses, product design changes required, and overtime to meet customer demand. In addition, new competitors have entered this segment causing significant pricing pressures. The operating

losses for the wood segment did show improvement in 1998 as percentages of sales, and management has made changes in production methods, pricing, and personnel to return these operations to profitability.

Other Segment Discussion

Sales increased over $13.7 million, or 25.1%, in this segment in 1998. A business acquired in the third quarter of 1997 had a full year of sales in 1998 which resulted in $5.1 million more revenue than in 1997. The other operations in this segment also experienced sales increases over 1997. This segment operates in several markets and continued economic growth has benefited the operations of this segment.

EBIT in this business segment for 1998 increased almost 100% over 1997. The addition of the acquired business in late 1997 and the increased sales in certain other operations, while maintaining operating costs, has provided the additional operating income. A new start-up operation in this segment had operating losses for 1998 due to sales below anticipated levels, however, new personnel and equipment have been added to this operation to increase product capabilities to increase sales.

LIQUIDITY AND CAPITAL RESOURCES

The Company's primary capital requirements are to meet working capital needs, support its capital expenditure plans, and meet debt service requirements.

The Company, in September, 1995, issued to an insurance company in a private placement $18,000,000 of senior unsecured notes. The ten year notes bear interest at 6.82%, with semi-annual interest payments that began in 1996 and seven annual principal repayments of $2,571,060 that began in September, 1999. These funds were used to reduce existing bank debt and for working capital needs.

The Company has an unsecured bank revolving credit agreement that provides loan availability of $10,000,000 with maturity in the year 2003.

Pursuant to the private placement and the Credit Agreement, the Company is required to maintain certain financial ratios, all of which are currently complied with.

The Company believes that cash generated from operations and borrowings under its credit agreements will be sufficient to fund its working capital requirements, normal recurring capital expenditures, and common stock repurchase program as currently contemplated. The changes in inventory and accounts receivable balances, which affect the Company's cash flows, are part of normal business cycles that cause them to change periodically.

SEASONALITY

Manufacturing operations in the Manufactured Housing and Recreational Vehicle Industries historically have been seasonal and are generally at the highest levels when the climate is moderate. Accordingly, the Company's sales and profits are generally highest in the second and third quarters.

YEAR 2000 ISSUE

The Company began a new management information system implementation project 1996, which was fully operational by November, 1999. The project was started because of the need to upgrade all hardware and software to meet capacity and information needs at that time and for the future, and to solve the Year 2000 issue. The new system did solve the Year 2000 issue and no external factors affected the Company.

The total cost of Year 2000 activities cannot be specifically determined because the internal information system project was planned for management and operation purposes and Year 2000 compliance was a benefit of that system. The expenditures of implementing the new information hardware and software system was approximately $7.5 million.

SALE OF PROPERTY

The Company sold a vacant facility in the first quarter of 1999. This sale resulted in a one-time gain that added approximately $.07 per share to the earnings in the first quarter and the year of 1999.

INFLATION

The Company does not believe that inflation had a material effect on results of operations for the periods presented.

SAFE HARBOR STATEMENT

Statements that do not address historical performance are "forward-looking statements" within the meaning of the Private Securities Litigation reform Act of 1995 and are based on a number of assumptions, including but not limited to; (1) continued domestic economic growth and demand for the Company's products; (2) the alternatives discussed in regard to the wood segment; and (3) the Company's belief with respect to its capital expenditures, seasonality and inflation. Any developments significantly deviating from these assumptions could cause actual results to differ materially from those forecast or implied in the aforementioned forward-looking statements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

None

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The information required by this item is set forth in Item 14 (a) 1. on page 22 of this report.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE COMPANY

The information required by this item is set forth in the Company's Proxy Statement for the Annual Meeting of Shareholders to be held on May 16, 2000, under the caption "Election of Directors," which information is hereby incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this item is set forth in Company's Proxy Statement for the Annual Meeting of Shareholders to be held on May 16, 2000, under the caption "Compensation of Executive Officers and Directors," which information is hereby incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required by this item is set forth in Company's Proxy Statement for the Annual Meeting of Shareholders to be held on May 16, 2000, under the caption "Election of Directors," which information is hereby incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required by this item is set forth in Company's Proxy Statement for the Annual Meeting of Shareholders to be held on May 16, 2000, under the caption "Certain Transactions," which information is hereby incorporated herein by reference.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

			Page
(a)	1.	FINANCIAL STATEMENTS	
		Independent auditor's report	F-1
		Balance sheets - December 31, 1999 and 1998	F-2
		Statements of income-years ended December 31, 1999, 1998, and 1997	F-3
		Statements of shareholders' equity- years ended December 31, 1999, 1998, 1997	F-4
		Statements of cash flow- years ended December 31, 1999, 1998, and 1997	F-5
		Notes to the financial statements	F-6-19
(a)	2.	FINANCIAL STATEMENT SCHEDULES	
		Independent auditor's report on supplemental schedule & consent	F-20
		Schedule II - Valuation and qualifying accounts and reserves	F-21

All other schedules have been omitted as not required, not applicadeemed material or because the information is included in the Notes to Financial Statements.

(a) 3. EXHIBITS

The exhibits listed in the accompanying Exhibit Index on pages 45 and 46 are filed or incorporated by reference as part of this report.

(b) REPORTS ON FORM 8-K

A Form 8-K (Item 5) was filed on December 22, 1999 regarding the Board of Directors announcement on December 21, 1999 to renew the Company's Stock Repurchase Program for up to 1,000,000 shares.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on the date indicated.

PATRICK INDUSTRIES, INC

By Mervin D. Lung

Mervin D. Lung, Chairman of the Board

and Chief Executive Officer

Pursuant to the Requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Company and in the capacities and on the dates indicated.

Signature	Title	Date
Mervin D. Lung Mervin D. Lung	Chairman of the Board, Chief Executive Officer and Director	March 23, 2000
David D. Lung David D. Lung	President, Chief Operating Officer and Director	March 23, 2000
Keith V. Kankel Keith V. Kankel	Vice President-Finance, Principal Accounting Officer and Director	March 23, 2000
Thomas G. Baer Thomas G. Baer	Director	March 23, 2000
Harold E. Wyland Harold E. Wyland	Director	March 23, 2000
Terrence D. Brennan Terrence D. Brennan	Director	March 23, 2000
Merlin D. Knispel Merlin D. Knispel	Director	March 23, 2000
Dorothy M. Lung Dorothy M. Lung	Director	March 23, 2000
John H. McDermott John H. McDermott	Director	March 23, 2000
Robert C. Timmins Robert C. Timmins	Director	March 23, 2000

CONTENTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
PATRICK INDUSTRIES, INC.
Elkhart, Indiana

We have audited the accompanying consolidated balance sheets of PATRICK INDUSTRIES, INC. AND SUBSIDIARIES as of December 31, 1999 and 1998, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 1999. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of PATRICK INDUSTRIES, INC. AND SUBSIDIARIES as of December 31, 1999 and 1998, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 1999, in conformity with generally accepted accounting principles.

Elkhart, Indiana
January 28, 2000

PATRICK INDUSTRIES, INC.
AND SUBSIDIARIES

<TABLE>

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 1999 AND 1998
<CAPTION>

	1999	1998
<S>	<C>	<C>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 6,686,182	$ 3,704,693
Trade receivables	18,498,685	20,767,406
Inventories	42,039,348	43,498,632
Prepaid expenses	663,189	591,470
TOTAL CURRENT ASSETS	67,887,404	68,562,201
PROPERTY and EQUIPMENT, net	49,895,640	50,472,703
Intangible and OTHER ASSETS	8,420,056	8,719,759
	$ 126,203,100	$ 127,754,663
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Current maturities of long-term debt	$ 3,671,428	$ 3,985,963
Accounts payable	11,155,999	13,184,295
Accrued liabilities	5,506,326	4,693,559
TOTAL CURRENT LIABILITIES	20,333,753	21,863,817
LONG-TERM DEBT, less current maturities	22,457,144	26,128,572
DEFERRED COMPENSATION obligations	1,945,058	1,781,491
DEFERRED TAX LIABILITIES	1,900,000	1,674,000

COMMITMENTS and Contingencies		
Shareholders' EQUITY		
Preferred stock, no par value; authorized 1,000,000 shares		
Common stock, no par value; authorized 12,000,000 shares; issued 1999 5,595,466 shares; 1998 5,843,966 shares	21,389,940	22,117,481
Retained earnings	58,177,205	54,189,302
	79,567,145	76,306,783
	$ 126,203,100	$ 127,754,663

See Notes to Financial Statements.

</TABLE>

PATRICK INDUSTRIES, INC.
AND SUBSIDIARIES

<TABLE>

CONSOLIDATED STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 1999, 1998, AND 1997
<CAPTION>

	1999	1998	1997
<S>	<C>	<C>	<C>
Net sales	$ 457,356,260	$ 453,518,573	$ 410,566,851
Cost of goods sold	400,017,287	393,962,419	358,425,516
GROSS PROFIT	57,338,973	59,556,154	52,141,335
Operating expenses:			
Warehouse and delivery	16,714,651	16,076,212	15,158,001
Selling, general, and administrative	27,057,686	26,796,204	22,144,623
	43,772,337	42,872,416	37,302,624
OPERATING INCOME	13,566,636	16,683,738	14,838,711
Interest expense, net	1,393,346	1,171,967	1,148,955
INCOME BEFORE INCOME TAXES (CREDITS)	12,173,290	15,511,771	13,689,756
Federal and state income taxes	4,769,000	6,204,700	5,395,800
NET INCOME	$ 7,404,290	$ 9,307,071	$ 8,293,956
Basic earnings per common share	$ 1.30	1.58	$ 1.40
Diluted earnings per common share	$ 1.29	$ 1.57	$ 1.39

See Notes to Financial Statements.

</TABLE>

PATRICK INDUSTRIES, INC.
AND SUBSIDIARIES

<TABLE>

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 1999, 1998, AND 1997
<CAPTION>

	Preferred Stock	Common Stock	Retained Earnings	Total
<S>	<C>	<C>	<C>	<C>
Balance, December 31, 1996	$	$ 22,138,494	$ 40,157,165	$ 62,295,659
Net income			8,293,956	8,293,956
Proceeds from the exercise of 1,500 stock options		16,125		16,125
Repurchase and retirement of 69,500 shares of common stock		(257,797)	(678,203)	(936,000)
Dividends on common stock ($.16 per share)			(943,481)	(943,481)
Balance, December 31, 1997		21,896,822	46,829,437	68,726,259
Net income			9,307,071	9,307,071
Proceeds from the exercise of 7,500 stock options		80,625		80,625
Issuance of 30,000 shares of common stock for stock award plan		472,500		472,500
Repurchase and retirement of 89,300 shares of common stock		(332,466)	(1,003,262)	(1,335,728)
Dividends on common stock ($.16 per share)			(943,944)	(943,944)
Balance, December 31, 1998		22,117,481	54,189,302	76,306,783
Net income			7,404,290	7,404,290
Proceeds from the exercise of 2,500 stock options		26,875		26,875
Issuance of 30,000 shares of common stock for stock award plan		213,750		213,750
Repurchase and retirement of 281,000 shares of common stock		(968,166)	(2,504,142)	(3,472,308)
Dividends on common stock ($.16 per share)			(912,245)	(912,245)
Balance, December 31, 1999	$	$ 21,389,940	58,177,205	$ 79,567,145

See Notes to Financial Statements.

</TABLE>

PATRICK INDUSTRIES, INC.
AND SUBSIDIARIES

<TABLE>

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 1999, 1998, AND 1997
<CAPTION>

<S>	1999 <C>	1998 <C>	1997 <C>
CASH FLOWS FROM OPERATING Activities			
Net income	$ 7,404,290	$ 9,307,071	$ 8,293,956
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	8,904,059	7,580,928	5,780,713
Deferred income taxes	226,000	567,000	(243,000)
(Gain) loss on sale of property and equipment	(643,446)	32,184	(254,927)
Other	163,567	365,489	
Change in assets and liabilities:			
Decrease (increase) in:			
Trade receivables	2,268,721	(2,876,930)	(1,024,045)
Inventories	1,459,284	(8,278,080)	6,279,132
Prepaid expenses	(71,719)	39,523	(204,174)
Increase (decrease) in:			
Accounts payable and accrued liabilities	(2,406,709)	3,144,893	(49,892)
Income taxes payable	780,206	(397,579)	577,920
NET CASH PROVIDED BY OPERATING ACTIVITIES	18,084,253	9,484,499	19,155,683
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures	(7,505,350)	(8,242,644)	(12,095,357)
Investment in marketable securities			4,400,000
Acquisition of businesses, net of cash		(2,581,490)	(6,797,316)
Proceeds from sale of property and equipment	879,556	68,120	372,721
Other	(399,042)	(364,000)	(312,377)
NET CASH (USED IN) INVESTING ACTIVITIES	(7,024,836)	(11,120,014)	(14,432,329)
CASH FLOWS FROM FINANCING ACTIVITIES			
Borrowings under long-term debt agreements		5,214,483	
Principal payments on long-term debt	(3,985,963)	(1,253,683)	(1,136,309)
Proceeds from exercise of common stock options	26,875	80,625	16,125
Repurchase of common stock	(3,054,421)	(1,335,728)	(936,000)
Cash dividends	(919,158)	(943,944)	(943,481)
Other	(145,261)	(186,716)	
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(8,077,928)	1,575,037	(2,999,665)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,981,489	(60,478)	1,723,689
Cash and cash equivalents, beginning	3,704,693	3,765,171	2,041,482
Cash and cash equivalents, ending	$ 6,686,182	$ 3,704,693	$ 3,765,171

See Notes to Financial Statements.

</TABLE>

PATRICK INDUSTRIES, INC.
AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

NOTE 1. NATURE OF BUSINESS, USE OF ESTIMATES, RISKS AND UNCERTAINTIES, AND

SIGNIFICANT ACCOUNTING POLICIES

NATURE OF BUSINESS:

The Company's operations consist primarily of the manufacture and distribution of building products and materials for use primarily by the manufactured housing and recreational vehicle industries for customers throughout the United States. Credit is generally granted on an unsecured basis for terms of 30 days.

USE OF ESTIMATES:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

RISKS AND UNCERTAINTIES:

The Company purchases significant amounts of inventory which are commodities from a limited number of suppliers. The purchase price of such items can be volatile as it is subject to prevailing market conditions, both domestically and internationally. The Company's purchases of these items are based on supplier allocations.

SIGNIFICANT ACCOUNTING POLICIES:

PRINCIPLES OF CONSOLIDATION:

The consolidated financial statements include the accounts of Patrick Industries, Inc. and its wholly-owned subsidiaries, Harlan Machinery Company, Inc., Patrick Door, Inc., and its majority-owned subsidiary, Patrick Mouldings, L.L.C. ("the Company"). All significant intercompany accounts and transactions have been eliminated in consolidation.

CASH AND CASH EQUIVALENTS:

The Company has cash on deposit in financial institutions in amounts which, at times, may be in excess of insurance coverage provided by the Federal Deposit Insurance Corporation.

For purposes of the statement of cash flows, the Company considers overnight repurchase agreements and commercial paper with a maturity of 30 days or less in connection with its sweep account arrangements with its bank to be cash equivalents.

At December 31, 1999, the Company owned marketable debt securities in the total amount of approximately $6,600,000. These available-for-sale debt securities mature in January 2000 and bear interest at a weekly adjusted variable rate which was 5% at December 31, 1999. The securities are stated at fair value which approximated their cost at December 31, 1999. These securities matured and were redeemed on January 24, 2000 and have been classified as a cash equivalent in the accompanying balance sheet.

INVENTORIES:

Inventories are stated at the lower of cost (first-in, first-out (FIFO) method) or market.

PROPERTY AND EQUIPMENT:

Property and equipment is recorded at cost. Depreciation has been computed primarily by the straight-line method applied to individual items based on estimated useful lives which generally range from 10 to 40 years for buildings and improvements and from 3 to 15 years for machinery and equipment, transportation equipment, and leasehold improvements.

GOODWILL:

Goodwill, the excess of cost over the fair value of net assets acquired, is amortized by the straight-line method over 15-year periods. At each balance sheet date, management assesses whether there has been a permanent impairment in the value of goodwill. In the event that an impairment is evident, the Company would record an expense for that impairment. Factors considered by management include current operating results, anticipated future cash flows, trends, and prospects, as well as the effects of obsolescence, demand, competition, and other economic factors.

REVENUE RECOGNITION:

The Company ships product based on specific orders from customers. Shipments are made by the Company only after receiving authorization from the customer, and revenue is recognized upon delivery.

EARNINGS PER COMMON SHARE:

Following is information about the computation of the earnings per share data for the years ended December 31, 1999, 1998, and 1997:

<TABLE>

<S>	<C> 1999	<C> 1998	<C> 1997
Numerator for basic and diluted earnings per share, net income	$ 7,404,290	$ 9,307,071	$ 8,293,956
Denominator:			
Weighted average shares, denominator for basic earnings per share	5,714,177	5,902,615	5,921,058
Effect of dilutive potential common shares, employee stock options	10,867	24,395	29,120
Denominator for diluted earnings per share	5,725,044	5,927,010	5,950,178
Basic earnings per share	$ 1.30	$ 1.58	$ 1.40
Diluted earnings per share	$ 1.29	$ 1.57	$ 1.39

</TABLE>

NOTE 1. BALANCE SHEET DATA

TRADE RECEIVABLES:

Trade receivables in the accompanying balance sheets at December 31, 1999 and 1998 are stated net of an allowance for doubtful accounts of $275,000 and $125,000, respectively.

INVENTORIES:

	1999	1998
Raw materials	$ 23,286,250	$ 26,676,674
Work in process	1,555,319	1,278,367
Finished goods	4,668,813	3,103,860
Materials purchased for resale	12,528,966	12,439,731
	$ 42,039,348	$ 43,498,632

PROPERTY AND EQUIPMENT:

	1999	1998
Land and improvements	$ 3,601,733	$ 3,645,568
Buildings and improvements	23,975,663	24,711,921
Machinery and equipment	56,670,702	49,911,446
Transportation equipment	2,666,259	2,780,895
Leasehold improvements	3,536,046	3,478,016
	90,450,403	84,527,846
Less accumulated depreciation	40,554,763	34,055,143
	$ 49,895,640	$ 50,472,703

INTANGIBLE AND OTHER ASSETS:

Goodwill, at amortized cost	$ 4,706,976	$ 5,152,022
Cash value of life insurance	2,630,923	2,231,879
Other	1,082,157	1,335,858
	$ 8,420,056	$ 8,719,759

ACCRUED LIABILITIES:

Payroll and related expenses	$ 2,445,031	$ 2,127,462
Property taxes	973,600	919,908
Other	2,087,695	1,646,189
	$ 5,506,326	$ 4,693,559

NOTE 1. PLEDGED ASSETS AND LONG-TERM DEBT

Long-term debt at December 31, 1999 and 1998 is as follows:

<TABLE>

<S>	<C> 1999	<C> 1998
Senior Notes, insurance company	$ 15,428,572	$ 18,000,000
Indiana Development Finance Authority Bonds	2,100,000	2,400,000
State of Oregon Economic Development Revenue Bonds	4,000,000	4,400,000
State of North Carolina Economic Development Revenue Bonds Bonds	4,600,000	5,000,000
Other		314,535
	26,128,572	30,114,535
Less current maturities	3,671,428	3,985,963
	$ 22,457,144	$ 26,128,572

</TABLE>

PATRICK INDUSTRIES, INC.
AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

The senior notes bear interest at a fixed rate of 6.82% and are unsecured. The annual principal installments of $2,571,428 commenced on September 15, 1999 and the final installment is due September 15, 2005. This agreement requires that the Company maintain a minimum level of tangible net worth.

The Indiana Development Finance Authority Bonds are payable in annual installments of $300,000 plus interest at a variable tax exempt bond rate, set periodically to enable the bonds to be sold at par (5.6% at December 31, 1999). The final installment is due November 1, 2006. The bonds are collateralized by real estate and equipment purchased with the bond funds and are backed by a bank standby letter of credit.

The State of Oregon Economic Development Revenue Bonds are payable in annual installments of $400,000 plus interest at a variable tax exempt bond rate (5.6% at December 31, 1999). The final installment is due December 1, 2009. The bonds are collateralized by real estate and equipment purchased with the bond funds and are backed by a bank standby letter of credit.

The State of North Carolina Economic Development Revenue Bonds are payable in annual installments of $400,000 plus quarterly interest payments at a variable tax exempt bond rate (5.6% at December 31, 1999). Annual payments of $500,000 are due in each of the last two years with a final payment due August 1, 2010. The bonds are collateralized by real estate and equipment purchased with the bond funds and are backed by a bank standby letter of credit.

The Company has an unsecured revolving credit agreement which allows borrowings up to $10,000,000 or a borrowing base defined in the agreement and which expires on February 28, 2003. Interest on this note is at either prime or the Eurodollar rate plus .75%. The Company pays .25% of the unused portion of the revolving line. In addition, this agreement requires the Company to, among other things, maintain minimum levels of tangible net worth, working capital, and debt to net worth.

Aggregate maturities of long-term debt for each of the years ending December 31, 2000 through 2004 is $3,671,428 and thereafter $7,771,432.

In addition, the Company is contingently liable for standby letters of credit of approximately $13,000,000 in support of bonds payable and to meet credit policies of certain suppliers.

Based on the borrowing rates currently available to the Company for loans with similar terms and average maturities, the fair value of the long-term debt instruments approximates their carrying value.

Interest expense for the years ended December 31, 1999, 1998, and 1997 was approximately $1,550,000, $1,640,000, and $1,720,000 respectively.

NOTE 1. EQUITY TRANSACTIONS

STOCK OPTIONS EXERCISED:

Common stock sold to key employees through the exercise of stock options resulted in a tax deduction for the Company equivalent to the taxable income recognized by the employee. For financial reporting purposes, the tax benefit resulting from this deduction, if material, along with the proceeds from the exercise of the options, is accounted for as an increase to common stock.

SHAREHOLDER RIGHTS PLAN:

On February 29, 1996, the Company's Board of Directors adopted a shareholder rights agreement, granting certain new rights to holders of the Company's common stock. Under the agreement, one right was granted for each share of common stock held as of March 20, 1996, and one right will be granted for each share subsequently issued. Each right entitles the holder, in an unfriendly takeover situation, and after paying the exercise price (currently $30), to purchase Patrick common stock having a market value equal to two times the exercise price. Also, if the Company is merged into another corporation, or if 50 percent or more of the Company's assets are sold, then rightholders are entitled, upon payment of the exercise price, to buy common shares of the acquiring corporation's common stock having a then current market value equal to two times the exercise price. In either situation, these rights are not available to the acquiring party. However, these exercise features will not be activated if the acquiring party makes an offer to acquire the Company's outstanding shares at a price which is judged by the Board of Directors to be fair to all Patrick shareholders. The rights may be redeemed by the Company under certain circumstances at the rate of $.01 per right. The rights will expire on March 20, 2006. The Company has authorized 100,000 shares of preferred stock, Series A, no par value, in connection with this plan, none of which have been issued.

REPURCHASE OF COMMON STOCK:

The Company's Board of Directors from time to time has authorized the repurchase of shares of the Company's common stock, in the open market or through negotiated transactions, at such times and at such prices as management may decide.

NOTE 1. COMMITMENTS AND RELATED PARTY LEASES

The Company leases office, manufacturing, and warehouse facilities and certain equipment under various noncancelable agreements which expire at various dates through 2005. These agreements contain various renewal options and provide for minimum annual rentals plus the payment of real estate taxes, insurance, and normal maintenance on the properties. Certain of the leases are with the chairman/major shareholder and expire at various dates through September 30, 2005.

The total minimum rental commitment at December 31, 1999 under the leases mentioned above is approximately $8,510,000 which is due approximately $3,076,000 in 2000, $2,032,000 in 2001, $1,460,000 in 2002, $995,000 in 2003, $697,000 in 2004, and $250,000 thereafter.

The total rent expense included in the statements of income for the years ended December 31, 1999, 1998, and 1997 is approximately $4,100,000, $3,900,000, and $3,400,000 respectively, of which approximately $1,300,000 each year was paid to the chairman/major shareholder.

NOTE 1. MAJOR CUSTOMERS

Net sales for the year ended December 31, 1999 included sales to two customers, each of which accounted for 10% or more of the total net sales of the Company for the year. The percentage of sales for these customers was 11.9% and 10.4%.

Net sales for the year ended December 31, 1998 included sales to two customers, each of which accounted for 10% or more of the total net sales of the Company for the year. The percentage of sales for these customers was 12.1% and 11.3%.

Net sales for the year ended December 31, 1997 included sales to three customers, each of which accounted for 10% or more of the total net sales of the Company for the year. The percentage of sales for these customers was 13.3%, 10.9%, and 10.0%.

The balances due from these customers at December 31, 1999 and 1998 were not significant to the total trade receivables balance.

NOTE 1. INCOME TAX MATTERS

Federal and state income taxes for the years ended December 31, 1999, 1998, and 1997, all of which are domestic, consist of the following:

	1999	1998	1997
Current:			
Federal	$ 3,600,000	$ 4,704,700	$ 4,987,400
State	943,000	933,000	651,400
Deferred	226,000	567,000	(243,000)
	$ 4,769,000	$ 6,204,700	$ 5,395,800

The provisions for income taxes for the years ended December 31, 1999, 1998, and 1997 are different from the amounts that would otherwise be computed by applying a graduated federal statutory rate of 35% to income before income taxes. A reconciliation of the differences is as follows:

	1999	1998	1997
Rate applied to pretax income	$ 4,260,000	$ 5,430,000	$ 4,791,400
State taxes, net of federal tax benefit	550,000	706,000	558,400
Other	(41,000)	68,700	46,000
	$ 4,769,000	$ 6,204,700	$ 5,395,800

Deferred income tax assets and liabilities are computed annually for differences between the financial statement and tax bases of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Income tax expense is the tax payable or refundable for the current period plus or minus the change during the period in deferred tax assets and liabilities.

The composition of the deferred tax assets and liabilities at December 31, 1999 and 1998 is as follows:

<TABLE>

	1999	1998
<S>	<C>	<C>

Gross deferred tax liability, accelerated depreciation	$	(3,926,000) $	(3,482,000)
Gross deferred tax assets:			
Trade receivables allowance	A	109,000	48,000
Inventory capitalization		320,000	323,000
Accrued expenses	V	641,000	662,000
Deferred compensation	D	768,000	686,000
Unvested stock awards		155,000	54,000
Other		33,000	35,000
		2,026,000	1,808,000
Net deferred tax liabilities	$	(1,900,000) $	(1,674,000)

</TABLE>

NOTE 1. SELF-INSURED PLANS

The Company has a self-insured health plan for its employees under which there is both a participant stop loss and an aggregate stop loss based on total participants. The total annual aggregate liability was approximately $3,200,000 at December 31, 1999. The excess loss portion of the employees' coverage has been insured with a commercial carrier.

The Company is partially self insured for its workers' compensation liability. The Company is responsible for a per occurrence limit amount not to exceed approximately $1,600,000 in aggregate annually. The excess loss portion of the employees' coverage has been insured with a commercial carrier.

The Company has accrued an estimated liability for these benefits based upon claims incurred.

NOTE 1. COMPENSATION PLANS

DEFERRED COMPENSATION OBLIGATIONS:

The Company has deferred compensation agreements with certain key employees. The agreements provide for monthly benefits for ten years subsequent to retirement, disability, or death. The Company has accrued an estimated liability based upon the present value of an annuity needed to provide the future benefit payments.

BONUS PLAN:

The Company pays bonuses to certain management personnel. Historically, bonuses are determined annually and are based upon corporate and divisional income levels. The charge to operations amounted to approximately $2,170,000 $2,200,000 and $1,980,000 for the years ended December 31, 1999, 1998, and 1997 respectively.

PROFIT-SHARING PLAN:

The Company has a qualified profit-sharing plan, more commonly known as a 401(k) plan, for substantially all of its employees with over one year of service and who are at least 21 years of age. The plan provides for a matching contribution by the Company as defined in the agreement and, in addition, provides for a discretionary contribution annually as determined by the Board of Directors. The amounts of contributions for the years ended December 31, 1999, 1998, and 1997 were immaterial.

STOCK OPTION PLAN:

At December 31, 1999, the Company has a stock option plan with shares of common stock reserved for options to key employees. As permitted under generally accepted accounting principles, grants under this plan are accounted for following APB Opinion No. 25 and related interpretations. Accordingly, no compensation cost has been recognized for grants under the plan. Had compensation cost for the plans been determined based on the grant date fair values of awards (the method described in FASB Statement No. 123), reported net income and earnings per common share would have been reduced to the pro forma amounts shown below:

	1999	1998	1997
Net income:			

As reported	$ 7,404,290	$ 9,307,071	$ 8,293,956
Pro forma	7,060,174	9,307,071	8,293,956
Primary earnings per share:			
As reported	$ 1.30	$ 1.58	$ 1.40
Pro forma	1.24	1.58	1.40
Fully diluted earnings per share:			
As reported	$ 1.29	$ 1.57	$ 1.39
Pro forma	1.23	1.57	1.39

PATRICK INDUSTRIES, INC.
AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

The fair value of each grant is estimated at the grant date using the Black-Scholes option-pricing model with the following assumptions for 1999: dividend rate of 1.25% for all years; risk-free interest rate of 5.25%; expected lives of five years; and price volatility of 64%.

The effects of applying of applying FASB Statement No. 123 in the above proforma disclosures are not indicative of future amounts as they do not include the effects of awards granted prior to 1996, which would have had income statement effects in 1998 and 1997 due to the five year vesting period associated with fixed stock option awards.

Following is a summary of transactions of granted shares under option for the years ended December 31, 1999 and 1998:

<TABLE>

	1999		1998	
	SHARES	WEIGHTED AVERAGE EXERCISE PRICE	Shares	Weighted Average Exercise Price
<S>	<C>	<C>	<C>	<C>
Outstanding, beginning of year	88,500	$10.75	96,000	$10.75
Issued during the year	352,500	14.75		-
Canceled during the year	(21,000)	10.75		-
Exercised during the year	(2,500)	10.75	(7,500)	10.75
Outstanding, end of year	417,500	$14.13	88,500	$10.75
Eligible, end of year for exercise	65,000	$10.75	88,500	$10.75
Weighted average fair value of options granted during the year		$7.26		

</TABLE>

A further summary about fixed options outstanding at December 31, 1999 is as follows:

<TABLE>

	Options Outstanding			Options Exercisable	
	Number Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
<S>	<C>	<C>	<C>	<C>	<C>
Exercise price of $10.75	65,000	0.5	$10.75	65,000	$10.75
Exercise price of $14.75	352,500	9.5	$14.75		

</TABLE>

These options were included in computing diluted earnings per common share as shown on the consolidated statements of income.

PATRICK INDUSTRIES, INC.
AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

STOCK AWARD PLAN:

The Company has adopted a stock award plan for the five existing non-employee directors. Grants awarded during May 1999 and May 1998 of 6,000 shares each year are subject to forfeiture in the event the recipient terminates as a director within two years from the date of grant. The related compensation expense is being recognized over the two-year vesting period.

NOTE 1. BUSINESS COMBINATION

In August 1997, the Company purchased substantially all of the assets of United Shade, Inc., a manufacturer of window shades and blinds. The total acquisition cost was $5,810,400. The excess of the total acquisition cost over the fair value of the net assets acquired of $2,760,000 is being amortized over fifteen years by the straight-line method. The acquisition has been accounted for as a purchase and results of operations of United Shade, Inc. since the date of acquisition are included in the consolidated financial statements.

In April 1998, the Company acquired for cash all of the assets and liabilities of Woodtek, L.L.C., a manufacturer of wood products. The total acquisition cost was $2,581,490. The acquisition has been accounted for as a purchase and the results of operations of Woodtek, L.L.C. since the date of acquisition are included in the consolidated financial statements.

Summarized pro forma financial information for the years ended December 31, 1998 and 1997 as though the two acquisitions had occurred as of January 1, 1997 is as follows:

	1998	1997
Net sales	$ 456,281,052	$ 423,513,123
Net income	9,340,957	8,461,784
Earnings per share	1.58	1.43

PATRICK INDUSTRIES, INC.
AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

NOTE 1. CASH FLOWS INFORMATION

Supplemental information relative to the statements of cash flows for the years ended December 31, 1999, 1998, and 1997 is as follows:

<TABLE>

<S>	<C> 1999	<C> 1998	<C> 1997
Supplemental disclosures of cash flows information:			
Cash payments for:			
Interest	$ 1,597,626	$ 1,621,879	$ 1,720,934
Income taxes	$ 4,850,244	$ 6,359,279	$ 5,360,319
Business acquisitions:			
Cash purchase price	$	$ 2,581,490	$ 6,797,316
Working capital acquired	$	$ 1,081,490	$ 2,455,644
Fair value of long-lived assets acquired		1,500,000	4,341,672

$	$	2,581,490 $	6,797,316

</TABLE>

The changes in assets and liabilities in arriving at net cash provided by operating activities are net of amounts related to acquisitions.

NOTE 1. UNAUDITED INTERIM FINANCIAL INFORMATION

Presented below is certain selected unaudited quarterly financial information for the years ended December 31, 1999 and 1998 (dollars in thousands, except per share data):

<TABLE>

	Quarter Ended 1999			
	March 31,	June 30,	September 30,	December 31,
<S>	<C>	<C>	<C>	<C>
Net sales	$ 107,352	$ 123,029	$ 116,981	$ 109,994
Gross profit	13,984	16,274	13,490	13,591
Net income	2,211	2,659	1,337	1,197
Earnings per common share	0.38	0.47	0.23	0.21
Weighted average common shares outstanding	5,786,480	5,685,715	5,695,539	5,690,237

</TABLE>

PATRICK INDUSTRIES, INC.
AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

<TABLE>

	Quarter Ended 1998			
	March 31,	June 30,	September 30,	December 31,
<S>	<C>	<C>	<C>	<C>
Net sales	$ 104,987	$ 117,731	$ 119,070	$ 111,730
Gross profit	13,253	15,463	15,894	14,946
Net income	1,811	2,497	2,724	2,275
Earnings per common share	0.31	0.42	0.46	0.39
Weighted average common shares outstanding	5,896,472	5,915,206	5,925,865	5,872,923

</TABLE>

NOTE 1. SEGMENT INFORMATION

The Company has determined that its reportable segments are those that are based on the Company's method of internal reporting, which segregates its business by product category and production/distribution process. The Company's reportable segments are as follows:

Laminating -- Utilizes various materials including gypsum, particleboard, plywood, and fiberboard which are bonded by adhesives or a heating process to a number of products including vinyl, paper, foil, and high pressure laminate. These laminated products are utilized to produce furniture, shelving, wall, counter, and cabinet products with a wide variety of finishes and textures.

Distribution -- Distributes primarily pre-finished wall and ceiling panels, particleboard, hardboard, and vinyl siding, roofing products, passage doors, building hardware, insulation, and other products.

Wood -- Uses raw lumber including solid oak as well as other hardwood materials or laminated particleboard or plywood to produce cabinet door product lines.

Other -- Includes aluminum extruding, painting and distributing divisions, an adhesive division, a pleated shade division, a plastic thermoforming division, and a machine manufacturing division.

The accounting policies of the segments are the same as those described in "Significant Accounting Policies," except as described below. Segment data includes intersegment revenues, as well as a charge allocating a majority of the corporate costs to each of its operating segments. Assets are identified with the segments with the exception of cash, and land and buildings, which are identified with the corporate division. The corporate division charges rents to the segment for use of the land and buildings based upon market rates. The Company accounts for intersegment sales as if the sales were to third parties, that is, at current market prices. The Company also records income from purchase incentive agreements as corporate division revenue. The Company evaluates the performance of its segments and allocates resources to them based on a variety of indicators including revenues, cost of goods sold, earnings before interest and taxes (EBIT), and total identifiable assets.

At December 31, 1999, the Company changed its policy to record accounts receivable as a segment asset rather than a corporate asset. Segment data as of December 31, 1998 and 1997 has been restated accordingly.

The table below presents information about the net income (loss) and segment assets used by the chief operating decision makers of the Company as of and for the years ended December 31, 1999, 1998, and 1997. Segment information for earlier years has been presented to conform with the requirements of FASB No. 131 (dollars in thousands).

<TABLE>

	Laminating	Distribution	Wood	Other	Total
			1999		
<S>	<C>	<C>	<C>	<C>	<C>
Sales	$ 185,300	$ 185,053	$ 42,458	$ 43,747	$ 456,558
Sales, intersegment	6,733	51	1,209	21,381	29,374
Total sales	192,033	185,104	0 43,667	0 65,128	0 485,932
Cost of goods sold	171,288	167,507	41,639	55,184	435,618
EBIT	5,229	4,588	(2,572)	2,623	9,868
Identifiable assets	39,738	21,545	11,962	14,175	87,420
Depreciation	2,398	437	1,630	1,360	5,825
			1998		
Sales	$ 190,204	$ 171,700	$ 45,019	$ 45,717	$ 452,640
Sales, intersegment	8,244		5,834	22,924	37,002
Total sales	198,448	171,700	50,853	68,641	489,642
Cost of goods sold	174,673	156,303	49,061	57,020	437,057
EBIT	8,289	3,480	(3,019)	4,590	13,340
Identifiable assets	40,855	21,985	13,389	13,831	90,060
Depreciation	1,982	367	1,349	1,254	4,952

	Laminating	Distribution	Wood	Other	Total
			1997		

<S>	<C>	<C>	<C>	<C>	<C>
Sales	$ 193,399	$ 144,870	$ 34,936	$ 36,512	$ 409,717
Sales, intersegment	7,804	11	1,630	18,348	27,793
Total sales	201,203	144,881	36,566	54,860	437,510
Cost of goods sold	179,297	131,185	34,831	47,125	392,438
EBIT	7,582	3,700	(2,250)	2,299	11,331
Identifiable assets	35,956	15,462	11,359	14,339	77,116
Depreciation	1,560	272	1,071	917	3,820

</TABLE>

A reconciliation of total segment sales, cost of goods sold, and EBIT to consolidated sales, cost of goods sold, and segment information to the consolidated financial statements as of and for the years ended December 31, 1999, 1998, and 1997 is as follows (dollars in thousands):

<TABLE>

	1999	1998	1997
<S>	<C>	<C>	<C>
Sales:			
Total sales for reportable segments	$ 485,932	$ 489,642	$ 437,510
Elimination of intersegment revenue	(28,576)	(36,123)	(26,943)
Consolidated sales	$ 457,356	$ 453,519	$ 410,567

</TABLE>

PATRICK INDUSTRIES, INC.
AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

<TABLE>

	1999	1998	1997
<S>	<C>	<C>	<C>
Cost of goods sold:			
Total cost of goods sold for reportable segments	$ 435,618	$ 437,057	$ 392,438
Elimination of intersegment cost of goods sold	(28,576)	(36,123)	(26,943)
Consolidation reclassifications	(2,890)	(2,858)	(2,795)
Corporate incentive agreements	(3,681)	(3,740)	(3,484)
Other	(454)	(373)	(790)
Consolidated cost of goods sold	$ 400,017	$ 393,963	$ 358,426
Earnings before interest and taxes (EBIT):			
EBIT for reportable segments	$ 9,868	$ 13,340	$ 11,331
Corporate incentive agreements	3,681	3,740	3,484
Consolidation reclassifications	(780)	(173)	(142)
Gain (loss) on sale of property and equipment	643	(32)	254
Other	154	(191)	(88)
Consolidated EBIT	$ 13,566	$ 16,684	$ 14,839
Consolidated assets:			
Identifiable assets for reportable segments	$ 87,420	$ 90,060	$ 77,116
Corporate property and equipment	24,693	24,541	22,268
Current assets not allocated to segments	6,035	4,589	5,002
Intangible and other assets not allocated to segments	8,420	8,720	7,862
Consolidation eliminations	(365)	(155)	(60)

Consolidated assets	$	126,203 $	127,755 $	112,188
Depreciation and amortization:				
Depreciation for reportable segments	$	5,825 $	4,952 $	3,820
Corporate depreciation and amortization		3,079	2,629	1,961
Consolidated depreciation	$	8,904 $	7,581 $	5,781

</TABLE>

NOTE 1. SUBSEQUENT EVENT

From January 1, 2000 through January 28, 2000, the Company repurchased 221,700 shares of common stock for approximately $2,374,000.

INDEPENDENT AUDITOR'S REPORT ON THE SUPPLEMENTAL SCHEDULE AND CONSENT

To the Board of Directors
Patrick Industries, Inc.
Elkhart, Indiana

Our audits of the consolidated financial statements of Patrick Industries, Inc. and Subsidiaries included Schedule II, contained herein, for each of the years in the three-year period ended December 31, 1999. Such schedule is presented for purposes of complying with the Securities and Exchange Commission's rule and is not a required part of the basic consolidated financial statements. In our opinion, such schedule presents fairly the information set forth therein, in conformity with generally accepted accounting principles.

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (File No. 333-04187) and in the related Prospectus of our report, dated January 28, 2000, with respect to the consolidated financial statements and schedule of Patrick Industries, Inc. and Subsidiaries included in this Annual Report on Form 10-K for the year ended December 31, 1999.

McGLADREY & PULLEN, LLP

Elkhart, Indiana
March 29, 2000

PATRICK INDUSTRIES, INC.

AND SUBSIDIARIES

SCHEDULE II

<TABLE>

VALUATION AND QUALIFYING ACCOUNTS AND RESERVES

<CAPTION>

December 31, 1997, 1998, and 1999

	Balance At Beginning	Charged To	Deductions From	Balance At Close

	Of Period	Operations	Reserves	Of Period
<S>	<C>	<C>	<C>	<C>
Allowance for doubtful accounts - deducted from trade receivables, in the balance sheets:				
1997	$$ 80,000 $	168,514 $	123,515 $	125,000
1998	$ 125,000 $	235,000 $	235,000 $	125,000
1999	$ 125,000 $	268,595 $	118,595 $	275,000

</TABLE>

INDEX TO EXHIBITS

Exhibit Number	Exhibits
3(a)	-Amended Articles of Incorporation of the Company as further amended (filed as Exhibit 3(a) to the Company's Form 10-K/A-1 amending its report on Form 10-K for the fiscal year ended December 31, 1992 and incorporated herein by reference)
3(b)	-By-Laws of the Company (filed as Exhibit 3(b) to the Company's Form 10-K/A-1 amending its report on Form 10-K for the fiscal year ended December 31, 1992 and incorporated herein by reference)
3(c)	- Preferred Share Purchase Rights Agreement (filed April 3, 1996 on Form 8-A and incorporated herein by reference)
10(a)	-Second Amendment to February 2, 1994 Credit Agreement, dated as of June 26, 1995 among the Company, NBD Bank, as agent, and NBD Bank, N.A. (filed as Exhibit 10(a) to the Company's Form 10-K for the fiscal year ended December 31, 1995 and incorporated herein by reference)
10(b)	-Note Agreement, dated September 1, 1995, between the Company and Nationwide Life Insurance Company (filed as Exhibit 10(b) to the Company's Form 10-K for the fiscal year ended December 31, 1995 and incorporated herein by reference)
10(c)	-Commercial Lease and Option to Purchase dated as of October 1, 1995 between Mervin Lung Building Company, Inc., as lessor, and the Company, as lessee (filed as Exhibit 10(c) to the Company's Form 10-K for the fiscal year ended December 31, 1995 and incorporated herein by reference)
10(d)	-First Amendment to Credit Agreement, dated as of October 27, 1994 among the Company, NBD Bank, as agent, and NBD Bank, N.A. (filed as Exhibit 10(a) to the Company's Form 10-K for the fiscal year ended December 31, 1994 and incorporated herein by reference)
10(e)	-Loan Agreement dated as of December 1, 1994 between the State of Oregon Economic Development Commission, along with the Pledge and Security Agreement relating thereto (filed as Exhibit 10(b) to the Company's Form 10-K for the fiscal year ended December 31, 1994 and incorporated herein by reference)
10(f)	-Credit Agreement dated as of February 2, 1994 among the Company, NBD Bank, as agent, and NBD Bank, N.A. (filed as Exhibit 10(a) to the Company's Form 10-K for the fiscal year ended December 31, 1993 and incorporated herein by reference)

Exhibit Number	Exhibits
10(g)	-Loan Agreement dated as of November 1, 1991 between the Company

and the Indiana Development Finance Authority, along with the Pledge and Security Agreement relating thereto (filed as Exhibit 10(c) to the Company's Form 10-K/A-1 amending its report on Form 10-K for the fiscal year ended December 31, 1992 and incorporated herein by reference)

*10(h)	-Patrick Industries, Inc. 1987 Stock Option Program, as amended (filed as Exhibit 10(e) to the Company's Form 10-K for the fiscal year ended December 31, 1994 and incorporated herein by reference)
*10(i)	-Patrick Industries, Inc. 401(k) Employee Savings Plan (filed as Exhibit 10(a) to the Company's Form 10-K for the fiscal year ended December 31, 1993 and incorporated herein by reference)
*10(j)	-Form of Employment Agreements with Executive Officers (filed as Exhibit 10(e) to the Company's Form 10-K/A-1 amending its report on Form 10-K for the fiscal year ended December 31, 1992 and incorporated herein by reference)
*10(k)	-Form of Deferred Compensation Agreements with Executive Officers (filed as Exhibit 10(f) to the Company's Form 10-K/A-1 amending its report on Form 10-K for the fiscal year ended December 31, 1992 and incorporated herein by reference)
10(l)	-Commercial Lease and dated as of October 1, 1994 between Mervin D. Lung, as lessor, and the Company, as lessee (filed as Exhibit 10(k) to the Company's Form 10-K for the fiscal year ended December 31, 1994 and incorporated herein by reference)
10(m)	-Commercial Lease dated September 1, 1994 between Mervin D. Lung Building Company, Inc., as lessor, and the Company, as lessee (filed as Exhibit 10(l) to the Company's Form 10-K for the fiscal year ended December 31, 1994 and incorporated herein by reference)
10(n)	-Commercial Lease dated November 1, 1994 between Mervin D. Lung Building Company, Inc., as lessor, and the Company, as lessee (filed as Exhibit 10(m) to the Company's Form 10-K for the fiscal year ended December 31, 1994 and incorporated herein by reference)
10(o)**	-Commercial Lease dated October 1, 1999 between Mervin D. Lung, as lessor, and the Company, as lessee
12**	-Computation of Operating Ratios
23	-Consent of accountants (included in Independent auditor's report on supplemental schedule & consent on page F-20)
27**	-Financial Data Schedule

*Management contract or compensatory plan or arrangement
**Filed herewith

COMMERCIAL LEASE

THIS INDENTURE WITNESSETH, that MERVIN D. LUNG of St. Joseph County, Indiana, hereinafter referred to as "LESSOR", leases to PATRICK INDUSTRIES, INC., an Indiana Corporation with principal offices in Elkhart County, Indiana, hereinafter referred to as "LESSEE", for and in consideration of the covenants and agreements hereinafter mentioned, that real estate located in McLennan County, Texas, and more particularly described on Exhibit "A" attached hereto and made a part hereof, to have and to hold unto the Lessee from October 1, 1999, to and including September 30, 2004, and the Lessee in consideration of said grant does hereby covenant and agree with the Lessor as follows:

1) That Lessee represents it will use said premises for manufacturing, warehousing, and office purposes only, all in conformity with applicable ordinances, laws, and regulations.

2) Lessee will pay, as rent for said premises, to the Lessor at such place as the Lessor from time to time hereafter may designate in writing, in equal monthly installments of Twenty Five Thousand Twenty-nine Dollars ($25,029.00) each commencing on the 1st day of October, 1999, and on the first day of each succeeding consecutive month thereafter during the first year of this lease to and including the 1st day of September, 2000. It is mutually agreed by the parties that the Lessor shall have the option to increase the monthly rental at each one year anniversary date of this Lease term, by a factor no greater than the percentage increase from the applicable prior year in the "Consumer Price Index - All Urban Consumers" as published by the "Bureau of Labor Statistics" or a comparable index if the aforementioned one is not available. If said option is exercised and the applicable monthly rental is increased, said increase shall continue in effect until further modified by the terms of this paragraph of this Commercial Lease.

   Lessee shall further pay as additional rent the following:

   A. Real estate taxes levied and/or assessed against the leased premises by the State of Texas and/or any political subdivision thereof commencing with the first installment of said taxes payable after October 1, 1999, and ending with the last installment of taxes payable prior to September 30, 2004. In the event that there would be any arrearage in real estate taxes, levied and/or assessed against the Leased premises by the State of Texas, for any period of time prior to this Lease term, by the terms of a predecessor Commercial Lease, Lessee shall be responsible for said taxes.

   B. Insurance premiums for fire, extended coverage and hazard insurance on the improvements located on the leases premises when and as the same fall due during the term commencing on the effective date of this Lease, said insurance to be in the amounts and with the limits of liability as hereinafter stated.

3) Lessee has examined and knows the condition of said premises and has received the same in good order and repair, except as herein otherwise specified on Exhibit "B" attached hereto and made a part thereof and that no representations as to the condition of repair thereof have been made by the Lessor or his representative, prior to or at the execution of this Lease that are not herein expressed or endorsed hereon and that Lessee will keep the interior and exterior of said premises in good repair, including the roof, walls, overhead door systems, passage doors and windows, replacing all broken glass with glass of the same size and quality as that broken, and will keep said premises and appurtenances, as well as all eaves, downspouting, catch basins, drains stools, lavatories, sidewalks, adjoining alleys and all other facilities and equipment in connection with said premises, in a clean and healthy condition, according to the city ordinances, and the direction of the proper public officers, during the term of this Lease in any way, will yield up said premises to Lessor in good condition and repair (loss by fire and ordinary wear excepted) and will deliver the keys to Lessor.

4) Lessor shall not be liable for damages caused by failure to keep said premises in repair and shall not be liable for any damage done or occasioned by or from plumbing, gas, water, steam or other pipes, or sewage, or the bursting or leaking of plumbing or heating fixtures or waste or soil pipe existing in connection with

said building or premises, nor for damage occasioned by water, snow or ice being upon said sidewalks or coming through the roof, skylight, trap door or otherwise, nor for any damages arising from negligence of co-tenants or other occupants of the same building, or the agents, employees or servants of any of them, or of any owners or occupants of adjacent or contiguous property.

5) Lessor shall not be liable for any injury to the Lessee or any other person, occurring on, adjacent to or in front of said premises, irrespective of whether said injury is caused by a defect in said premises or by reason of said premises becoming out of repair or arising from another cause whatsoever, and the Lessor shall not be liable for damage to Lessee's property or to the property of any other person which may be located in or upon said premises and the Lessee agrees to indemnify and save harmless the Lessor from any and all claims arising out of injuries to persons or property occurring on or about said premises.

During the term of this Lease the Lessee shall maintain at its expense, for the benefit of Lessor and Lessee and naming both Lessor and Lessee as insured parties, liability insurance with limits of not less than Five Million Dollars ($5,000,000.00) per injury or occurrence and Two Million Dollars ($2,000,000.00) property damage. Lessee shall deliver from time to time during the term of this Lease to Lessor evidence of the existence of such liability insurance.

6) Lessee shall further maintain at its sole expense for the benefit of Lessor during the entire term of this Lease fire, extended coverage and hazard insurance on the improvements now located on the leased premises in an amount equal to the insurable replacement cost of said premises. It is agreed by and between the parties hereto that the present improvements located on the leased premises have an initial insurable replacement value in the sum of ________________ Dollars ($_________________). Lessee shall further deliver to Lessor certificates of insurance issued by the insuror of said improvement and from time to time when as the premiums on said insurance become due and payable shall further provide Lessor with evidence of the payment of said premiums.

In the event Lessee shall construct or erect any further improvements upon said leased premises and/or make any additions or alterations to the existing improvements located upon said premises during the term of this Lease, Lessee, at its expense, shall insure said additional

improvements or additions to present improvements in an amount not less than the costs of such further improvements or additions.

7) The parties agree that Lessee may sublet all or any portion of said premises during the term of this Lease with the prior written consent of Lessor. Upon the provision of said Written Consent, Lessee shall deliver copies of any such subleases within five (5) days after the execution thereof and provided, further, that Lessee shall not grant any rights to any such subtenant in excess of the rights and duties granted Lessee herein.

8) Lessee shall not assign this Lease or any part thereof without the written consent of the Lessor first had and obtained, and will not permit any transfer by operation of law of any interest in said premises acquired through this Lease and will not permit said premises to be used for any unlawful purpose or purposes which will injure the reputation of the same or of the building of which it is a part, nor disturb the tenants of such building or of the neighborhood.

9) No alterations, changes, or additions in said leased premises shall be made without first submitting written plans and specifications for the same to the Lessor and obtaining his written consent to make the same. Lessor shall not unreasonably withhold his consent. In the event of any such remodeling, alterations, or additions, Lessee shall make the same at its own expense and shall promptly pay for all materials and labor involved in making the same. Lessee shall not permit any liens or claims or demands of any nature to exist against the Lessor or the leases premises. In the event any lien, claim, or demand of any action for enforcing the same shall be filed for made against the Lessor or said premises, the Lessee shall defend the same at its own expense and Lessee hereby agrees to indemnify and hold harmless the Lessor from any and all liability or expense arising

by virtue of such claim, demand, or lien or the defense of any action filed to enforce the same. Any such alterations, changes, or additions shall, when made, become a part of the leased premises and remain thereon as the property of the Lessor at the termination of said Lease at the option of the

Lessor, and if the Lessor shall require the Lessee to restore the premises or any portion thereof to the original condition in which it was before this Lease is executed, then the Lessee shall restore said premises or portion to such condition at its own expense, and all of the provision of this lease with reference to such restoration contracts, liens, demands and expenses shall apply to said restoration as well as the original alterations. Upon the expiration of this Lease, Lessee shall be entitled to remove its trade fixtures and equipment provided that Lessee shall, at its sole expense, restore said premises to good condition after such removal.

10) Lessee shall allow Lessor free access to the premises for the purpose of examining or exhibiting the same and also to allow the Lessor, within forty-five (45) days of the termination of this Lease, to place upon said premises "For Sale" or "For Rent" signs.

11) Lessee shall promptly pay and discharge all store license taxes and all general personal property taxes or special license fees that may be assessed or levied by any lawful authority against the property of Lessee or any subtenants on, against or by virtue of the business conducted in or on the demised premises during the term of this Lease.

12) Lessee shall promptly pay (in addition to the rents above specified) all water, sewerage, electric, power, gas and heating bills taxed, levied, or charged against the premises for and during the entire term of this Lease.

13) Lessee covenants that should it make default in its agreement to pay the rent above provided to be paid, or any part thereof, or in any of the other covenants and agreements herein contained, it will at once deliver peaceable possession of said premises to the Lessor, and failing to do so, it shall be lawful for the Lessor, its successors or assigns, without notice, to declare the said term ended, and to re-enter said demises premises, or any part thereof, either with or without process of law, and to expel, remove and put out the Lessee, or any person or persons occupying the same, using such force as may be necessary so to do, and to repossess

and use said premises as before this demise, without prejudice to any remedies which might otherwise be used for arrears of rent or preceding breach of covenants.

14) That after the service of notice, or the commencement of a suit, or after final judgment for possession of said premises, Lessor may receive and collect any rent due and the payment of said rent shall not waive or affect said notice, said suit or said judgment.

15) If the Lessee shall make any assignment for the benefit of creditors or if a receiver is appointed for the Lessee or its assets or of the Lessor's interest under this Lease, and if the appointment of a receiver is not vacated within five (5) days, or if a voluntary or involuntary petition is filed by or against Lessee under the Bankruptcy Act, the Lessor may, upon giving the Lessee ten (10) days notice of such election, either terminate Lessee's right to the possession of the demises premises or terminate this Lease as in the case of a violation by the Lessee of any of the terms, covenants, or conditions of this Lease.

16) It is agreed by the parties hereto that in the event Lessee is declared bankrupt or voluntarily offers to creditors terms of composition or in case a receiver is appointed to take charge of and conduct the affairs of the Lessee, then Lessor shall have the right of immediate possession of said premises.

17) That in case said premises shall be so injured by fire, windstorm, or other catastrophe as to be rendered untenantable, within thirty (30) days thereafter, it shall be optional with the Lessor only to terminate the Lease by written notice at the end of such thirty (30) days, in which case rent shall be paid at the agreed rate

above provided up to the time of such fire; but in case such injuries are repaired and the premises rendered tenantable within thirty (30) days, the right to terminate this Lease for such cause shall not exist: provided, that nothing herein contained shall relieve the Lessee from liability for rent or damages where such damage or destruction shall be caused by the carelessness, negligence or improper conduct of the Lessee, its agents or servants.

18) It is expressly agreed that no waiver nor apparent waiver, nor the failure of Lessor to require strict performance of any condition, covenant, or agreement shall estop the Lessor from enforcing such condition, covenant, or agreement, nor any other condition, covenant, or agreement shall at any time be implied.

19) At the expiration of this Lease, by lapse of time or otherwise, Lessee will yield up immediate possession to Lessor, and failing so to do, will pay as liquidated damages for each day such possession is withheld, a sum equal or two (2) times the per diem rental; but the provisions of this clause shall not be held as a waiver by Lessor of any rights of re-entry as herein set forth, nor shall the receipt of said rent or any part thereof, or any other act in apparent affirmance of tenancy, operate as a waiver of the right to forfeit this Lease and the term hereby granted for the period still unexpired, for any breach of any of the covenants herein.

20) It is also agreed that the Lessee shall pay and discharge all reasonable costs, attorney's fees, and expenses which shall be made and incurred by the Lessor in enforcing the covenants and agreements of this Lease, including the agreement to deliver possession for any reason herein provided, and all the parties to this Lease agree that the covenants and agreements herein contained shall be binding upon, apply and inure to their respective heirs executors, administrators, successors and assigns, and the terms "Lessor" and "Lessee" shall embrace all of the parties hereto irrespective of number or gender.

21) It is agreed that all payments herein provided to be made shall be made without relief from valuation or appraisement laws, and all payments required to be made at the time due shall bear interest at the rate of eighteen percent (18%) per annum, from date of delinquency.

22) At any time prior to April 1, 2004, provided that Lessee shall then have complied with and performed all of the agreements to be performed by Lessee herein, Lessee shall have the option to renew the lease for an additional term commencing October 1, 2004, and ending September 30, 2009. Lessee shall exercise said option by giving Lessor notice of the exercise thereof in writing, addressed to Lessor as hereinafter stated, certified mail, return receipt requested, which

notice shall be mailed to Lessor not later than April 1, 2004. In the event Lessee fails to serve notice of the exercise of its option to renew this Lease as hereinabove provided shall expire and be of no further force and effect, it being agreed by the parties that time is of the essence of receipt of notice of such exercise.

In the event said option is exercised, the basic rental for the additional term shall be renegotiated between Lessor and Lessee. All other provisions of the Lease shall be the same as for the initial term, including the provisions relative to additional rent. In the event Lessor and Lessee are unable to agree in writing upon the amount of basic rental agreeable during the renewal term on or before July 1, 2004, said notice of exercise of such option to renew shall be deemed ineffective for all purposes and said Lease shall automatically expire upon the expiration of the initial term.

23) Each of said parties does each herewith and hereby release and relieve the other and waiver their entire right of recovery against the other for loss or damage arising out of or incident to the perils of fire, explosion, or other peril described in the "Extended Coverage" insurance endorsement approved for use in the state where the above property is located, which occurs in, on or about the premises, whether due to the negligence of any said parties, their agents or employees or otherwise.

24) In the event the leased premises or any portion thereof shall be

acquired or condemned by eminent domain for any public or quasi-public use or purposes, Lessor may terminate this Lease in which event said Lease shall terminate and cease on the date upon which the condemning authority shall take possession of the leased premises so condemned. Lessee shall continue to perform the obligations imposed upon it by the terms of this Lease until said date.

Further, in the event of any such acquisition or condemnation by eminent domain, Lessee shall have no claim against the Lessors or the condemning authority for the value of the unexpired term of this Lease and Lessee shall not be entitled to any part of the award paid for

the condemnation or acquisition of the leased premises, it being agreed that Lessor shall be entitled to receive the full amount of such award and it being further agreed that Lessee hereby expressly waives any right or claim against any portion of said award. Lessee shall have the right to claim and recover from the condemning authority, but not from the Lessor, such compensation as may be separately awarded or recoverable by the Lessee in Lessee's own right on account of any and all damages to Lessee's business by reason of such acquisition or condemnation and for or on account of any cost to which Lessee might be put in removing Lessee's equipment, fixtures, inventory, and other property from the leased premises.

25) Nothing herein contained shall be construed as prohibiting Lessor from assigning its right, title, and interest in and to the leased premises, subject to the terms of this Lease, to any third party.

26) At the expiration of the lease, whether by lapse of time or otherwise, Lessor and Lessee shall make a joint inspection of the leased premises to determine the then present condition thereof. In the event said leased premises are damaged, or in the event the Lessee has committed waste and in the further event that the premises are not in then good condition and repair, ordinary wear and tear excepted, Lessor shall cause said premises to be restored to good condition and repair at Lessee's expense. Lessee shall pay the cost of such repair and restoration within ten (10) days after receipt of notice from Lessor. 27) Until further notice in written form is given by either of the parties hereto, all notices and/or rent to be delivered to the opposite party shall be mailed as follows:

TO LESSOR:
Mervin D. Lung
5020 Lincolnway East
Mishawaka, IN 46544

TO LESSEE:
Patrick Industries, Inc.
1800 South 14th Street

Elkhart, IN 46516

28) Lessor covenants and agrees that so long as Lessee shall perform all of the terms, conditions, covenants, and agreements to be kept by Lessee, Lessee shall have the quiet enjoyment of the leased premises.

29) The parties agree that a memorandum of lease in a form approved in writing by Lessor, may be recorded in the records of McLennan County, Texas.

30) This Lease is executed by duly authorized officers of the Lessee for and on behalf of the Lessee and the persons executing this Lease for and on behalf of the Lessee acknowledge and state that they have full power and authority to execute this Lease pursuant to law, the by-laws of Lessee corporation and authority of Lessee's board of directors.

Dated effective this 30th day of September , 1999.

_Mervin D. Lung__________
Mervin D. Lung
(LESSOR)

PATRICK INDUSTRIES, INC.

_David D. Lung___________
David D. Lung
President

ATTEST:

_Keith V. Kankel_________________ (LESSEE)
Keith V. Kankel, Secretary/Treasurer

STATE OF INDIANA)
) SS:
COUNTY OF ST. JOSEPH)

Before me, a Notary Public in and for said County and State, personally appeared Mervin D. Lung and acknowledged the execution of the above foregoing Commercial Lease as Lessor.

WITNESS my hand and Notarial Seal this 30th day of September , 1999.

Thomas M. Walz
Thomas M. Walz Notary Public
Residing in St. Joseph County, IN

My Commission Expires
08/27/2006

STATE OF INDIANA)
) SS:
COUNTY OF ___________)

Before me, a Notary Public in and for said County and State, personally appeared David D. Lung and Keith V. Kankel, the Vice-President and Secretary/Treasurer, respectively, of PATRICK INDUSTRIES, INC., an Indiana Corporation, and acknowledged the execution of the above and foregoing Commercial Lease for and on behalf of said corporation in their respective representative capacities being authorized by it so to do.

WITNESS my hand and Notarial Seal this _______ day of ___________, 1999.

________________, Notary Public
Residing in __________ County, IN

My Commission Expires

EXHIBIT "A"

REAL ESTATE DESCRIPTION

BEING 13.15 acres of land in the Jacob Walker League, McLennan County, Texas, and being all that certain Tract Two as described in a deed from the Waco Industrial Foundation to Patrick Industries, Inc., as recorded March 13, 1980, in Col. 1347, Pg. 763 of the Deed Records of McLennan County, Texas, described by metes and bounds as follows: BEGINNING at a nail being the northwest corner of said Tract Two, being also in the center of the Old Fort Graham Road; THENCE N 57 deg 3 min 54 sec E with the north line of said Tract Two passing an iron at 25.0 feet continuing for a total distance of 1120.3 feet to an iron stake for a corner being the northeast corner of said tract; THENCE S 30 deg 15 min 27 sec E with the cast line of said TRACT TWO a distance of 407.57 feet to an iron stake for a corner being in the northwest line of Texas

Central Railroad; THENCE S 18 deg 48 min 15 sec W with said railroad R.O.W. a distance of 225.59 feet to an iron stake for a corner being the southeast corner of said Tract Two; THENCE S 60 deg 32 min W with the south line of said Tract Two, passing an iron stake at a distance of 921.03 feet, continuing for a total distance of 946.03 feet to a nail for a corner being the southwest corner of said Tract Two, being also in the center line of Old Fort Graham Road; THENCE N 30 deg 34 min 32 sec W with the west line of said Tract Two a distance of 490.0 feet to the place of beginning containing 13.15 acres of land more or less, of which .028 acre is being used as a public road, and 0.25 acre is being used as a private gravel drive, ingress, egress easement.

EXHIBIT "B"

EXCEPTIONS TO CONDITION

EXHIBIT 12

PATRICK INDUSTRIES, INC.

STATEMENT OF COMPUTATION OF OPERATING RATIOS

Operating ratios which appear in this Form 10K, including gross profit, warehouse and delivery expenses, selling, general, and administrative expenses, operating income, and net income were computed dividing the respective amounts by net sales for the period indicated.

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