

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

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT
OF 1934 For the fiscal year ended December 31, 2000

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
(State or other jurisdiction of
incorporation or organization)

35-1057796
(IRS Employer
identification No.)

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

46515
(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]

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The aggregate market value of the voting stock held by non-affiliates of the
Company on March 23, 2001 (based upon the closing price on NASDAQ and an
estimate that 72.21% of the shares are owned by non-affiliates) was \$20,540,482.
The closing market price was \$6.313 on that day.

As of March 23, 2001, 4,505,666 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 15, 2001 are
incorporated by reference into Parts III of this Form
10-K.

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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, architectural, 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, high pressure laminates, 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 nine manufacturing plants and a distribution facility near its principal offices in Elkhart, Indiana, and operates twelve other warehouse and distribution centers and fourteen other manufacturing plants in twelve other states.

Strategy

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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 55% of the Company's sales are to the Manufactured Housing industry, 25% to the Recreational Vehicle industry, and 20% 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 aftermarket, and many other markets. The Company's adhesives are produced for almost all industrial applications.

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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 its nationwide manufacturing and distribution capabilities enable it to more effectively serve its customers and position it for product expansion.

Expansion of Manufacturing Capacity

In the last 4 years, the Company has invested approximately \$31.7 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 1998 the Company expanded existing product lines and capacity with the opening of a new manufacturing and distribution complex in New London, North Carolina. 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 15-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 pre-finished wall and ceiling panels, particleboard, hardboard siding, roofing products, high pressure laminates, 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 38.5%, 39.7%, and 42.4% for the years ended December 31, 2000, 1999, and 1998 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

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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 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 was 6.5% lower than 1998, but still 104% more units than shipped in 1991.

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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 had caused the manufactured housing cycle to change positively until 1999. Beginning in 1999 and continuing in 2000, the Manufactured Housing industry had to contend with increased inventory levels at the same time credit requirement became more stringent and availability of lenders for both retail and dealers was reduced. This resulted in a decline of nearly 29% in units shipped in 2000.

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
2000 -	250,600

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

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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. Because of higher interest rates, gasoline prices, and the slower economy, this industry shipped 6.6% less units in 2000.

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
2000 - 300,100

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.

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 33% and 35% of the Company's total sales in 2000 and 1999. Ten other customers collectively accounted for approximately 22% of 2000 sales. The Company believes it has good relationships with its customers.

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Products for distribution are purchased in carload or truckload quantities, warehoused, and then sold and delivered by the Company. Approximately 45% of the Company's distribution segment 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 thirteen warehouse and distribution centers and twenty-three manufacturing plants located in Alabama, Arizona, California, Florida, Georgia, 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
- -----

During the year ended December 31, 2000, the Company purchased approximately 69% 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
- -----

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
- -----

As of December 31, 2000, the Company had 1,343 employees of which 1,111 employees are engaged directly in production, warehousing, and delivery operations, 54 in sales, and 178 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, 2000, the Company maintained the following warehouse, manufacturing and distribution facilities:
<TABLE>

Location	Use	Area Sq. Ft.	wnership or Lease Arrangement
- -----	---	-----	-----
<S>	<C>	<C>	<C>
Goshen, IN	Manufacturing(4)	50,870	Owned
Elkhart, IN	Manufacturing(3)	40,400	Leased to 2003
Elkhart, IN	Mfg. & Dist.(1)(3)	133,600	Leased to 2005
Elkhart, IN	Distribution(1)	39,760	Owned
Elkhart, IN	Manufacturing(3)	30,900	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 2003
Elkhart, IN	Manufacturing(4)	36,000	Owned
Elkhart, IN	Manufacturing(4)	109,000	Owned
Elkhart, IN	Admin. Offices	10,000	Owned
Mishawaka, IN	Manufacturing(4)	191,000	Owned, Subject to Mortgage
Decatur, AL	Distribution(1)	30,000	Leased to 2001
Decatur, AL	Manufacturing(2)(4)	35,000	Owned
Decatur, AL	Manufacturing(2)	30,000	Leased to 2001
Decatur, AL	Manufacturing(2)(4)	59,000	Owned
Valdosta, GA	Distribution(1)	20,000	Leased to 2001
Valdosta, GA	Manufacturing(2)	30,800	Owned
New London, NC	Mfg. & Dist.(1)(2)	163,000	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 2001
Mt. Joy, PA	Distribution(1)(2)	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
Ontario, CA	Mfg. & Dist.(1)(2)	38,000	Leased to 2002

Woodland, CA	Distribution (1)	10,000	Leased to 2001
Phoenix, AZ	Manufacturing (2)	36,000	Leased to 2002
Phoenix, AZ	Manufacturing (2)	15,700	Leased to 2003
Woodburn, OR	Mfg. & Dist.(1,2,3)	153,000	Owned, Subject to Mortgage
Boulder City, NV	Manufacturing(4)	24,700	Leased to 2004

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

</TABLE>

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Additionally, the Company operates a distribution center out of a public warehouse in Belen, New Mexico and has a 43,600 square foot manufacturing building leased to May, 2002 available for sub-lease. The Company also has a 62,000 square foot vacant building in Bristol, IN for sale. The manufacturing facility in Goshen, IN is for sale. As of December 31, 2000, the Company owned or leased 38 trucks, 55 tractors, 93 trailers, 139 forklifts, 3 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.

* * *

EXECUTIVE OFFICERS OF THE COMPANY

The following table sets for the executive officers of the Company, as of December 31, 2000:

Name ----	Position -----
David D. Lung	Chief Executive Officer and President
Keith V. Kankel	Vice President Finance and Secretary-treasurer
R. Lynn Brandon	Vice President Operations
Alan M. Rzepka	Vice President Sale & Marketing

David D. Lung (age 53) has served as President and Chief Executive Officer since December, 2000 and was President and Chief Operating Officer since 1989. Mr. Lung had held various management positions with the Company before becoming Vice President of Administration and Purchasing in 1987.

Keith V. Kankel (age 58) has served as Vice President of Finance and Secretary-treasurer since 1987 and was Secretary-treasurer since 1974.

R. Lynn Brandon (age 49) assumed the position of Vice President of Operations of the Company in August, 1999. Mr. Brandon was Executive Vice President at Peters-Remington Furniture Company from 1998 until joining the Company in June of 1999. Prior to that he was Vice President of Manufacturing for This End Up Furniture Company since 1987.

Alan M. Rzepka (age 44) assumed the position of Vice President of Sales & Marketing in May, 2000. Mr. Rzepka was National Sales Manager from January, 1997 to May, 2000 and prior to that was Director of Manufacturing Purchasing since 1994.

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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 MarketSM 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>

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
<S>	<C>	<C>	<C>	<C>
2000	11.750 - 7.688	7.438 - 6.250	6.844 - 6.438	5.875 - 5.125
1999	16.000 - 12.750	16.250 - 10.750	16.000 - 12.000	14.125 - 7.313

</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 527 holders of the Company's common stock as of March 16, 2001 as taken from the transfer agent's shareholder listing. It is estimated that there are approximately 2,000 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, 2000. 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.

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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>

	2000	As of or for the Year Ended December 31,			
		1999	1998	1997	1996
		(dollars in thousands, except per share amounts)			
<S>	<C>	<C>	<C>	<C>	<C>
Net sales	\$361,620	\$457,356	\$453,518	\$410,567	\$403,511
Gross profit	41,905	57,339	59,556	52,142	53,362
Warehouse and delivery expenses	15,140	16,715	16,076	15,158	14,645
Selling, general, and administrative expenses	25,241	27,058	26,796	22,145	19,909
Impairment charges	6,937	- - -	- - -	- - -	- - -
Restructuring charges	718	- - -	- - -	- - -	- - -
Interest expense, net	1,224	1,393	1,172	1,149	1,078
Income taxes (credits)	(2,821)	4,769	6,205	5,396	6,929
Net income (loss)	(4,534)	7,404	9,307	8,294	10,800
Basic earnings (loss) per common share	(0.89)	1.30	1.58	1.40	1.81
Diluted earnings (loss) per common share	(0.89)	1.29	1.57	1.39	1.80
Weighted average common shares outstanding	5,118	5,714	5,903	5,921	5,967
Cash dividends, per common share	.16	.16	.16	.16	.16
Working capital	41,416	47,553	46,698	40,181	45,646
Total assets	102,520	126,203	127,755	112,187	106,606
Long-term debt	18,786	22,457	26,129	25,015	26,152
Shareholders' equity	66,250	79,567	76,307	68,726	62,296

</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. However, due to the overall downturn in the Manufactured Housing and Recreational Vehicle industries, the Company's sales in fiscal 2000 declined 21% from the previous year to \$362 million. The downturn in the Manufactured Housing industry began in the fourth quarter of 1999 due to retail sales lots being overstocked and unit production being reduced approximately 7% that year. In fiscal 2000, the industry is down nearly 29% in units shipped and produced due to limited availability of dealer and retail financing and excessive retail inventory levels, which include

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repossessed units. For the year ended December 31, 2000, the Recreational Vehicle industry is down nearly 7% in units shipped and produced from the previous year. These conditions are expected to continue through the end of fiscal 2001. For the year ended December 31, 2000, the Company's sales are 55% to Manufactured Housing, 25% to Recreational Vehicle, and 20% to other industries.

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

	2000	Year Ended December 31, 1999	1998
Net sales	100.0%	100.0%	100.0%
Cost of sales	88.4	87.5	86.9
Gross profit	11.6	12.5	13.1
Warehouse and delivery	4.2	3.6	3.5
Selling, general and administrative	7.0	5.9	5.9
Impairment charges	1.9	- -	- -
Restructuring charges	0.2	- -	- -
Operating income (loss)	(1.7)	3.0	3.7
Net income (loss)	(1.3)	1.6	2.1

RESULTS OF CONSOLIDATED OPERATIONS

Year Ended December 31, 2000 Compared to Year Ended December 31, 1999

Net Sales. Net sales decreased by approximately \$95.7 million, or 20.9%, from \$457.3 million for the year ended December 31, 1999 to \$361.6 million in the year ended December 31, 2000. In 1999 the Company recorded record sales in the first half and record sales for the year as a whole. The decrease in sales from 1999 to 2000 was the result of an approximate 29% decline in units shipped and produced in the Manufactured Housing industry and an approximate 7% decline in units shipped and produced in the Recreational Vehicle industry. The Company's sales for the year were 55% to Manufactured Housing, 25% to Recreational Vehicle, and 20% to other industries.

Gross Profit. Gross profit decreased by approximately \$15.4 million, or 26.9%, from \$57.3 million in 1999 to \$41.9 million in 2000. As a percentage of net sales, gross profit decreased approximately 0.9% from 12.5% in fiscal 1999 to 11.6% in fiscal 2000. This overall decline in gross profit was due to a 20.9% decrease in net sales and competitive pricing situations nationwide which made some of the Company's manufacturing operations unprofitable for the year.

Warehouse and Delivery Expenses. Warehouse and delivery expenses decreased approximately \$1.6 million from \$16.7 million in 1999 to \$15.1 million in 2000. As a percentage of net sales these expenses increased approximately 0.6%. The overall decrease is attributable to lower sales levels. The increase in the percentage to net sales is attributable to higher gasoline costs specifically related to the increase in gasoline prices from 1999 to 2000, and higher shipping costs due to the transportation companies running at capacity as a result of the steady overall economy in fiscal 2000.

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Selling, General and Administrative Expenses. Selling, general and administrative expenses decreased approximately \$1.8 million, or 6.7%, from \$27.1 million in 1999 to \$25.2 million in 2000. As a percentage of net sales, selling, general and administrative expenses increased 1.1% from 5.9% in 1999 to 7.0% in 2000. This increase is attributable to reduced sales volumes as a result of the larger than anticipated decline in shipments in the Manufactured Housing and Recreational Vehicle industries in fiscal 2000.

Impairment Charges. As discussed in Note 11 of the financial

statements, the Company recognized an impairment charge of \$6.9 million in the first quarter of 2000.

Restructuring Charges. As discussed in Note 11 of the financial statements, the Company recognized restructuring charges of \$718,000 in the twelve months ended December 31, 2000.

Operating Income (Loss). The Company experienced an operating loss of \$6.1 million for 2000 compared to operating income of \$13.6 million in fiscal 1999. The operating loss for 2000 is due to the asset impairment and restructuring charges as well as reduced sales, gross profits, and similar operating costs in fiscal 2000 compared to 1999.

Interest Expense, Net. Interest expense, net of interest income, decreased 12.1% from \$1.4 million in 1999 to \$1.2 million in 2000. This decrease is attributable to more funds being invested during the year as a result of reduced working capital needs and lower borrowing levels.

Net Income (Loss). Net income (loss) decreased \$11.9 million, or 161.2% from income of \$7.4 million in 1999 to a loss of \$4.5 million in fiscal 2000. This reduction is attributable to the factors described above.

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.

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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.

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, high pressure laminates, 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 15 of the Company's 2000 financial statements.

	Year Ended December 31		
	2000	1999	1998
	(dollars in thousands)		
Sales			
Laminating	\$162,346	\$192,033	\$198,448
Distribution	133,230	185,104	171,700
Wood	35,116	43,667	50,853
Other	53,749	65,128	68,641

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Earnings (Loss) Before Interest and Taxes (EBIT)			
Laminating	\$ 1,763	\$ 5,229	\$8,289
Distribution	1,110	4,588	3,480
Wood	(1,596)	(2,572)	(3,019)
Other	(636)	2,623	4,590

Year Ended December 31, 2000 Compared to Year Ended December 31, 1999

Laminating Segment Discussion

Net sales were lower by \$29.7 million, or 15.5%, from 1999. This was a result of less demand from the manufactured housing customers as well as the Company eliminating low margin business.

EBIT in this segment decreased 66.2%, or \$3.5 million, from \$5.2 million in 1999 to \$1.8 million in 2000. This decrease is the result of increased material and labor cost and competitive market conditions not allowing price increases.

Distribution Segment Discussion

Net sales in 2000 decreased \$51.9 million, or 28.0%, from \$185.1 million in 1999 to \$133.2 million in 2000. This sales decrease is due primarily to the 29% decline in shipments and production in the Manufactured Housing industry.

EBIT in this segment was lower by \$3.5 million, or 75.8%, from \$4.6 million in 1999 to \$1.1 million in 2000. This decline is due to the decrease in shipments and production in the Manufactured Housing industry as well as lower margins resulting from competitive market conditions.

Wood Segment Discussion

Net sales decreased 19.6%, or \$8.5 million, in this segment due to a decline in the overall demand in the Recreational Vehicle industry, which is the major industry that this segment serves, and the elimination of certain lower margin business.

Operating losses in this segment decreased approximately \$1.0 million, or 37.9%. This was partially due to reduced depreciation as a result of the Company recognizing a non-cash accounting charge in the first quarter of 2000 related to an impairment of certain long-lived assets which was recorded as a Corporate expense. The impairment costs were calculated by estimating discounted future cash flow and comparing it to the carrying values of these assets. The result was a one-time charge to operations. Management's continued commitment to improving operating results in this segment and returning it to profitability caused the improvement of one of the segment's major operating units.

Other Segment Discussion

Net sales were lower in this segment by 17.5%, or \$11.4 million, from \$65.1 million in 1999 to \$53.7 million in 2000, due to an overall decline in the industries to which the Company serves.

EBIT decreased in this segment from operating income of \$2.6 million

in 1999 to an operating loss of \$636,000 in 2000. This is the result of competitive pricing situations which negatively affected margins in this segment, the physical reorganizing of two operating units in this segment, and the 17.5% reduction in volume in the industries to which this segment serves.

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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.

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.

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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.

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 year 2000 impairment of assets, restructuring charge, and repurchase of the Company's common stock resulted in approximately a \$12,800,000 reduction of shareholders equity. This could cause the Company sometime in 2001 to be out of compliance with one covenant in the bank agreement. Although there has been no borrowings under that agreement since 1995, the Company is negotiating certain covenant amendments so compliance can be maintained. Although there are no assurances that the agreement will be amended, the Company, at this time, does not foresee any problems.

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.

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.

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SALE OF PROPERTY

The Company sold a vacant facility in the fourth quarter of 2000. This sale resulted in a one-time gain of approximately \$.07 per share in the fourth quarter and the year of 2000.

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.

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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

None

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PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE COMPANY

The information required by this item with respect to directors is set forth in the Company's Proxy Statement for the Annual Meeting of Shareholders to be held on May 15, 2001, under the caption "Election of Directors," which information is hereby incorporated herein by reference. The information with respect to executive officers is set forth at the end of Part I of this Form 10-K.

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 15, 2001, 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 15, 2001, 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 15, 2001, under the caption "Certain Transactions," which information is hereby incorporated herein by reference.

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PART IV

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

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Balance sheets - December 31, 2000 and 1999	F-2
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(a) 2. FINANCIAL STATEMENT SCHEDULES	
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All other schedules have been omitted as not required, not applicable, not deemed 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, 46, and 47 are filed or incorporated by reference as part of this report.

(b) REPORTS ON FORM 8-K

None

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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

Dated: March 23, 2001

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, and Director	March 23, 2001
David D. Lung David D. Lung	President, Chief Executive Officer, and Director	March 23, 2001
Keith V. Kankel Keith V. Kankel	Vice President-Finance, Principal Accounting Officer and Director	March 23, 2001
Thomas G. Baer Thomas G. Baer	Director	March 23, 2001
Harold E. Wyland Harold E. Wyland	Director	March 23, 2001
Terrence D. Brennan Terrence D. Brennan	Director	March 23, 2001
Walter Wells Walter Wells	Director	March 23, 2001
Dorothy M. Lung Dorothy M. Lung	Director	March 23, 2001
John H. McDermott John H. McDermott	Director	March 23, 2001
Robert C. Timmins Robert C. Timmins	Director	March 23, 2001

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PATRICK INDUSTRIES, INC.
and subsidiaries
consolidated Financial Report
DECEMBER 31, 2000

INDEPENDENT AUDITOR'S REPORT
ON THE FINANCIAL STATEMENTS F-1

FINANCIAL STATEMENTS

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Consolidated statements of cash flows	F-5
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ON THE SUPPLEMENTARY INFORMATION F-21

SUPPLEMENTARY INFORMATION

Schedule II - Valuation and qualifying accounts and reserves	F-22
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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, 2000 and 1999, and the related consolidated statements of operations, shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2000. 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, 2000 and 1999, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2000, in conformity with generally accepted accounting principles.

Elkhart, Indiana
February 2, 2001

<TABLE>

CONSOLIDATED BALANCE SHEETS

December 31, 2000 and 1999

<CAPTION>

	2000	1999
<S>	<C>	<C>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 6,716,128	\$ 6,686,182
Trade receivables	14,281,674	18,498,685
Inventories	30,937,954	42,039,348
Income tax refund claims receivable	1,031,086	-
Prepaid expenses	770,017	663,189
Deferred tax assets	1,946,000	-
Total current assets	55,682,859	67,887,404
Property and Equipment, net	40,589,738	49,895,640
Intangible and Other Assets	6,247,573	8,420,056
	\$102,520,170	\$ 126,203,100
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Current maturities of long-term debt	\$ 3,671,428	\$ 3,671,428
Accounts payable, trade	7,040,285	11,155,999
Accrued liabilities	3,555,008	5,506,326
Total current liabilities	14,266,721	20,333,753
Long-Term Debt, less current maturities	18,785,716	22,457,144
Deferred Compensation Obligations	2,042,198	1,945,058
Deferred Tax Liabilities	1,176,000	1,900,000
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 2000 4,568,666 shares; 1999 5,595,466 shares	17,689,417	21,389,940
Retained earnings	48,560,118	58,177,205
	66,249,535	79,567,145
	\$102,520,170	\$ 126,203,100

See Notes to Financial Statements.

</TABLE>

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PATRICK INDUSTRIES, INC.
AND SUBSIDIARIES

<TABLE>

CONSOLIDATED STATEMENTS OF OPERATIONS

Years Ended December 31, 2000, 1999, and 1998

<CAPTION>

	2000	1999	1998
<S>	<C>	<C>	<C>
Net sales	\$361,620,206	\$ 457,356,260	\$ 453,518,573
Cost of goods sold	319,715,214	400,017,287	393,962,419
Gross profit	41,904,992	57,338,973	59,556,154
Operating expenses:			
Warehouse and delivery	15,140,245	16,714,651	16,076,212
Selling, general, and administrative	25,240,711	27,057,686	26,796,204
Impairment charges	6,937,163	-	-
Restructuring charges	717,598	-	-
Operating income (loss)	(6,130,725)	13,566,636	16,683,738
Interest expense, net	1,224,145	1,393,346	1,171,967
Income (loss) before income taxes (credits)	(7,354,870)	12,173,290	15,511,771
Federal and state income taxes (credits)	(2,821,000)	4,769,000	6,204,700
Net income (loss)	\$ (4,533,870)	\$ 7,404,290	\$ 9,307,071
Basic earnings (loss) per common share	\$ (0.89)	\$ 1.30	\$ 1.58
Diluted earnings (loss) per common share	\$ (0.89)	\$ 1.29	\$ 1.57

See Notes to Financial Statements.

</TABLE>

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<TABLE>

	2000	1999	1998
<S>	<C>	<C>	<C>
Cost of goods sold:			
Total cost of goods sold for reportable segments	\$ 347,570	\$ 435,618	\$ 437,057
Elimination of intersegment cost of goods sold	(22,821)	(28,576)	(36,123)
Consolidation reclassifications	(2,000)	(2,890)	(2,858)
Corporate incentive agreements	(2,589)	(3,681)	(3,740)
Other	(445)	(454)	(373)
Consolidated cost of goods sold	\$ 319,715	\$ 400,017	\$ 393,963
Earnings before interest and taxes (EBIT):			
EBIT for reportable segments	\$ 641	\$ 9,868	\$ 13,340
Corporate incentive agreements	2,589	3,681	3,740
Consolidation reclassifications	(329)	(780)	(173)
Gain (loss) on sale of property and equipment	617	643	(32)
Impairment charge	(6,937)	-	-

Restructuring charge	(718)	-	-
Other	(1,994)	154	(191)
Consolidated EBIT	\$ (6,131)	\$ 13,566	\$ 16,684
Consolidated assets:			
Identifiable assets for reportable segments	\$ 63,163	\$ 87,420	\$ 69,586
Corporate property and equipment	23,764	24,693	24,541
Current assets not allocated to segments	8,518	6,035	25,063
Intangible and other assets not allocated to segments	6,248	8,420	8,720
Consolidation eliminations	(349)	(365)	(155)
Consolidated assets	\$ 101,344	\$ 126,203	\$ 127,755
Depreciation and amortization:			
Depreciation for reportable segments	\$ 5,456	\$ 5,825	\$ 4,952
Corporate depreciation and amortization	1,942	3,079	2,629
Consolidated depreciation and amortization	\$ 7,398	\$ 8,904	\$ 7,581

</TABLE>

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PATRICK INDUSTRIES, INC.
AND SUBSIDIARIES

<TABLE>

SCHEDULE II
VALUATION AND QUALIFYING ACCOUNTS AND RESERVES
December 31, 2000, 1999, and 1998

<CAPTION>

Balance At Close Period	Balance At		Deductions	
	Beginning Of Period	Charged To Operations	From Reserves	Of
	<C>	<C>	<C>	<C>
Allowance for doubtful accounts - - deducted from trade receiv- ables in the balance sheets:				
1998 125,000	\$ 125,000	\$ 235,000	\$ 235,000	\$
1999 275,000	\$ 125,000	\$ 268,595	\$ 118,595	\$
2000 750,000	\$ 275,000	\$ 641,676	\$ 166,676	\$
Allowance for restructuring charges - in accrued liabilities in the balance sheets:				
1998	\$ -	\$ -	\$ -	\$

1999	\$ -	\$ -	\$ -	\$
-	=====	=====	=====	
2000	\$ -	\$ 714,598	\$ 588,598	\$
126,000	=====	=====	=====	

</TABLE>

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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., and 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 all overnight repurchase agreements and commercial paper with a maturity of 30 days or less acquired in connection with its sweep account arrangements with its bank to be cash equivalents.

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PATRICK INDUSTRIES, INC.
AND SUBSIDIARIES

Notes to Financial Statements

At December 31, 2000 and 1999, the Company owned marketable debt securities in the total amounts of approximately \$4,500,000 and \$6,600,000 respectively. These available for sale debt securities mature in January 2001 and 2000 and bear interest at a weekly adjusted variable rate which was 6.2% at December 31, 2000 and 5% at December 31, 1999. The securities are stated at fair value which approximated their cost at December 31, 2000 and 1999. These securities matured and were sold on January 22, 2001 and 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. 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. In the event that an impairment is evident, the Company records an expense for that impairment.

Revenue recognition:

The Company ships product based on specific orders from customers and revenue is recognized upon delivery.

PATRICK INDUSTRIES, INC.
AND SUBSIDIARIES

Notes to Financial Statements

Earnings per common share:

Following is information about the computation of the earnings per share data for the years ended December 31, 2000, 1999, and 1998:

<TABLE>

	2000	1999	1998
<S>	<C>	<C>	<C>
Numerator for basic and diluted earnings per share, net income (loss)	\$ (4,533,870)	\$ 7,404,290	\$ 9,307,071
Denominator:			
Weighted average shares, denominator for basic earnings per share	5,118,103	5,714,177	5,902,615
Effect of dilutive potential common shares, employee stock options (a)	-	10,867	24,395
Denominator for diluted earnings per share	5,118,103	5,725,044	5,927,010
Basic earnings (loss) per share	\$ (0.89)	\$ 1.30	\$ 1.58
Diluted earnings (loss) per share	\$ (0.89)	\$ 1.29	\$ 1.57

</TABLE>

(a) Due to the loss incurred during the year ended December 31, 2000, 15,715 dilutive potential common shares are not included because the

effect would be antidilutive.

Note 2. Balance Sheet Data

Trade receivables:

Trade receivables in the accompanying balance sheets at December 31, 2000 and 1999 are stated net of an allowance for doubtful accounts of \$750,000 and \$275,000 respectively.

Inventories:

	2000	1999
Raw materials	\$ 17,130,635	\$ 23,286,250
Work in process	2,040,040	1,555,319
Finished goods	4,647,673	4,668,813
Materials purchased for resale	7,119,606	12,528,966
	-----	-----
	\$ 30,937,954	\$ 42,039,348
	=====	=====

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PATRICK INDUSTRIES, INC.
AND SUBSIDIARIES

Notes to Financial Statements

Property and equipment:

	2000	1999
Land and improvements	\$ 3,509,609	\$ 3,601,733
Buildings and improvements	24,487,881	23,975,663
Machinery and equipment	58,680,294	56,670,702
Transportation equipment	2,304,343	2,666,259
Leasehold improvements	3,439,192	3,536,046
	-----	-----
	92,421,319	90,450,403
Less accumulated depreciation	51,831,581	40,554,763
	-----	-----
	\$ 40,589,738	\$ 49,895,640
	=====	=====

Goodwill, at amortized cost	\$ 2,921,060	\$ 4,706,976
Cash value of life insurance	2,526,659	2,630,923
Other	799,854	1,082,157
	-----	-----
	\$ 6,247,573	\$ 8,420,056
	=====	=====

Accrued liabilities:

Payroll and related expenses	\$ 1,132,012	\$ 2,445,031
Property taxes	879,900	973,600
Other	1,543,096	2,087,695
	-----	-----
	\$ 3,555,008	\$ 5,506,326
	=====	=====

Note 3. Pledged Assets and Long-Term Debt

Long-term debt at December 31, 2000 and 1999 is as follows:

<TABLE>

2000	1999
-----	-----

<S>	<C>	<C>
Senior Notes, insurance company	\$ 12,857,144	\$ 15,428,572
Indiana Development Finance Authority Bonds	1,800,000	2,100,000
State of Oregon Economic Development Revenue Bonds	3,600,000	4,000,000
State of North Carolina Economic Development Revenue Bonds	4,200,000	4,600,000
	-----	-----
	22,457,144	26,128,572
Less current maturities	3,671,428	3,671,428
	-----	-----
	\$ 18,785,716	\$ 22,457,144
	=====	=====

</TABLE>

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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 notes are due in annual principal installments of \$2,571,428 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 (5.2% at December 31, 2000). 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 (5.2% at December 31, 2000). 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 (5.2% at December 31, 2000). 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 January 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 the years ending December 31, 2001 through 2004 are \$3,671,428; 2005 \$3,671,432; and thereafter \$4,100,000.

In addition, the Company is contingently liable for standby letters of credit of approximately \$11,800,000 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, 2000, 1999, and 1998 was approximately \$1,662,000, \$1,826,000, and \$1,640,000 respectively.

Note 4. 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.

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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 5. 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, 2000 under the leases mentioned above is approximately \$7,122,000 which is due approximately \$2,747,000 in 2001, \$1,949,000 in 2002, \$1,178,000 in 2003, \$714,000 in 2004, \$277,000 in 2005, and \$257,000 thereafter.

The total rent expense included in the statements of operations for the years ended December 31, 2000, 1999, and 1998 is approximately \$3,900,000, \$4,100,000, and \$3,900,000 respectively, of which approximately \$1,300,000 each year was paid to the chairman/major shareholder.

Note 6. Major Customers

Net sales for the year ended December 31, 2000 included sales to one customer accounting for 10% or more of the total net sales of the Company for the year. The percentage of sales to this customer was 14.4%.

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%.

The balances due from these customers at December 31, 2000 and 1999 were not

significant to the total trade receivables balance.

Note 7. Income Tax Matters

Federal and state income taxes (credits) for the years ended December 31, 2000, 1999, and 1998, all of which are domestic, consist of the following:

<TABLE>

	2000	1999	1998
	-----	-----	-----
<S>	<C>	<C>	<C>
Current:			
Federal	\$ (120,000)	\$ 3,600,000	\$ 4,704,700
State	(31,000)	943,000	933,000
Deferred	(2,670,000)	226,000	567,000
	-----	-----	-----
	\$ (2,821,000)	\$ 4,769,000	\$ 6,204,700
	=====	=====	=====

</TABLE>

The provisions for income taxes (credits) for the years ended December 31, 2000, 1999, and 1998 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:

<TABLE>

	2000	1999	1998
	-----	-----	-----
<S>	<C>	<C>	<C>
Rate applied to pretax income	\$ (2,570,000)	\$ 4,260,000	\$ 5,430,000
State taxes, net of federal tax effect	(368,000)	550,000	706,000
Write off of nondeductible goodwill	121,000	-	-
Other	(4,000)	(41,000)	68,700
	-----	-----	-----
	\$ (2,821,000)	\$ 4,769,000	\$ 6,204,700
	=====	=====	=====

</TABLE>

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.

PATRICK INDUSTRIES, INC.
AND SUBSIDIARIES

Notes to Financial Statements

The composition of the deferred tax assets and liabilities at December 31, 2000 and 1999 is as follows:

	2000	1999
	-----	-----
Gross deferred tax liability, accelerated depreciation	\$ (1,983,000)	\$ (3,926,000)
	-----	-----
Gross deferred tax assets:		
Trade receivables allowance	296,000	109,000
Inventory capitalization	308,000	320,000
Accrued expenses	696,000	641,000
Deferred compensation	807,000	768,000
Unvested stock awards	197,000	155,000
Inventory reserves	217,000	-
AMT credit carryforward	100,000	-
Other	132,000	33,000
	-----	-----
	2,753,000	2,026,000

Net deferred tax assets (liabilities)	\$ 770,000	\$ (1,900,000)
---------------------------------------	------------	----------------

Note 8. 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 \$3,900,000 at December 31, 2000. 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 \$500,000 individually and \$2,800,000 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 9. 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 \$560,000, \$2,170,000, and \$2,200,000 for the years ended December 31, 2000, 1999, and 1998 respectively.

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PATRICK INDUSTRIES, INC.
AND SUBSIDIARIES

Notes to Financial Statements

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, 2000, 1999, and 1998 were immaterial.

Stock option plan:

At December 31, 2000, 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:

<TABLE>

	2000	1999	1998
	<C>	<C>	<C>
Net income (loss):			
As reported	\$ (4,533,870)	\$ 7,404,290	\$ 9,307,071
Pro forma	(4,895,300)	7,060,174	9,307,071
Primary earnings (loss) per share:			
As reported	\$ (0.89)	\$ 1.30	\$ 1.58
Pro forma	(0.96)	1.24	1.58

Fully diluted earnings (loss) per share:			
As reported	\$ (0.89)	\$ 1.29	\$ 1.57
Pro forma	(0.96)	1.23	1.57

</TABLE>

The fair value of each grant is estimated at the grant date using the Black-Scholes option-pricing model with the following assumptions for 2000: dividend rate of 2.25% for all years; risk-free interest rate of 5.25%; expected lives of 5 years; and price volatility of 43%.

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PATRICK INDUSTRIES, INC.
AND SUBSIDIARIES

Notes to Financial Statements

Following is a summary of transactions of granted shares under option for the years ended December 31, 2000, 1999 and 1998:

	2000		1999		1998	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Outstanding, beginning of year \$10.75	417,500	\$14.13	88,500	\$10.75	96,000	
Issued during the year	115,000	6.13	352,500	14.75	-	-
Canceled during the year	(80,000)	11.50	(21,000)	10.75	-	-
Exercised during the year	-	-	(2,500)	10.75	(7,500)	10.75
-----	-----	-----	-----	-----	-----	-----
Outstanding, end of year	452,500	\$12.55	417,500	\$14.13	88,500	\$10.75
=====	=====	=====	=====	=====	=====	=====
Eligible, end of year for exercise \$10.75	84,375	\$14.75	65,000	\$10.75	88,500	
-----	-----	-----	-----	-----	-----	-----
Weighted average fair value of options granted during the year	N/A	\$2.07	N/A	\$ 7.26	N/A	N/A

</TABLE>

A further summary about fixed options outstanding at December 31, 2000 is as follows:

	Options Outstanding			Options Exercisable		
	Number Outstanding	Weighted Average Contractual Life	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price	
<S>	<C>	<C>	<C>	<C>	<C>	
Exercise price of \$14.75	337,500	8.5	\$ 14.75	84,375	\$ 14.75	
-----	-----	-----	-----	-----	-----	-----
Exercise price of \$6.125	115,000	9.5	\$ 6.125	-	\$ -	

</TABLE>

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

Stock award plan:

The Company has adopted a stock award plan for the seven existing non-employee directors. Grants awarded during May 2000 and May 1999 of 24,000 and 18,000 shares respectively 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.

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PATRICK INDUSTRIES, INC.
AND SUBSIDIARIES

Notes to Financial Statements

Note 10. Business Combination

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.

Note 11. Asset Impairments and Restructurings

During 2000, the Company recorded asset impairments of \$6,937,163 (approximately \$4,283,000 after tax or \$.84 per share) and restructuring charges of \$717,598 (approximately \$430,600 after tax or \$.08 per share).

Asset impairment charges were required to write down the net book values of long-lived assets primarily in the Company's Wood and Other Segments (approximately \$5,371,000 and \$1,566,000 respectively). Estimated future cash flows of these operations had indicated that an impairment had occurred.

Restructuring charges were incurred from the strategic decisions to close a manufacturing plant in the Wood Segment, moving manufacturing to other existing plant locations, the merging of certain facilities in the Southeast to gain operating efficiencies, and the closing of an unprofitable manufacturing facility in the Other Segment. The charges include severance payments, writedown of obsolete inventories, and future rental commitments related to the closed facilities. The remaining restructuring reserves amount to approximately \$400,000 and are expected to be utilized by the second quarter 2001. The majority of the cost savings related to these plans will be realized in 2001 and beyond.

Note 12. Contingencies

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.

Note 13. Cash Flows Information

Supplemental information relative to the statements of cash flows for the years ended December 31, 2000, 1999, and 1998 is as follows:

<TABLE>

	2000	1999	1998
<S>	<C>	<C>	<C>
Supplemental disclosures of cash flows information:			
Cash payments for:			
Interest	\$ 1,275,745	\$ 1,597,626	\$ 1,621,879

Income taxes	\$ 1,248,811	\$ 4,850,244	\$ 6,359,279
Business acquisitions:			
Cash purchase price	\$ -	\$ -	\$ 2,581,490
Working capital acquired	\$ -	\$ -	\$ 1,081,490
Fair value of long-lived assets acquired	-	-	1,500,000
	\$ -	\$ -	\$ 2,581,490

</TABLE>

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PATRICK INDUSTRIES, INC.
AND SUBSIDIARIES

Notes to Financial Statements

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

Note 14. Unaudited Interim Financial Information

Presented below is certain selected unaudited quarterly financial information for the years ended December 31, 2000 and 1999 (dollars in thousands, except per share data):

<TABLE>

	Quarter Ended			
	March 31,	June 30,	September 30,	December 31,
	2000			
<S>	<C>	<C>	<C>	<C>
Net Sales	\$ 99,824	\$ 100,902	\$ 89,945	\$ 70,949
Gross Profit	10,753	12,566	11,122	7,463
Net income (loss)	(4,602)	880	605	(1,417)
Earnings loss per common share	(0.86)	0.16	0.11	(0.30)
Weighted average common shares outstanding	5,346,346	5,268,666	5,141,275	4,720,242

</TABLE>

<TABLE>

	Quarter Ended			
	March 31,	June 30,	September 30,	December 31,
	1999			
<S>	<C>	<C>	<C>	<C>
Net Sales	\$107,352	\$ 123,029	\$ 116,981	\$ 109,994
Gross Profit	13,984	16,270	13,490	13,595
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>

Note 15. 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.

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PATRICK INDUSTRIES, INC.
AND SUBSIDIARIES

Notes to Financial Statements

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.

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, 2000, 1999, and 1998.

<TABLE>

	Laminating	Distribution	Wood	Other	Total

	2000				

<S>	<C>	<C>	<C>	<C>	<C>
Sales	\$ 156,525	\$ 133,174	\$ 34,050	\$ 37,855	\$ 361,604
Sales, intersegment	5,821	56	1,066	15,894	22,837

Total sales	162,346	133,230	35,116	53,749	384,441
Cost of goods sold	146,538	120,534	32,735	47,763	347,570
EBIT	1,763	1,110	(1,596)	(636)	641
Identifiable assets	32,368	13,177	6,132	11,486	63,163
Depreciation	2,668	457	947	1,384	5,456

</TABLE>

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PATRICK INDUSTRIES, INC.
AND SUBSIDIARIES

Notes to Financial Statements

<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	43,667	65,128	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	39,750	20,270	11,956	15,444	87,420
Depreciation	2,398	437	1,630	1,360	5,825

<TABLE>

	Laminating	Distribution	Wood	Other	Total
	1998				
<S>	<C>	<C>	<C>	<C>	<C>
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	32,181	14,480	10,965	11,960	69,586
Depreciation	1,982	367	1,349	1,254	4,952

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, 2000, 1999, and 1998 is as follows (dollars in thousands):

<S>	<C>	<C>	<C>
Sales:			
Total sales for reportable segments	\$ 384,441	\$ 485,932	\$ 489,642
Elimination of intersegment revenue	(22,821)	(28,576)	(36,123)
Consolidated sales	\$ 361,620	\$ 457,356	\$ 453,519

</TABLE>

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PATRICK INDUSTRIES, INC.
AND SUBSIDIARIES

Notes to Financial Statements

	2000	1999	1998
<S>	<C>	<C>	<C>
Cost of goods sold:			
Total cost of goods sold for reportable segments	\$ 347,570	\$ 435,618	\$ 437,057
Elimination of intersegment cost of goods sold	(22,821)	(28,576)	(36,123)
Consolidation reclassifications	(2,000)	(2,890)	(2,858)

Corporate incentive agreements	(2,589)	(3,681)	(3,740)
Other	(445)	(454)	(373)

Consolidated cost of goods sold	\$ 319,715	\$ 400,017	\$ 393,963
=====			
Earnings before interest and taxes (EBIT):			
EBIT for reportable segments	\$ 641	\$ 9,868	\$ 13,340
Corporate incentive agreements	2,589	3,681	3,740
Consolidation reclassifications	(329)	(780)	(173)
Gain (loss) on sale of property and equipment	617	643	(32)
Impairment charge	(6,937)	-	-
Restructuring charge	(718)	-	-
Other	(1,994)	154	(191)

Consolidated EBIT	\$ (6,131)	\$ 13,566	\$ 16,684
=====			
Consolidated assets:			
Identifiable assets for reportable segments	\$ 63,163	\$ 87,420	\$ 69,586
Corporate property and equipment	23,764	24,693	24,541
Current assets not allocated to segments	8,518	6,035	25,063
Intangible and other assets not allocated to segments	6,248	8,420	8,720
Consolidation eliminations	(349)	(365)	(155)

Consolidated assets	\$ 101,344	\$ 126,203	\$ 127,755
=====			
Depreciation and amortization:			
Depreciation for reportable segments	\$ 5,456	\$ 5,825	\$ 4,952
Corporate depreciation and amortization	1,942	3,079	2,629

Consolidated depreciation and amortization	\$ 7,398	\$ 8,904	\$ 7,581
=====			

</TABLE>

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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, 2000. 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 February 2, 2001, 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, 2000.

McGLADREY & PULLEN, LLP

Elkhart, Indiana
April 2, 2001

PATRICK INDUSTRIES, INC.
AND SUBSIDIARIES

<TABLE>

SCHEDULE II
VALUATION AND QUALIFYING ACCOUNTS AND RESERVES
December 31, 2000, 1999, and 1998

<CAPTION>

Balance At Close Period	Balance At Beginning Of Period	Charged To Operations	Deductions From Reserves	Of
<S>	<C>	<C>	<C>	<C>
Allowance for doubtful accounts - - deducted from trade receiv- ables in the balance sheets:				
1998 125,000	\$ 125,000	\$ 235,000	\$ 235,000	\$
1999 275,000	\$ 125,000	\$ 268,595	\$ 118,595	\$
2000 750,000	\$ 275,000	\$ 641,676	\$ 166,676	\$
Allowance for restructuring charges - in accrued liabilities in the balance sheets:				
1998 -	\$ -	\$ -	\$ -	\$
1999 -	\$ -	\$ -	\$ -	\$
2000 126,000	\$ -	\$ 714,598	\$ 588,598	\$

</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
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|--------|---|
| 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 (filed as Exhibit 10(o) to the Company's Form 10-K for the fiscal year ended December 31, 1999 and incorporated herein by reference)
- 10(p)** -Commercial Lease dated September 1, 2000 between Mervin D. Lung Building Company, Inc., as lessor, and the Company, as lessee.....

- 10(q)** -Commercial Lease dated November 1, 2000 between Mervin D. Lung Building Company, Inc., as lessor, and the Company, as lessee.....
- 10(r)** -Credit Agreement dated as of January 28, 2000 among the Company, Bank One, Indiana, N.A.....

- 12** -Computation of Operating Ratios

- 23 -Consent of accountants (included in Independent auditor's report on supplemental schedule & consent on page F-21)

*Management contract or compensatory plan or arrangement

**Filed herewith

COMMERCIAL LEASE

THIS AGREEMENT, made and entered into this First day of September 2000, between MERVIN D. LUNG BUILDING COMPANY, INC., an Indiana Corporation, of St. Joseph County, State of Indiana, hereinafter know as "LESSOR", and 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 Elkhart County, State of Indiana, and more particularly described in

ITEM 1. LEASED PREMISES.

WHEREAS, LESSOR is owner of certain property situated in Elkhart, Indiana; and

WHEREAS, LESSEE is desirous of leasing said property.

NOW, THEREFORE, in consideration of the mutual promises hereinafter contained with applicable ordinances, laws and regulations, the parties agree as follows:

1. LEASED PREMISES: the LESSOR hereby leases to LESSEE those premises bearing the street address of 29183 Lexington Park Drive, Elkhart, Indiana, more particularly described as follows:

Part of the Northeast Fractional Quarter of Section Two (2), Township 37 North, Range 4 East, Cleveland Township, Elkhart County, Indiana, and more particularly described as follows:

Commencing at the Southeast corner of said quarter section; thence due North along the east line of said quarter section one thousand two hundred ninety-three and forty-five hundredths (1293.45) feet to the south right-of-way of the Penn Central Railroad; thence south eighty-nine (89) degrees fifty-nine (59) minutes west along the south right-of-way line of said railroad three hundred sixty-five (365) feet to the point of beginning of this description; thence continuing south, eighty-nine (89) degrees forty-nine (49) minutes along the south line of said railroad three hundred twenty-five (325) feet; thence due south four hundred thirty-eight (438) feet to the north right-of-way line of a 60-

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foot road; thence north eighty-nine (89) degrees fifty-nine (59) minutes east along the north line of said road three hundred twenty-five (325) feet; thence due north four hundred thirty-eight (438) feet to the point of beginning.

2. TERM: The term of this Lease shall be for three years, from the 1st of September, 2000, through the 31st day of August, 2003.

3. RENTAL: Lessee agrees to pay to Lessor in advance of the first day of each month throughout the term of this lease, a rental of Eight Thousand Eight Hundred and Eighty (\$8,880.00) Dollars per month (40,381 sq ft including 1,056 sq ft of office, at .22 sq ft rounded off.). Lessee further agrees to pay all insurance premiums for fire, extended coverage and hazard insurance on the leased premises in amounts provided for in this agreement. Lessee additionally, agrees to pay, Real Estate Taxes assessed after the 1999 tax year, payable in 2000, as provided in this Agreement.

4. CONDITION. USE AND CARE OF LEASED PREMISES: Lessee hereby accepts the leased premises in its present condition. Lessee agrees to use said premises for its warehousing and display, sales, repair and modification of its products, and for all additional uses and purposes as may be customarily incidental to the operation of Lessee's business.

Lessee agrees that in no event shall it conduct any business on said premises which would be in violation of any local, state, or federal rules, regulations, ordinances, or statutes.

Lessee agrees that it shall place no sign upon leased premises until Lessor shall first have approved, in writing, the size and location of said sign.

Lessee agrees to maintain the leased premises in good condition at all times, subject only to reasonable wear and tear of the kind normally accounted for by depreciation; and Lessee agrees to maintain the

leased premises in a neat and presentable condition at all times and not to permit accumulations of any unsightly deposits of rubbish or other matter.

Lessor reserves the right to make an inspection of the leased premises at reasonable times during business hours no oftener than once every three (3) months; provided, however, that said inspection shall not in any way interrupt Lessee's normal business operations.

Lessee shall have the right to make such interior changes, improvements, and alterations to the leased premises, at its own cost and expense, as may be desired or necessary to adapt the leased premises to the business to be carried out by the Lessee; provided, however, that no structural change shall be made in such leased premises without prior written consent of the Lessor, and Lessee will not allow any liens or encumbrances to attach to the premises for any such changes, improvements, and/or alterations, and will hold the Lessor harmless for any such liens and encumbrances that may arise therefrom. Any changes, alterations, and/or additions made by the Lessee in the leased premises shall be and become a part of such premises and remain thereon the property of the Lessor; but if such alterations, changes or additions, or any of them, are removable without injury to the premises, then the same may be removed at the option of the Lessee.

5. EFFECT OF DESTRUCTION OF THE LEASED PREMISES; If the leased premises should be wholly or substantially destroyed without any fault on the part of the Lessee, then an equitable adjustment of the rental due hereunder shall be made with respect to the length of time between the date of the destruction and the date when the premises are restored, said adjustment to be made upon a prorata basis. If Lessor elects not to restore the destroyed premises or if such restoration is not completed within four (4) months from the date of such destruction, then this lease shall terminate as of said date of destruction.

6. TAXES AND UTILITIES: Lessor agrees to pay all real estate taxes levied with respect to the leased premises at the rate of taxes assessed for the 1999 taxes payable in 2000 subject to other paragraphs of this agreement.

Lessee agrees to pay, in equal monthly installments, any increase in real estate taxes levied, with respect to the leased premises, subsequent to the 1999 tax year.

Lessee agrees to pay, all taxes levied with respect to all property of Lessee situated on the leased premises.

Lessee agrees to pay the installation costs of all current charges for all utilities used by Lessee on the leased premises, excepting water.

7. LESSOR'S RESPONSIBILITY FOR REPAIR OF LEASED PREMISES; The Lessor shall be responsible, at its expense, to keep in repair the warehouse flooring, heating and air conditioning equipment, and the exterior of said leased premises, including the roof, exterior walls, footings, foundations, parking areas, and access roads. The Lessee, however, shall have the responsibility of notifying the Lessor immediately when any repairs are required hereunder, before the Lessor shall be held responsible for the repair. The Lessee, however, shall be responsible for maintenance or repairs of a minor nature which result from ordinary wear and tear of the leased premises, as well as the utilities contained therein, or result from the acts of the Lessee, its agents, employees, or invitees.

8. ASSIGNMENT OR SUBLETTING; Lessee may assign or sublet all or any portion of the leased premises; provided, however, that nothing in this paragraph shall be construed as relieving Lessee from any responsibility it may have under this lease for nonpayment of rent or any other responsibility, and provided further, that

Lessee shall remain primarily liable on said lease in the event of any assignment or subletting.

9. HOLD HARMLESS, INSURANCE, AND SUBROGATION: Lessee agrees to maintain in full force and effect at all times public liability insurance with bodily injury limits of at least \$500,000 per person, \$1,000,000 aggregate, and property damage limits in amounts of at least \$500,000 with an insurance carrier acceptable to Lessor duly protecting Lessor and shall provide Lessor. Lessee also agrees to keep the real property, including all fixtures, adequately

insured against fire and other casualty; Lessee agrees to keep all personal property adequately insured against fire and other casualty. Lessee shall deliver to Lessor evidence of the existence of such liability insurance.

Lessee agrees to hold Lessor free and harmless from any and all liability to which Lessor might otherwise be subjected by reason of Lessee's activities on leased premises, including, among other things, reimbursing Lessor for all costs, attorney's fees, etc., that may be incurred by Lessor in defending against any such claimed liability except that neither Lessor or Lessee shall be liable to the other for damage or loss to property growing out of or in connection with Lessee's use and occupancy of the leased premises or to the contents caused by the negligence or fault of Lessor or Lessee or of their respective agents, employees, subtenants, assignees, or invitees, to the extent such damage or loss is covered by the fire and other casualty insurance maintained by the parties. Lessor and Lessee agree to notify their respective insurance companies, in writing, of the provisions of this paragraph, and in the event either party cannot waive its subrogation rights pursuant to this paragraph, such parties shall immediately notify the other party of this fact in writing.

Lessor shall be entitled at all times to post on the leased premises appropriate notices of non-responsibility with respect to any

work by Lessee which might otherwise subject the leased premises to mechanic's lien claims.

10. RIGHTS OF LESSOR ON RECEIVERSHIP OR BANKRUPTCY OF ANY LESSEE: At the option of Lessor, this lease shall terminate and Lessor shall forthwith be entitled to the possession of the leased premises upon the occurrence of any of the following events:

(a) The execution by any Lessee of an assignment for the benefit of creditors.

(b) The appointment by any court of competent jurisdiction of a receiver or other similar officer to administer the assets of any Lessee.

(c) The filing of a petition in bankruptcy by or against any Lessee.

(d) The filing of a petition for any arrangement or any other similar proceeding under any provision of the Federal Bankruptcy Act, as amended, with respect to any Lessee.

This option shall be exercised, if at all, by Lessor mailing postage prepaid, a written notice to Lessee at the leased premises or to the assignee, trustee, etc., as the case may be, at his place of business, advising of Lessor's election to so terminate this lease as of the date of the occurrence of such event. Such written notice must be mailed within ninety (90) days after Lessor receives actual notice of the occurrence of such event. Lessee, when used in this paragraph, shall mean any one or more of several persons embraced within the term Lessee under this lease.

11. RIGHTS OF LESSOR UPON DEFAULT BY LESSEE: If at any time Lessee defaults, under this lease, by failing to fully observe and perform all conditions and promises to be observed and performed by Lessee hereunder or defaults in any other manner, and such default is not cured within ten (10) days (except default in payment of rent

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for which the period is three (3) days) after the delivery in person to Lessee by or on behalf of Lessor or the mailing to Lessee, by or on behalf of Lessor, postage prepaid, addressed to Lessee at the leased premises of a written notice of such default and a demand that the default be cured, then at any time thereafter Lessor may pursue any one or more of the following remedies (such remedies being cumulative and not mutually exclusive):

(a) Lessor may immediately recover from Lessee all amounts due to Lessor hereunder, together with damages arising from Lessee's default.

(b) Lessor shall forthwith be entitled to the possession of the leased premises without thereby in any way relieving Lessee of Lessee's obligation to pay rent hereunder. If pursuant hereto, Lessor should repossess the leased premises, Lessor may, at its option, re-let the leased premises for the benefit of Lessee, in which case Lessee agrees to pay all costs of re-letting, pay monthly, the excess

of the monthly rental provided for hereunder over the monthly rental received from such re-letting with Lessor being entitled to retain the excess, if any, of the monthly rental received from such re-letting over the monthly rental provided for hereunder. Neither repossession by Lessor hereunder nor re-letting by Lessor hereunder shall in any way take away Lessor's right to thereafter terminate this lease as provided for in the following subparagraph (c).

(c) Lessor may terminate this lease by delivering to Lessee in person or by mailing, postage prepaid, to Lessee at the leased premises, a writing stating Lessor's election to terminate this lease.

If Lessor should thus terminate this lease, then Lessor may forthwith recover, from Lessee the excess of rentals provided for

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hereunder above the then reasonable rental value of the remainder of the term of this lease.

Lessee agrees that if Lessor pursues any of the foregoing remedies, Lessee will pay to Lessor all expenses and attorney's fees reasonably incurred by Lessor in connection therewith and that in any litigation the same shall be provided for as incidental damages.

12. Lessee agrees that this lease and Lessee's rights hereunder shall at all times during the term hereof be subject and subordinate to the lien of any mortgage, deed of trust, or other encumbrance which presently exists with respect to the leased premises or which may be placed upon the leased premises hereafter by Lessor or Lessor's successor in interest and Lessee agrees to execute and deliver to Lessor or Lessor's successor in interest any instrument or instruments requested by Lessor with respect to any such encumbrance placed or to be placed upon the leased premises and subordinating this lease thereto.

13. OPTION TO RENEW: At the expiration of the term of the Lease, Lessee shall have the option to renew the Lease for an additional thirty-six (36) months, commencing September 1, 2003 and ending August 31, 2006. All provisions of the Lease for the renewal term, excepting that basic rent for the renewal term shall be renegotiated by and between the parties prior to the commencement of said renewal term. Notice of exercise of said option to renew shall be given by the Lessee to the Lessor no less than sixty (60) days prior to the termination of this lease term.

This agreement constitutes the entire agreement by and between the parties and may only be altered, amended, or changed in writing.

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IN WITNESS WHEREOF, the parties have hereunto executed this agreement on the day first above written.

LESSOR:

MERVIN D. LUNG BUILDING COMPANY, INC.

By: /S/ Mervin D. Lung

Mervin D. Lung, President

LESSEE:

PATRICK INDUSTRIES, INC.

By: /S/ Keith V. Kankel

KEITH V. KANKEL, VICE-PRESIDENT

Attest:

/S/ Sherry L. Kizer

DATED:

August 17, 2000

COMMERCIAL LEASE

THIS AGREEMENT, made and entered into this First day of November 2000, between MERVIN D. LUNG BUILDING COMPANY, INC., an Indiana Corporation, of St. Joseph County, State of Indiana, hereinafter know as "LESSOR", and 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 Elkhart County, State of Indiana, and more particularly described in ITEM 1. LEASED PREMISES.

WHEREAS, LESSOR is owner of certain property situated in Elkhart, Indiana; and

WHEREAS, LESSEE is desirous of leasing said property.

NOW, THEREFORE, in consideration of the mutual promises hereinafter contained with applicable ordinances, laws and regulations, the parties agree as follows:

1. LEASED PREMISES: the LESSOR hereby leases to LESSEE those premises bearing the street address of 2200 West Lusher Avenue, Elkhart, Indiana, more particularly described as follows:

The West Two Hundred (200) feet of the following described tract:

A part of the East half of Sections 12 and 13, Township 37 North, Range 4 East, more particularly described as follows:

Assuming the west right-of-way line of Nappanee Street between Lusher Avenue and the underpass under the Penn-Central Railroad, as said right-of-way line is established by Indiana State Highway concrete right-of-way monuments, to have a bearing of north zero (0) degrees 14 minutes west; beginning at an iron stake on the said west right-of-way line of Nappanee Street at a point that is 60 feet southerly (measured at right angles) from the gauge of the southerly rail of the most southerly existing sidetrack of the Penn-Central Railroad; thence south zero (0) degrees 14 minutes east along the said west right-of-way line of Nappanee Street, 490.17 feet to a spike that is north zero (0) degrees

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14 minutes west of a spike found on the south edge of an 18-foot asphalt pavement; thence south 89 degrees 46 minutes west, 60 feet to an iron stake at a point of curvature; thence southwesterly along a curve, bearing left with a radius of 269.22 feet a distance of 171.51 feet to an iron stake at a point of tangent of said curve; thence south 53 degrees 16 minutes west, 92.86 feet to an iron stake at a point of curvature; thence southwesterly along a curve bearing right with a radius of 289.99 feet, a distance of 185.92 feet to an iron stake at the point of tangent of said curve; thence due west parallel with and 30 feet north of the north line of an 0.85 acre tract of land conveyed by the New York Central Railroad Company to Albert Davidson, (et al Elkhart County Deed Record 287, page 242), 445.56 feet to an iron stake; thence north zero(0) degrees 14 minutes west, 394.75 feet to an iron stake; thence north 73 degrees 59 minutes east parallel with and 60 feet southerly (measured at right angles) from the gauge of the southerly rail of the most southerly existing side-track of the Penn-Central Railroad, 945.97 feet to the place of beginning, containing 10 acres, more or less, together with the buildings and structures erected thereon.

2. TERM: The term of this Lease shall be for three years, from the 1st of November, 2000, through the 31st day of October, 2003.

3. RENTAL: Lessee agrees to pay to Lessor in advance of the first day of each month throughout the term of this lease, a rental of Six Thousand Eight Hundred and Fifty (\$6,850.00) Dollars per month (31,152 sq ft at .22 sq ft rounded off.). Lessee further agrees that if its operations hereunder and use of said property cause an increase in the cost of fire and extended coverage insurance on any building, which in whole or in part is included in the leased premises, over and above the cost that would otherwise be applicable to

said building, then the monthly rent provided for hereinabove will be increased by the amount of the increase in the cost of such insurance by the amount of the increase in the cost of such insurance on a monthly basis. Lessee additionally, agrees to pay, Real Estate Taxes assessed after the 1999 tax year, payable in 2000, as provided in this Agreement.

4. CONDITION. USE AND CARE OF LEASED PREMISES: Lessee hereby accepts the leased premises in its present condition. Lessee agrees to use said premises for its warehousing and

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display, sales, repair and modification of its products, and for all additional uses and purposes as may be customarily incidental to the operation of Lessee's business.

Lessee agrees that in no event shall it conduct any business on said premises which would be in violation of any local, state, or federal rules, regulations, ordinances, or statutes. Lessee agrees that it shall place no sign upon leased premises until Lessor shall first have approved, in writing, the size and location of said sign.

Lessee agrees to maintain the leased premises in good condition at all times, subject only to reasonable wear and tear of the kind normally accounted for by depreciation; and Lessee agrees to maintain the leased premises in a neat and presentable condition at all times and not to permit accumulations of any unsightly deposits of rubbish or other matter.

Lessor reserves the right to make an inspection of the leased premises at reasonable times during business hours no oftener than once every three (3) months; provided, however, that said inspection shall not in any way interrupt Lessee's normal business operations.

Lessee shall have the right to make such interior changes, improvements, and alterations to the leased premises, at its own cost and expense, as may be desired or necessary to adapt the leased premises to the business to be carried out by the Lessee; provided, however, that no structural change shall be made in such leased premises without prior written consent of the Lessor, and Lessee will not allow any liens or encumbrances to attach to the premises for any such changes, improvements, and/or alterations, and will hold the Lessor harmless for any such liens and encumbrances that may arise therefrom. Any changes, alterations, and/or additions made by the Lessee in the leased premises shall be and become a part of such premises and remain thereon the property of the Lessor; but if such alterations, changes or additions, or any

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of them, are removable without injury to the premises, then the same may be removed at the option of the Lessee.

5. EFFECT OF DESTRUCTION OF THE LEASED PREMISES; If the leased premises should be wholly or substantially destroyed without any fault on the part of the Lessee, then an equitable adjustment of the rental due hereunder shall be made with respect to the length of time between the date of the destruction and the date when the premises are restored, said adjustment to be made upon a prorata basis. If Lessor elects not to restore the destroyed premises or if such restoration is not completed within four (4) months from the date of such destruction, then this lease shall terminate as of said date of destruction.

6. TAXES AND UTILITIES: Lessor agrees to pay all real estate taxes levied with respect to the leased premises at the rate of taxes assessed for the 1999 taxes payable in 2000 subject to other paragraphs of this agreement.

Lessee agrees to pay, in equal monthly installments, any increase in real estate taxes levied, with respect to the leased premises, subsequent to the 1999 tax year. The first monthly installment of the annual amount of increased taxes shall be paid on the 1st day of the month following the notice of increase in taxes made by Lessor to Lessee upon receipt of the same by Lessor.

Lessee agrees to pay, all taxes levied with respect to all property of Lessee situated on the leased premises.

Lessee agrees to pay the installation costs of all current charges for all utilities used by Lessee on the leased premises, excepting water.

7. LESSOR'S RESPONSIBILITY FOR REPAIR OF LEASED PREMISES; The Lessor shall be responsible, at its expense, to keep in repair the warehouse flooring, heating and air conditioning equipment, and the exterior of said

leased premises, including the roof,

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exterior walls, footings, foundations, parking areas, and access roads. The Lessee, however, shall have the responsibility of notifying the Lessor immediately when any repairs are required hereunder, before the Lessor shall be held responsible for the repair. The Lessee, however, shall be responsible for maintenance or repairs of a minor nature which result from ordinary wear and tear of the leased premises, as well as the utilities contained therein, or result from the acts of the Lessee, its agents, employees, or invitees.

8. ASSIGNMENT OR SUBLETTING; Lessee may assign or sublet all or any portion of the leased premises; provided, however, that nothing in this paragraph shall be construed as relieving Lessee from any responsibility it may have under this lease for nonpayment of rent or any other responsibility, and provided further, that Lessee shall remain primarily liable on said lease in the event of any assignment or subletting.

9. HOLD HARMLESS, INSURANCE, AND SUBROGATION: Lessee agrees to maintain in full force and effect at all times public liability insurance with bodily injury limits of at least \$500,000 per person, \$1,000,000 aggregate, and property damage limits in amounts of at least \$500,000 with an insurance carrier acceptable to Lessor duly protecting Lessor. Lessee also agrees to keep the real property, including all fixtures, adequately insured against fire and other casualty;

Lessee agrees to keep all personal property adequately insured against fire and other casualty. Lessee shall deliver to Lessor evidence of the existence of such liability insurance. Lessee agrees to hold Lessor free and harmless from any and all liability to which Lessor might otherwise be subjected by reason of Lessee's activities on leased premises, including, among other things, reimbursing Lessor for all costs, attorney's fees, etc., that may be incurred by Lessor in defending against any such claimed liability except that

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neither Lessor or Lessee shall be liable to the other for damage or loss to property growing out of or in connection with Lessee's use and occupancy of the leased premises or to the contents caused by the negligence or fault of Lessor or Lessee or of their respective agents, employees, subtenants, assignees, or invitees, to the extent such damage or loss is covered by the fire and other casualty insurance maintained by the parties. Lessor and Lessee agree to notify their respective insurance companies, in writing, of the provisions of this paragraph, and in the event either party cannot waive its subrogation rights pursuant to this paragraph, such parties shall immediately notify the other party of this fact in writing.

Lessor shall be entitled at all times to post on the leased premises appropriate notices of non-responsibility with respect to any work by Lessee which might otherwise subject the leased premises to mechanic's lien claims.

10. RIGHTS OF LESSOR ON RECEIVERSHIP OR BANKRUPTCY OF ANY LESSEE: At the option of Lessor, this lease shall terminate and Lessor shall forthwith be entitled to the possession of the leased premises upon the occurrence of any of the following events:

(a) The execution by any Lessee of an assignment for the benefit of creditors.

(b) The appointment by any court of competent jurisdiction of a receiver or other similar officer to administer the assets of any Lessee.

(c) The filing of a petition in bankruptcy by or against any Lessee.

(d) The filing of a petition for any arrangement or any other similar proceeding under any provision of the Federal Bankruptcy Act, as amended, with respect to any Lessee.

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This option shall be exercised, if at all, by Lessor mailing postage prepaid, a written notice to Lessee at the leased premises or to the assignee, trustee, etc., as the case may be, at his place of business, advising of Lessor's election to so terminate this lease as of the date of the occurrence of such event. Such written notice must be mailed within ninety (90) days after Lessor receives actual notice of the occurrence of such event. Lessee, when used in this paragraph, shall mean any one or more of several persons embraced within

the term Lessee under this lease.

11. RIGHTS OF LESSOR UPON DEFAULT BY LESSEE: If at any time Lessee defaults, under this lease, by failing to fully observe and perform all conditions and promises to be observed and performed by Lessee hereunder or defaults in any other manner, and such default is not cured within ten (10) days (except default in payment of rent for which the period is three (3) days) after the delivery in person to Lessee by or on behalf of Lessor or the mailing to Lessee, by or on behalf of Lessor, postage prepaid, addressed to Lessee at the leased premises of a written notice of such default and a demand that the default be cured, then at any time thereafter Lessor may pursue any one or more of the following remedies (such remedies being cumulative and not mutually exclusive):

(a) Lessor may immediately recover from Lessee all amounts due to Lessor hereunder, together with damages arising from Lessee's default.

(b) Lessor shall forthwith be entitled to the possession of the leased premises without thereby in any way relieving Lessee of Lessee's obligation to pay rent hereunder. If pursuant hereto, Lessor should repossess the leased premises, Lessor may, at its option, re-let the leased premises for the benefit of Lessee, in which case Lessee agrees to pay all costs of re-letting, pay monthly, the excess of the monthly rental provided for hereunder over the

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monthly rental received from such re-letting with Lessor being entitled to retain the excess, if any, of the monthly rental received from such re-letting over the monthly rental provided for hereunder. Neither repossession by Lessor hereunder nor re-letting by Lessor hereunder shall in any way take away Lessor's right to thereafter terminate this lease as provided for in the following subparagraph (c).

(c) Lessor may terminate this lease by delivering to Lessee in person or by mailing, postage prepaid, to Lessee at the leased premises, a writing stating Lessor's election to terminate this lease.

If Lessor should thus terminate this lease, then Lessor may forthwith recover, from Lessee the excess of rentals provided for hereunder above the then reasonable rental value of the remainder of the term of this lease.

Lessee agrees that if Lessor pursues any of the foregoing remedies, Lessee will pay to Lessor all expenses and attorney's fees reasonably incurred by Lessor in connection therewith and that in any litigation the same shall be provided for as incidental damages.

12. Lessee agrees that this lease and Lessee's rights hereunder shall at all times during the term hereof be subject and subordinate to the lien of any mortgage, deed of trust, or other encumbrance which presently exists with respect to the leased premises or which may be placed upon the leased premises hereafter by Lessor or Lessor's successor in interest and Lessee agrees to execute and deliver to Lessor or Lessor's successor in interest any instrument or instruments requested by Lessor with respect to any such encumbrance placed or to be placed upon the leased premises and subordinating this lease thereto.

13. OPTION TO RENEW: If Lessee is not in default, it is granted an option to renew and extend the term of this lease for an

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additional period of three (3) years, on terms and conditions to be negotiated by Lessor and Lessee at the time the option is exercised. Said option shall be exercised by Lessee providing Lessor written notice no less than sixty (60) days prior to the termination of his lease term. This agreement constitutes the entire agreement by and between the parties and may only be altered, amended, or changed in writing.

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IN WITNESS WHEREOF, the parties have hereunto executed this agreement on the day first above written.

LESSOR:
MERVIN D. LUNG BUILDING COMPANY, INC.

By: /S/ Mervin D. Lung

Mervin D. Lung, President

LESSEE:

PATRICK INDUSTRIES, INC.

By: /S/ Keith V. Kankel

KEITH V. KANKEL, VICE-PRESIDENT

Attest:

/S/ Sherry L. Kizer

DATED: November 17, 2000

FIRST AMENDMENT TO CREDIT AGREEMENT

THIS FIRST AMENDMENT TO CREDIT AGREEMENT, dated as of January 28, 2000 (this "Amendment"), is between PATRICK INDUSTRIES, INC., an Indiana corporation (the "Company"), and BANK ONE, INDIANA, N.A., a national banking association, formerly known as NBD Bank (the "Bank").

RECITALS

A. The Company and the Bank are parties to a Credit Agreement dated as of February 2, 1997 (as now and hereafter amended, the "Credit Agreement") pursuant to which the Bank agreed, subject to the terms and conditions thereof, to extend credit to the Company in a revolving credit facility in the amount of \$10,000,000.

B. The parties now desire to renew the revolving credit facility and to amend certain terms and provisions of the Credit Agreement as set forth herein.

TERMS

In consideration of the premises and of the mutual agreements herein contained, the parties agree as follows:

ARTICLE I. AMENDMENTS. Effective upon the date that the conditions set forth in Article III of this Amendment are satisfied (the "Amendment Date"), which date shall be determined by the Bank in its sole discretion, the Credit Agreement shall be amended as follows:

1.1 The definitions of the terms "Bonds" and "Revolving Credit Termination Date" in Section 1.1 are amended and restated in their entirety as follows:

"Bonds" shall mean (i) the Five Million Dollars (\$5,000,000) principal amount The Stanly County Industrial Facilities and Pollution Control Financing Authority Variable Rate Demand Industrial Development Revenue Bonds (Patrick Industries, Inc. Project), Series 1998, (ii) the Six Million Dollars (\$6,000,000) principal amount State of Oregon Economic Development Revenue Bonds, Series CLI (Patrick Industries, Inc. Project), dated December 22, 1994, (iii) the Three Million Nine Hundred Thousand Dollars (\$3,900,000) principal amount The Indiana Development Finance Authority Limited Obligation Refunding Revenue Bonds (Patrick Industries, Inc. Project), Series 1991, and (iv) all other obligations of the Company or any of its Subsidiaries to the Bank under or in connection with any future bond issuance for the benefit of the Company or any of its Subsidiaries.

"Revolving Credit Termination Date" shall mean the earlier to occur of (a) January 28, 2003 and (b) the date on which the Commitment shall be terminated pursuant to Section 2.2 or Section 6.2.

1.2 The following definition of the term "Amendment Fee" is added to Section 1.1 in alphabetical order:

"Amendment Fee" shall mean the fee payable in connection with the First Amendment to Credit Agreement, dated as of January 28, 2000

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(the "First Amendment") on the Amendment Date as defined in the First Amendment in the amount of \$12,500.

1.3 Section 5.2(c) shall be amended and restated as follows:

(c) Tangible Net Worth. Permit or suffer the consolidated Tangible Net Worth of the Company and its Subsidiaries to be less than \$57,000,000 at any time, which amount shall be increased by an amount equal to (i) 50% of the Cumulative Net Income of the Company and its Subsidiaries on and after December 31, 1999, and (ii) 100% of the net cash proceeds of any stock issuance by the Company after the

Effective Date.

1.4 The following subsection (c) is added to the end of Section 2.3 as follows:

(c) In addition to the commitment fees payable pursuant to Section 2.3(a) and the facility fee payable pursuant to Section 2.3(b), the Company agrees to pay to the Bank on the Amendment Date an Amendment Fee of \$12,500.

1.5 Exhibit A annexed to the Credit Agreement is deleted in its entirety and Exhibit A annexed to this Amendment shall be deemed substituted in place thereof. The Company shall execute and deliver to the Bank a replacement revolving credit note in the form of Exhibit A annexed to this Amendment (the "Replacement Revolving Credit Note") to be exchanged for the existing Revolving Credit Note issued by the Company to the Bank under the Credit Agreement (the "Existing Revolving Credit Note"). On the Amendment Date, the principal balance of the Existing Revolving Credit Note, as well as all other information which has been endorsed on the schedule attached to the Existing Revolving Credit Note or elsewhere on the books and records of the Bank with respect to the Existing Revolving Credit Note, shall be endorsed on the schedule attached to the Replacement Revolving Credit Note or elsewhere on the books and records of the Bank with respect to the Replacement Revolving Credit Note. The execution and delivery by the Company of the Replacement Revolving Credit Note shall not in any circumstances be deemed a novation or to have terminated, extinguished or discharged the Company's indebtedness evidenced by the Existing Revolving Credit Note, all of which indebtedness shall continue under and be evidenced and governed by the Replacement Revolving Credit Note and the Credit Agreement, as amended, and subject to Article III of this Amendment, the Bank shall be entitled to all of the benefits of the security documents with respect to the entire indebtedness evidenced by the Replacement Revolving Credit Note.

1.6 Each reference in the Credit Agreement, the Note and all related documents, instruments and agreements to "NBD Bank" shall be deleted and "Bank One, Indiana, N.A." shall be substituted in place thereof.

1.7 Schedules 4.4, 4.5, 4.13, 5.2(e) and 5.2(f) annexed to the Credit Agreement are deleted in their entirety and Schedules 4.4, 4.5, 4.13, 5.2(e) and 5.2(f) annexed to this Amendment shall be deemed substituted in place thereof.

ARTICLE II. REPRESENTATIONS. The Company represents and warrants to the Bank that:

2.1 The execution, delivery and performance of this Amendment are within its powers, have been duly authorized and are not in contravention with any law, of the terms of its Articles of Incorporation or By-laws, or any material undertaking to which it is a party or by which it is bound.

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2.2 This Amendment is the legal, valid and binding obligation of the Company enforceable against it in accordance with the respective terms hereof.

2.3 After giving effect to the amendments herein contained, the representations and warranties contained in Article IV of the Credit Agreement are true on and as of the date hereof with the same force and effect as if made on and as of the date hereof, provided, that, the representations and warranties contained in Section 4.6 of the Credit Agreement shall be deemed to have been made with respect to the financial statements most recently delivered pursuant to Section 5.1(d) of the Credit Agreement.

2.4 No Event of Default or event or condition which, with notice or lapse of time or both, could become such an Event of Default exists or has occurred and is continuing on the date hereof.

ARTICLE III. CONDITIONS OF EFFECTIVENESS. This Amendment shall not become effective until each of the following has been satisfied:

3.1 Copies of resolutions adopted by the Board of Directors of the Company, certified by an officer of the Company, as being true and correct and in full force and effect without amendment as of the date hereof, authorizing the Company to enter into this Amendment and any other documents or agreements executed pursuant hereto, if any, shall have been delivered to the Bank.

3.2 This Amendment shall be signed by the Company and the Bank.

3.3 The Company shall have executed the Revolving Credit Note annexed to this Amendment as Exhibit A.

3.4 The Bank shall receive a favorable written opinion of Warrick & Boyn, counsel for the Company, in a form reasonably satisfactory to the Bank.

3.5 The Company shall have paid the Amendment Fee and the fees of counsel to the Bank.

3.6 The Bank shall receive such other documents and the Company shall satisfy such other conditions and complete such other matters as the Bank may reasonably request.

ARTICLE IV. MISCELLANEOUS.

4.1 References in the Credit Agreement to "this Agreement" and references in any note, certificate, instrument or other document to the "Credit Agreement" shall be deemed to be references to the Credit Agreement as amended hereby and as further amended from time to time.

4.2 The Company agrees to pay and to save the Bank harmless for the payment of all costs and expenses arising in connection with this Amendment, including the reasonable fees of counsel to the Bank in connection with preparing this Amendment and the related documents.

4.3 The Company acknowledges and agrees that the Bank has fully performed all of its obligations under all documents executed in connection with the Credit Agreement and all actions taken by the Bank are reasonable and appropriate under the circumstances and within its rights under the Credit Agreement and all other documents executed in connection therewith and otherwise available. The Company represents and warrants that it is not aware of any claims or causes of action against the Bank, or any of its successors or assigns. Notwithstanding this representation and as further consideration for the agreements and understandings herein, the Company and its heirs, successors and assigns, hereby release the Bank and its heirs, successors and assigns from any liability, claim, right or cause of action

which now exists, arising from or in any way related to facts in existence as of the date hereof to any agreements or transactions between the Bank and the Company or to any acts or omissions of the Bank in connection therewith or otherwise.

4.4 Except as expressly amended hereby, the Company agrees that the Credit Agreement, the promissory note and all other documents and agreements executed by the Company in connection with the Credit Agreement in favor of the Bank are ratified and confirmed and shall remain in full force and effect and that it has no set off, counterclaim or defense with respect to any of the foregoing. Terms used but not defined herein shall have the respective meanings ascribed thereto in the Credit Agreement.

4.5 This Amendment shall be deemed to be a contract made under and for all purposes shall be governed by and construed in accordance with the laws of the State of Indiana applicable to contracts made and to be performed entirely within such State, without regard to the choice of law principles of such State.

4.6 This Amendment may be signed upon any number of counterparts with the same effect as if the signatures thereto and hereto were upon the same instrument.

IN WITNESS WHEREOF, the parties signing this Amendment have caused this Amendment to be executed and delivered as of the date first above written.

PATRICK INDUSTRIES, INC.

/S/Keith V. Kankel

By: Keith V. Kankel
Its: Vice President - Finance

BANK ONE, INDIANA N.A.

/S/Donald E. Hobik

By: Donald E. Hobik
Its: Vice President

PATRICK INDUSTRIES, INC.

Statement of Computation of Operating Ratios

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