

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

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**FORM 8-K**

**CURRENT REPORT**  
**Pursuant To Section 13 OR 15(d) Of The Securities Exchange Act of 1934**

Date of report (Date of earliest event reported)

**December 11, 2008**

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**PATRICK INDUSTRIES, INC.**

(Exact name of registrant as specified in its charter)

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**Indiana**

(State or other jurisdiction  
of incorporation)

**000-03922**

(Commission  
File Number)

**35-1057796**

(IRS Employer  
Identification Number)

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**107 West Franklin, Elkhart, Indiana**

(Address of Principal Executive Offices)

**46515**

(Zip Code)

Registrant's Telephone Number, including area code

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**(574) 294-7511**

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(Former name or former address if changed since last report)

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 1.01 Entry into a Material Definitive Agreement.**

On December 11, 2008, Patrick Industries, Inc., an Indiana corporation (the “Company”), entered into a Second Amendment and Waiver (the “Amendment”) to the Company’s Credit Agreement, dated as of May 18, 2007, among the Company, the lenders party thereto and JP Morgan Chase Bank, N.A., as administrative agent (the “Credit Agreement”).

The Company previously reported in its second quarter 2008 Form 10-Q that it was anticipating a third quarter violation of certain covenants under the terms of the Credit Agreement, and subsequently reported in its third quarter 2008 Form 10-Q that it was in violation of those covenants. Under the terms of the Amendment, the lenders have waived any Event of Default (as defined in the Credit Agreement) resulting from the Company’s failure to comply with the Maximum Leverage Ratio and Minimum Fixed Charge Coverage Ratio covenants for the Computation Period ended September 28, 2008. The financial covenants have been amended to eliminate the Consolidated Net Worth, Minimum Fixed Charge Coverage Ratio and Maximum Leverage Ratio covenants, in lieu of new one-month and two-month minimum Consolidated EBITDA requirements and a \$2,250,000 capital expenditures limitation for any fiscal year. In addition, certain definitions, terms and reporting requirements contained in the Credit Agreement were also amended and/or added. The maturity date for all loans has been amended to January 3, 2011.

The Company’s credit facility will continue to consist of a term loan and a revolving line of credit. Borrowings under the revolving line of credit are subject to a borrowing base, up to a borrowing limit of \$33.0 million. The principal amount outstanding under the term loan of approximately \$38.5 million at September 30, 2008 remains unchanged under the amended terms. The interest rates for borrowings under the revolving line of credit are the Alternate Base Rate (the “ABR”) plus 3.50%, or the London Interbank Offer Rate (“LIBOR”) plus 4.50%. For term loans, interest rates are the ABR plus 6.50%, or LIBOR plus 7.50%. The Company has the option to pay a portion of the interest in kind on the term loan. The fee payable by the Company on unused but committed portions of the revolving loan facility was amended to 0.50%.

As part of the lenders’ consideration for the Amendment, on December 11, 2008, the Company entered into a Warrant Agreement under which the Company issued warrants to the lenders to purchase an aggregate of 474,049 shares of common stock, subject to adjustment, at an exercise price per share of \$1 (the “Warrants”). The Warrants are immediately exercisable, subject to anti-dilution provisions and expire on December 11, 2018.

In connection with the Warrants and the Warrant Agreement, on December 11, 2008, the Company entered into a Second Amended and Restated Registration Rights Agreement (the “Registration Rights Agreement”) with the lenders and Tontine Capital Partners, L.P. and Tontine Capital Overseas Master Fund, L.P. (collectively, “Tontine”). The Registration Rights Agreement provides that the Company shall file a registration statement on Form S-3 registering the shares of common stock that may be issued upon the exercise of the Warrants, as well as a registration statement on Form S-3 registering the shares of common stock held by Tontine, and also provides the holders of the Warrants and Tontine and its affiliates certain demand registration rights and piggy-back registration rights in

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the event the Company files a registration statement with the Securities and Exchange Commission, subject to certain exceptions.

The foregoing description of the Amendment, the Warrant Agreement and the Registration Rights Agreement are qualified in their entirety by the actual agreements, which are attached to this Form 8-K as Exhibits 10.1, 10.2 and 10.3.

On December 11, 2008, the Company issued a press release announcing the completion of the amendment. A copy of the press release is attached hereto as Exhibit 99.1.

**Item 2.03      Creation of a Direct Financial Obligation or an Obligation Under an Off-Balance Sheet Arrangement of a Registrant**

The information set forth under Item 1.01, "Entry into a Material Definitive Agreement," is incorporated herein by reference.

**Item 3.02      Unregistered Sale of Equity Securities**

The information regarding the Warrants set forth under Item 1.01, "Entry into a Material Definitive Agreement," is incorporated herein by reference.

**Item 9.01      Financial Statements and Exhibits.**

(d) Exhibits

Exhibit 10.1 – Second Amendment and Waiver, as of December 11, 2008.

Exhibit 10.2 – Warrant Agreement, as of December 11, 2008.

Exhibit 10.3 – Second Amended and Restated Registration Rights Agreement, as of December 11, 2008.

Exhibit 99.1 – Press Release, as of December 11, 2008.

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## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**PATRICK INDUSTRIES, INC.**

(Registrant)

Date: December 15, 2008

By: /s/ Andy L. Nemeth

Andy L. Nemeth  
Executive Vice President – Finance and  
Chief Financial Officer

SECOND AMENDMENT AND WAIVER

THIS SECOND AMENDMENT AND WAIVER dated as of December 11, 2008 (this "Amendment") amends the Credit Agreement dated as of May 18, 2007 (the "Credit Agreement") among PATRICK INDUSTRIES, INC., an Indiana corporation (the "Borrower"), the LENDERS party thereto and JPMORGAN CHASE BANK, N.A., as Administrative Agent (in such capacity, the "Administrative Agent"). Capitalized terms used but not defined herein have the respective meanings given to them in the Credit Agreement.

WHEREAS, the Borrower has requested certain amendments to, and waivers under, the Credit Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. AMENDMENTS. Subject to the conditions precedent set forth in Section 4, the Credit Agreement is amended as follows:

1.1 Amendments to Definitions in Section 1.1.

1.1.1 The definitions of Alternate Base Rate, Commitment Fee Rate, LC Fee Rate, Revolving Termination Date and Term Maturity Date are amended in their entirety to read as follows respectively:

"Alternate Base Rate" means, for any day, a rate per annum equal to the highest of (a) the Prime Rate as in effect on such day; (b) the sum of 0.50% per annum plus the Federal Funds Effective Rate as in effect on such day; and (c) the sum of 1.00% plus the LIBO Rate that would be applicable for an Interest Period of one month beginning on such day (or if such day is not a Business Day, the immediately preceding Business Day). Any change in the Alternate Base Rate due to a change in the Prime Rate, the Federal Funds Effective Rate or the LIBO Rate shall be effective from and including the effective date of such change in the Prime Rate, the Federal Funds Effective Rate or the LIBO Rate, respectively.

"Commitment Fee Rate" means 0.50%.

"LC Fee Rate" means 4.50%.

"Revolving Termination Date" means the earlier of (a) January 3, 2011 and (b) the date on which the Revolving Commitments terminate pursuant to Section 2.8 or Article VII.

"Term Maturity Date" means the earlier of (a) January 3, 2011 and (b) the date on which the Term Loans are declared due and payable pursuant to Article VII.

1.1.2 The definitions of Applicable Margin, Consolidated Net Worth, Fixed Charge Coverage Ratio and Leverage Ratio are deleted.

1.1.3 The following definitions are added in proper alphabetical sequence:

“Account Debtor” means any Person that is obligated to a Loan Party under an Account Receivable.

“Account Receivable” means, with respect to any Person, any right of such Person to payment for goods sold or leased or for services rendered.

“Borrowing Base” means as of any date (beginning January 1, 2009), the lesser of (a) the sum of (i) 80% of the amount of all Eligible Accounts Receivable plus (ii) 50% of the amount of all Eligible Inventory measured at the lower of cost or fair market value; or (b) the amount set forth on Schedule 1.1(b) for such date.

“Borrowing Base Certificate” means a borrowing base certificate executed by a Financial Officer of the Borrower substantially in the form of Exhibit J.

“Collateral Access Agreement” means an agreement, in form and substance reasonably acceptable to the Administrative Agent, between the Administrative Agent and a third party relating to Inventory of any Loan Party located on the property of such third party.

“Eligible Account Receivable” means an Account Receivable owing to any Loan Party that meets each of the following requirements: (a) it is payable in Dollars; (b) it arises from the sale of goods or the rendering of services by the applicable Loan Party, such goods or services comply with the applicable Account Debtor’s specifications (if any) and, if it arises from the sale of goods, (c) it (i) is subject to a perfected Lien in favor of the Administrative Agent and (ii) is not subject to any other assignment, claim or Lien; (d) it is a valid, legally enforceable and unconditional obligation of the applicable Account Debtor, is not contingent in any respect or for any reason, and is not subject to any offset or contra account payable to the applicable Account Debtor, deduction, counterclaim, credit, allowance, discount, rebate or adjustment by the applicable Account Debtor or to any claim by such Account Debtor denying liability thereunder in whole or in part; (e) there is no bankruptcy, insolvency or liquidation proceeding by or against the Account Debtor with respect thereto; (f) the Account Debtor with respect thereto is a resident or citizen of, and is located within, the United States, unless the sale of goods or services giving rise to such Account Receivable is supported by a letter of credit, a banker’s acceptance, credit insurance or other credit support terms reasonably satisfactory to the Administrative Agent; (g) it is not an Account Receivable arising from a “sale on approval,” “sale or return” or “consignment” or subject to any other repurchase or return agreement; (h) it arises in the ordinary course of business of a Loan Party; (i) if the Account Debtor is the United States or any department, agency or instrumentality thereof, the applicable Loan Party has assigned its right to payment of such Account Receivable to the Administrative Agent pursuant to the Assignment of Claims Act of 1940; (j) if a Loan Party maintains a credit limit for an Account Debtor, the aggregate dollar amount of Accounts Receivable due from such Account Debtor, including such Account Receivable, does not exceed such

credit limit (provided that if any such credit limit is exceeded, otherwise eligible Accounts Receivable will be ineligible only to the extent of such excess); (k) such Account Receivable is not more than (i) 60 days past the due date thereof or (ii) 90 days past the original invoice date thereof, in each case according to the original terms of sale; (l) the Account Debtor with respect thereto is not a Loan Party or an Affiliate thereof; (m) it is not owed by an Account Debtor with respect to which 10% or more of the aggregate amount of outstanding Accounts Receivable owed at such time by such Account Debtor is classified as ineligible under clause (k) of this definition; (n) the Account Receivable is not evidenced by a promissory note or chattel paper unless such promissory note or chattel paper has been pledged and delivered to the Administrative Agent; and (o) the applicable Loan Party is not subject to a prohibition by the laws of the jurisdiction where the Account Debtor is located from bringing an action in the courts of that jurisdiction to enforce the Account Debtor's obligation to pay the Account Receivable.

An Account Receivable that is at any time an Eligible Account Receivable, but that subsequently fails to meet any of the foregoing requirements, shall forthwith cease to be an Eligible Account Receivable. In addition, if the Administrative Agent at any time hereafter determines in good faith, that the prospect of payment or performance by the Account Debtor with respect to any Account Receivable is impaired for any reason whatsoever, the Administrative Agent may, upon not less than three Business Days' notice to the Borrower, require that such Account Receivable cease to be an Eligible Account Receivable or set a different advance rate for such Account Receivable.

"Eligible Inventory" means Inventory of any Loan Party that meets each of the following requirements: (a) it (i) is subject to a perfected Lien in favor of the Administrative Agent and (ii) is not subject to any other assignment, claim or Lien (other than inchoate tax liens); (b) it consists of raw materials or finished goods that are salable, in the ordinary course of the applicable Loan Party's business; (c) it is not Inventory produced in violation of the Fair Labor Standards Act and subject to the "hot goods" provisions contained in Title 29 U.S.C. §215; (d) if Inventory is held by a third Person or is located at property leased by the applicable Loan Party, as lessee, such Loan Party has used commercially reasonable efforts to cause such third Person or the lessor of such property, as applicable, to deliver a Collateral Access Agreement to the Administrative Agent; (e) it is not subject to any agreement that would restrict the Administrative Agent's ability to sell or otherwise dispose of such Inventory; (f) it is located in the United States or any territory or possession of the United States that has adopted Article 9 of the Uniform Commercial Code (as revised in 2001); (g) it is not "in transit" to a Person other than a Loan Party; (h) it is not held by a Loan Party on consignment; (i) it is not "work in progress"; (j) it is not placed on consignment; and (k) it is not reserved against for obsolescence.

Inventory that is at any time Eligible Inventory but that subsequently fails to meet any of the foregoing requirements shall forthwith cease to be Eligible

Inventory. If the Administrative Agent at any time hereafter determines in good faith, that such Inventory is unacceptable due to age, type, category, quality or quantity, the Administrative Agent may, upon not less than three Business Days' notice to the Borrower require that such Inventory cease to be Eligible Inventory or set a different advance rate for such Inventory.

"Inventory" has the meaning assigned to such term in the Uniform Commercial Code as in effect in the State of Illinois from time to time.

"Permitted Asset Sales" means collectively, the disposition (in one or more sales) of (i) the assets of the Borrower's Patrick Metals division, which includes aluminum extrusion, distribution and fabrication operations and the real property located at 5020 Lincolnway, East Mishawaka, IN 46544, (ii) the property located at 1609 SW 17th Ave, Ocala, Florida and (iii) the assets of the Borrower's American Hardwoods division, including the real property located at 1401 East Hadley Street, Phoenix, Arizona.

"Revolving Availability" means the lesser of (a) the total Revolving Commitments and (b) the Borrowing Base or, prior to January 1, 2009, \$22,300,000.

1.2 Amendments to Maximum Availability. Each of the first sentence of Section 2.1(b), Section 2.4, the third sentence of Section 2.5(a) and the last sentence of Section 2.5(b) is amended by deleting the words "total Revolving Commitments" and substituting therefor the words "Revolving Availability".

1.3 Amendment to Section 2.2(c). The first sentence of Section 2.2(c) is amended by inserting the following phrase immediately after the words "provided that" therein: ", subject to Section 2.1(b)".

1.4 Amendments to Section 2.11.

1.4.1 Section 2.11(c) is amended by inserting the following parenthetical clause immediately after the word "Subsidiary" therein "(excluding the proceeds of all inventory and accounts receivable resulting from the sale of the Borrower's American Hardwoods division)".

1.4.2 Section 2.11 is amended by adding the following new clause (f) in proper sequence and designating existing clauses (f) and (g) as clauses (g) and (h), respectively:

(f) If, on any date after January 1, 2009, the total Revolving Credit Exposures exceed the Revolving Availability, the Borrower shall promptly (and, in any event within one Business Day) prepay Revolving Loans or cash collateralize (pursuant to procedures substantially similar to those set forth in Section 2.5(j)) Letters of Credit in an amount sufficient to eliminate such excess.

1.5 Amendments to Section 2.13. Sections 2.13(a) and 2.13(b) are amended in their entirety to read as follows, respectively:



(a) Subject to the provisions of Section 2.13(c), the Loans comprising each ABR Borrowing shall bear interest at a rate per annum equal to the Alternate Base Rate plus (i) in the case of Revolving Loans, including Swingline Loans, 3.50%, and (ii) in the case of Term Loans, 6.5%.

(b) Subject to the provisions of Section 2.13(c) and (e), the Loans comprising each Eurodollar Borrowing shall bear interest at a rate per annum equal to the LIBO Rate for each Interest Period in effect for such Borrowing plus (i) in the case of Revolving Loans, 4.50% and (ii) in the case of Term Loans, 7.50%; provided that the Borrower may, at its option by notice to the Administrative Agent, defer payment of any interest on Term Loans in excess of 4.50% (or, at any time that default interest is applicable pursuant to Section 2.13(c), 6.50%) per annum to the Term Maturity Date (in which event such deferred interest shall bear interest at the rate per annum otherwise applicable to Term Loans, which interest shall be payable on the Term Maturity Date).

1.6 Amendments to Section 5.1. Section 5.1 is amended by (a) inserting the following new clauses (f), (g) and (h) in proper sequence, (b) deleting the word “and” at the end of clause (e) and (c) designating the existing clause “(f)” as clause “(i)”:

(f) as soon as available, but not later than the 20<sup>th</sup> day of each month, a Borrowing Base Certificate as of the close of business on the last Business Day of the preceding month; provided that at any time an Event of Default or Unmatured Event of Default exists, the Administrative Agent may require the Borrower to deliver Borrowing Base Certificates more frequently (including on a daily basis);

(g) as soon as available, but not later than the 20<sup>th</sup> (or in the case of the last month of a fiscal year, the 45<sup>th</sup>) day of each month (excluding any month ending on the last day of the first three quarters of a fiscal year), a certificate of a Financial Officer of the Borrower setting forth reasonably detailed calculations demonstrating compliance with Section 6.8(a) as of the end of the preceding month;

(h) as soon as available, but not later than 5:00 p.m. on the third Business Day of each week, commencing with the week beginning on December 15, 2008 a report, in form and substance reasonably acceptable to the Required Lenders and the Administrative Agent, that includes (i) a forecast of cash flows and liquidity for the immediately succeeding thirteen weeks, and (ii) a comparison of actual cash flows and liquidity to budget for the period since the most recent such report; and

1.7 Amendment to Section 5.6. Section 5.6 is amended by inserting the following phrase prior to the semicolon in the first sentence thereto:

; and permit, and cause each Subsidiary to permit, the Administrative Agent to perform periodic field examinations of the Borrower and its Subsidiaries at reasonable intervals and at such reasonable times as the

Administrative Agent or the Required Lenders (in each case in consultation with the Borrower) may elect

1.8 Additional Affirmative Covenants. Article V is amended by adding the following Sections 5.11, 5.12 and 5.13 at the end thereof:

5.11 Monthly Calls. Beginning in February, 2009, participate in a conference call with the Administrative Agent and the Lenders within five Business Days after the submission of each Borrowing Base Certificate pursuant to Section 5.1(f), in each case at a time mutually agreeable to the Administrative Agent and the Borrower.

5.12 Financial Advisor. Continue to retain PwC Corporate Advisory & Restructuring LLC (or another firm acceptable to the Administrative Agent and the Required Lenders) as a financial advisor to the Borrower and its Subsidiaries and (i) cause such financial advisor to be available to discuss with the Administrative Agent and the Lenders on a monthly basis, during business hours and upon reasonable prior notice, the business, financial condition and operations of the Borrower and its Subsidiaries and (ii) deliver to the Administrative Agent copies of all management and similar reports delivered by such financial advisor to the Borrower.

5.13 Appraisal. Not later than March 31, 2009, deliver to the Administrative Agent and the Lenders an updated machinery and equipment appraisal from a firm acceptable to the Required Lenders (it being understood that such appraisal may include "desktop appraisals" but shall include an on-site appraisal of at least one representative plant).

1.9 Amendment to Section 6.6. Section 6.6 is amended in its entirety to read as follows:

6 . 6 Restricted Payments. Not, and not permit any Subsidiary to, declare or make, or agree to pay or make, directly or indirectly, any Restricted Payment, except (a) any Subsidiary may declare and pay dividends to the Borrower or any other Loan Party and (b) the Borrower may make Restricted Payments pursuant to and in accordance with stock option plans or other benefit plans for management or employees of the Borrower and its Subsidiaries in amounts that are consistent with past practice.

1.10 Amendments to Section 6.8. Section 6.8 is amended in its entirety to read as follows:

6.8 Financial Covenants. Not permit:

( a ) Minimum EBITDA. Consolidated EBITDA for any one month or two month period to be less than the amount specified for such period on Schedule 6.8.

(b) Capital Expenditures. Capital Expenditures in any fiscal year to exceed \$2,250,000.

1.11 Asset Sales.

1.11.1 Section 6.9 (c) is amended by inserting the following phrase immediately before the words "California Property" therein: "or both"

1.11.2 Section 6.9(d) is amended in its entirety to read as follows:

(d) Permitted Asset Sales; and

1.12 Amendments to Schedules

1.12.1 Schedule 1.1 is deleted.

1.13 Schedule 1.1(b) and Schedule 6.8 hereto are added as Schedule 1.1(b) and Schedule 6.8 to the Credit Agreement.

1.14 Amendment to Exhibits Exhibit J hereto is added as Exhibit J to the Credit Agreement.

SECTION 2. WAIVER. Subject to the conditions precedent set forth in Section 4, the Required Lenders waive any Event of Default resulting from (a) the Borrower's non-compliance with Section 6.8 of the Credit Agreement for the Computation Period ended September 30, 2008; and (b) the inability of the Borrower to cause a Mortgage in favor of the Administrative Agent to be recorded on the Borrower's property located at 201 Industrial Road, Halstead, Kansas due to the failure of the City of Halstead to timely deliver a deed conveying title to such property to the Borrower.

SECTION 3. REPRESENTATIONS AND WARRANTIES. The Borrower represents and warrants to the Administrative Agent and the Lenders that after giving effect to this Amendment: (a) the representations and warranties of the Borrower set forth in the Credit Agreement are true and correct in all material respects (except to the extent stated to relate to an earlier date, in which case such representations and warranties were true and correct in all material respects as of such earlier date); and (b) no Default will exist.

SECTION 4. CONDITIONS PRECEDENT. This Amendment shall become effective on the date on which the Administrative Agent shall have received the following:

- (a) Counterparts of this Amendment signed by the Borrower and the Required Lenders.
- (b) A Confirmation substantially in the form of Exhibit A signed by each Loan Party.
- (c) A Borrowing Base Certificate, substantially in the form of Exhibit J, as of November 30, 2008 signed by a Financial Officer of the Borrower.

(d) A Warrant for each Lender, substantially in the form of Exhibit B, exercisable for such Lender's Total Percentage of 4.9% of the common stock of the Borrower on a fully-diluted basis.

(e) An amendment fee for each Lender that, on or prior to 4:00 p.m. (Chicago time) on December 11, 2008, delivers a signed counterpart of this Amendment to the Administrative Agent, such fee to equal to the product of 0.50% multiplied by the sum of (i) such Lender's pro rata share (based upon its Revolving Percentage) of the Revolving Commitment and (ii) the outstanding principal amount of such Lender's Term Loan.

(f) Payment of all invoiced fees and expenses of the Administrative Agent (including reasonable attorneys' fees and expenses) in connection herewith.

SECTION 5. MISCELLANEOUS.

5.1 Continuing Effectiveness, etc. After giving effect to this Amendment, the Credit Agreement shall remain in full force and effect and is hereby ratified, approved and confirmed in each and every respect. After the effectiveness hereof, all references to the Credit Agreement in any Loan Document shall be deemed to refer to the Credit Agreement as amended hereby. The waivers contained in Section 2 are limited to the matters specifically set forth therein and shall not be deemed to constitute a waiver or amendment with respect to any other matter whatsoever.

5.2 Incorporation of Credit Agreement Provisions. The provisions of Sections 1.3 (Terms Generally), 9.7 (Severability), 9.10 (Waiver of Jury Trial) and 9.11 (Headings) of the Credit Agreement are incorporated by reference as if fully set forth herein, mutatis mutandis.

5.3 Signing in Counterparts. This Amendment may be signed by the parties hereto in several counterparts, each of which shall be deemed to be an original and all of which shall constitute together but one and the same agreement. A signature hereto delivered by facsimile or in .pdf format shall be effective as delivery of an original counterpart.

5.4 Governing Law. THIS AMENDMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF ILLINOIS.

5.5 Successors and Assigns. This Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

*[Remainder Of Page Intentionally Left Blank]*

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be signed by their respective officers thereunto duly authorized as of the day and year first above written.

PATRICK INDUSTRIES, INC.

By /s/ Andy L. Nemeth  
Name: Andy L. Nemeth  
Title: Executive Vice President - Finance

JPMORGAN CHASE BANK, N.A., individually and as Administrative Agent

By /s/ Michael E. Lewis  
Name: Michael E. Lewis  
Title: Senior Vice President

FIFTH THIRD BANK

By /s/ Craig Ellis  
Name: Craig Ellis  
Title: VP

BANK OF AMERICA, N.A., as successor to LaSalle Bank National Association

By /s/ Anthony D. Healey  
Name: Anthony D. Healey  
Title: Sr. Vice President

KEY BANK, NATIONAL ASSOCIATION

By /s/ Geoffrey R. Henry  
Name: Geoffrey R. Henry  
Title: V.P.

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RBS CITIZENS, NATIONAL ASSOCIATION, as successor by merger with Charter One Bank

By /s/ Peter Coates

Name: Peter Coates  
Title: Vice President

ASSOCIATED BANK

By /s/ Viktor R. Gottlieb

Name: Viktor R. Gottlieb  
Title: AVP

NATIONAL CITY BANK

By /s/ Josh Stehlin

Name: Josh Stehlin  
Title: AVP

1<sup>ST</sup> SOURCE BANK

By /s/ Jeff Buhr

Name: Jeff Buhr  
Title: Sr. Vice President

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## SCHEDULE 1.1(b)

## BORROWING BASE AMOUNTS

Period	Amount
January 1, 2009 - June 30, 2009	\$28,000,000
July 1, 2009 - August 31, 2009	\$33,000,000
September 1, 2009 - October 31, 2009	\$28,000,000
November 1, 2009 - January 31, 2010	\$24,000,000
February 1, 2010 - March 31, 2010	\$28,000,000
April 1, 2010 - June 30, 2010	\$30,000,000
July 1, 2010 - August 31, 2010	\$33,000,000
September 1, 2010 - October 31, 2010	\$28,000,000
November 1, 2010 - November 30, 2010	\$26,000,000
December 1, 2010 - December 31, 2010	\$24,000,000

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## SCHEDULE 6.8

## CONSOLIDATED EBITDA

Month	Month then ending	Two months then ending
January 31, 2009	(\$1,521,750)	N/A
February 28, 2009	\$324,000	(\$419,980)
March 31, 2009	\$213,400	\$914,600
April 30, 2009	\$297,600	\$868,700
May 31, 2009	\$611,000	\$1,544,620
June 30, 2009	\$172,100	\$1,331,270
July 31, 2009	\$7,350	\$305,070
August 31, 2009	\$881,750	\$1,511,470
September 30, 2009	\$396,850	\$2,173,620
October 31, 2009	\$406,350	\$1,365,400
November 30, 2009	\$70,250	\$810,220
December 31, 2009	(\$712,500)	(\$384,675)
January 31, 2010	(\$1,215,750)	(\$1,478,330)
February 28, 2010	\$527,850	\$208,420
March 31, 2010	\$396,250	\$1,570,970
April 30, 2010	\$549,000	\$1,606,925
May 31, 2010	\$797,250	\$2,288,625
June 30, 2010	\$358,200	\$1,964,270
July 31, 2010	\$152,000	\$867,340
August 31, 2010	\$1,092,400	\$2,115,480
September 30, 2010	\$597,900	\$2,873,510
October 31, 2010	\$635,500	\$2,096,780
November 30, 2010	\$284,350	\$1,563,745
December 31, 2010	(\$288,600)	\$319,855

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EXHIBIT A

FORM OF CONFIRMATION

December 11, 2008

To: JPMorgan Chase Bank, N.A., individually and as Administrative Agent, and the other financial institutions that are parties to the Credit Agreement referred to below

Please refer to the Second Amendment and Waiver dated as of the date hereof (the "Amendment") to the Credit Agreement dated as of May 18, 2007 (the "Credit Agreement") among Patrick Industries, Inc., an Indiana corporation, the Lenders party thereto and JPMorgan Chase Bank, N.A., as Administrative Agent. Capitalized terms used but not otherwise defined herein have the respective meanings given to them in the Credit Agreement.

Each of the undersigned hereby confirms to the Administrative Agent and the Lenders that such undersigned has received a copy of the Amendment and that, after giving effect to the Amendment and the transactions contemplated thereby, each Loan Document to which such undersigned is a party continues in full force and effect and is the legal, valid and binding obligation of such undersigned, enforceable against such undersigned in accordance with its terms.

PATRICK INDUSTRIES, INC.

By: \_\_\_\_\_  
Andy L. Nemeth  
Executive Vice President - Finance

ADORN HOLDINGS, INC.

By: \_\_\_\_\_  
Andy L. Nemeth  
Treasurer and Secretary

ADORN, LLC

By: \_\_\_\_\_  
Andy L. Nemeth  
Treasurer and Secretary

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EXHIBIT B

FORM OF WARRANT AGREEMENT

WARRANT AGREEMENT

THIS WARRANT AGREEMENT (this "Agreement") dated as of December 11, 2008 is among PATRICK INDUSTRIES, INC., an Indiana corporation (the "Company"), and the holders of Warrants (as defined below) listed on the signature page hereof (along with their permitted transferees, the "Holders").

WHEREAS, to induce the lenders under the Credit Agreement dated as of May 18, 2007 among the Company, various lenders and JPMorgan Chase Bank, N.A., as administrative agent, to enter into a Second Amendment and Waiver to such Credit Agreement on the date hereof, the Company has agreed to issue warrants (the "Warrants") to purchase up to an aggregate of 474,049 shares, subject to adjustment, of its common stock, without par value (the "Common Stock").

WHEREAS, the Company and the Holders have agreed to set forth herein the terms of the Warrants and certain agreements relating to, among other things, the exercise and transfer of the Warrants.

NOW, THEREFORE, for valuable consideration, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS AND INTERPRETATION

Section 1.1 *Definitions*. As used in this Agreement, the following terms shall have the following meanings:

"Additional Shares of Common Stock" means (without duplication) all shares (including treasury shares) of Common Stock issued or sold (or, pursuant to Section 3.3 or 3.4, deemed to be issued) by the Company on or after the date hereof, whether or not subsequently reacquired or retired by the Company, other than (a) shares issued upon the exercise of the Warrants and (b) such number of additional shares as may become issuable upon the exercise of the Warrants by reason of adjustments required pursuant to the provisions of such Warrants as in effect on the date hereof.

"Applicable Number of Shares" means at any date of determination a number of shares of Common Stock equal to the difference between (a) the Initial Number of Shares, less (b) the number of shares of Common Stock which were issued pursuant to the exercise of any Warrant, as determined immediately prior to such date (giving effect to any stock splits or combinations, or any dividends paid or payable in shares of Common Stock, after the issuance of such shares).

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“Business Day” means any day other than a Saturday or a Sunday or a day on which commercial banking institutions in the City of New York are authorized by law to be closed. Any reference to “days” (unless Business Days are specified) shall mean calendar days.

“Common Stock” has the meaning specified in the recitals to this Agreement and includes any capital stock into which the Common Stock shall have been changed or any capital stock resulting from any reclassification of Common Stock, and all other capital stock of any class or classes (however designated) of the Company the holders of which have the right, without limitation as to amount, either to all or to a share of the balance of current dividends and liquidating dividends after the payment of dividends and distributions on any shares entitled to preference.

“Company” has the meaning specified in the introduction to this Agreement.

“Convertible Security” means any evidence of indebtedness, share of stock (other than Common Stock) or other security directly or indirectly convertible into or exercisable or exchangeable for Additional Shares of Common Stock.

“Current Market Price” means, on any date specified herein, the average of the daily Market Price during the five consecutive trading days before such date, except that, if on any such date the shares of Common Stock are not listed or admitted for trading on any national securities exchange or quoted in the over-the-counter market, the Current Market Price shall be the Market Price on such date.

“Exchange Act” means the Securities Exchange Act of 1934.

“Exercise Notice” has the meaning specified in Section 2.1(a).

“Exercise Price” means the Initial Price, as adjusted from time to time as provided herein.

“Expiration Date” means 11:59 p.m., New York City time, on December 11, 2018.

“Fair Value” means, on any date specified herein (i) in the case of cash, the dollar amount thereof, (ii) in the case of a security, the Market Price, and (iii) in all other cases, the fair value thereof (as of a date which is within 20 days of the date as of which the determination is to be made) determined in good faith jointly by the Company and a Majority of the Holders; *provided* that if such parties are unable to reach agreement within a reasonable period of time, the Fair Value shall be determined in good faith by an independent investment banking firm selected jointly by the Company and a Majority of the Holders or, if that selection cannot be made within ten days, by an independent investment banking firm selected by the American Arbitration Association in accordance with its rules; and *provided, further*, that the Company shall pay all of the fees and expenses of any third parties incurred in connection with determining the Fair Value.

“Holder” has the meaning specified in the introduction to this Agreement.

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“Initial Number of Shares” means 474,049 shares of Common Stock.

“Initial Price” means \$1.00 per share.

“Majority of the Holders” means Holders of Warrants that would be, upon exercise of the Warrants, entitled to purchase more than 50% of all shares of Common Stock then issuable under all of the Warrants.

“Market Price” means, on any date specified herein, the amount per share of Common Stock equal to (a) the last reported sale price of the Common Stock at or prior to 4:00 p.m., New York City time, on such date or, if no such sale takes place on such date, the average of the closing bid and asked prices thereof as of 4:00 p.m., New York City time, on such date, in either case as officially reported on the principal national securities exchange on which the Common Stock is then listed or admitted for trading, (b) if the Common Stock is not then listed or admitted for trading on any national securities exchange but is traded in the over-the-counter market, the last reported sale price of Common Stock at or prior to 4:00 p.m., New York City time, on such date or, if no such sale takes place on such date, the average of the closing bid and asked prices thereof as of 4:00 p.m., New York City time, on such date, in either case as reported by Bloomberg Financial Markets, or (c) if Common Stock is not then listed or admitted for trading on any national exchange or quoted in the over-the-counter market, the fair value thereof (as of a date that is within 20 days of the date as of which the determination is to be made) determined in good faith jointly by the Company and a Majority of the Holders; *provided* that if such parties are unable to reach agreement within a reasonable period of time, the Market Price shall be determined in good faith by an independent investment banking firm selected jointly by the Company and a Majority of the Holders or, if that selection cannot be made within ten days, by an independent investment banking firm selected by the American Arbitration Association in accordance with its rules; and *provided, further*, that the Company shall pay all fees and expenses of any third party incurred in connection with determining the Market Price.

“Options” means any rights, options or warrants to subscribe for, purchase or otherwise acquire Additional Shares of Common Stock or Convertible Securities.

“Other Securities” means any capital stock (other than Common Stock) and other securities of the Company or any other Person that the holders of the Warrants at any time shall be entitled to receive, or shall have received, upon the exercise of the Warrants, in lieu of or in addition to Common Stock, or which at any time shall be issuable or shall have been issued in exchange for or in replacement of Common Stock or Other Securities pursuant to Article IV or otherwise.

“Person” means any individual, firm, partnership, corporation, trust, joint venture, association, joint stock company, limited liability company, unincorporated organization or any other entity or organization, including a government or agency or political subdivision thereof, and shall include any successor (by merger or otherwise) of such entity.

“Purchase Price” has the meaning specified in Section 2.1(a).

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“Registration Rights Agreement” means the Second Amended and Restated Registration Rights Agreement dated as of the date hereof among the Company, the Holders, Tontine Capital Partners, L.P. and Tontine Capital Overseas Master Fund, L.P.

“Securities Act” means the Securities Act of 1933.

“Warrants” has the meaning specified in the recitals to this Agreement.

“Warrant Shares” means (a) any shares of Common Stock (or Other Securities) issued or issuable upon the exercise of Warrants and (b) any shares of Common Stock (or Other Securities) issued subsequent to the exercise of any of the Warrants as a dividend or other distribution with respect to, or resulting from a subdivision of the outstanding shares of Common Stock (or Other Securities) into a greater number of shares by reclassification, stock split, reverse stock split or otherwise, or in exchange for or in replacement of the Common Stock (or Other Securities) issued upon such exercise.

“Waiver Notice” has the meaning specified in Section 2.4(a).

Section 1.2 *Interpretation*. For purposes of this Agreement, (a) definitions shall apply equally to the singular and plural forms of the terms defined; (b) words of any gender shall be deemed to include each other gender; (c) Article and Section headings are for convenience only and shall not limit or otherwise affect the meaning hereof; (d) the word “including” and words of similar import shall be deemed to be followed by the phrase “without limitation”; and (e) unless otherwise specified or the context otherwise requires, (i) any reference to an agreement or other document means such agreement or other document as amended, restated or otherwise modified from time to time, (ii) any reference to a Person shall be deemed to include such Person’s successors and assigns, (iii) any reference to an Article, a Section, an Exhibit or a Schedule means an Article or a Section of, or an Exhibit or Schedule to, this Agreement and (c) any reference to a statute or regulation includes all statutory and regulatory provisions consolidating, amending, replacing, supplementing or interpreting such statute or regulation

## ARTICLE II

### ISSUANCE AND EXERCISE OF WARRANTS

Section 2.1. *Issuance of Warrants; Manner of Exercise; Payment of the Purchase Price* (a) Subject to the terms and conditions of this Agreement, the Company hereby issues to each initial Holder a Warrant (each in the form of Exhibit A) to purchase, at the Exercise Price, shares of fully paid and nonassessable Common Stock in the amount set forth on Schedule A and listed adjacent to such Holder’s name. Each Warrant may be exercised by the Holder thereof, in whole or in part, from time to time prior to the Expiration Date, for a number of shares of Common Stock not greater than the then-Applicable Number of Shares determined as of the date of exercise, by surrendering to the Company at its principal office such Warrant, with an Election to Purchase Shares (an “Exercise Notice”) in the form of Exhibit B (or a reasonable facsimile thereof) duly executed by the Holder. An Exercise Notice shall specify the number of shares of

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Common Stock to be issued to such Holder and shall be accompanied by payment of the applicable purchase price (the "Purchase Price") in an amount equal to the product of (i) the Exercise Price and (ii) the number of shares of Common Stock to be issued.

(b) Payment of the Purchase Price may be made as follows: (i) in United States currency by cash or delivery of a certified check or bank draft payable to the order of the Company or by wire transfer to the Company; (ii) by cashless exercise pursuant to Section 2.1(c); (iii) by surrender to the Company for cancellation of certificates representing shares of Common Stock of the Company owned by the Holder (properly endorsed for transfer in blank) having a Current Market Price on the date of Warrant exercise equal to the Purchase Price; or (iv) by any combination of the methods described in clauses (i), (ii) and (iii).

(c) A Holder may exercise a Warrant in whole or in part without payment in cash of the Purchase Price by electing to receive upon such exercise the "Net Number" of shares of Common Stock determined according to the following formula:

$$\text{Net Number} = \frac{(A \times B) - (A \times C)}{B}$$

For purposes of the foregoing formula:

A =	the total number of shares with respect to which such Warrant is then being exercised.
B =	the Market Price of the shares of Common Stock (or Other Securities) on the date immediately preceding the date of the relevant Exercise Notice.
C =	the Exercise Price then in effect.

Section 2.2 When Exercise Effective. Each exercise of a Warrant shall be deemed to have been effected as of the later to occur of (a) the Company's receipt of payment of the Purchase Price and (b) immediately prior to the close of business on the Business Day on which such Warrant is surrendered to the Company as provided in Section 2.1, and at such time of effectiveness the Person or Persons in whose name or names such shares of Common Stock (or Other Securities) shall be issuable upon such exercise as provided in Section 2.3 shall be deemed to have become the holder or holders of record thereof for all purposes.

Section 2.3 Delivery of Stock Certificates, etc.; Charges, Taxes and Expenses. (a) As soon as practicable after each exercise of a Warrant, in whole or in part, and in any event within three Business Days thereafter, the Company shall either (1) cause to be issued in the name of and delivered to the Holder thereof or, subject to Article X, such other Person as the Holder may direct, a certificate or certificates for the number of shares of Common Stock (or Other Securities) to which the Holder shall be entitled upon such exercise; or (2) if a transfer agent or registrar has been appointed for the Common Stock (or Other Securities) that participates in The Depository Trust Company ("DTC") Fast Automated Securities Transfer Program or any successor program and the Holder so elects, cause the number of shares of Common Stock (or Other Securities) to which the Holder shall be entitled upon such exercise to be credited to the

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Holder's or its designee's balance account with DTC through its Deposit Withdrawal Agent Commission system or any successor system.

(b) If any such exercise is for less than all of the then-Applicable Number of Shares as of the date of exercise purchasable under the applicable Warrant, the Company shall issue to the applicable Holder a new Warrant in like form for the unexercised portion thereof.

(c) The Company will pay any documentary stamp taxes attributable to the initial issuance of shares of Common Stock upon the exercise of Warrants; *provided* that the Company shall not be required to pay any tax or taxes that may be payable in respect of any transfer involved in the issue of any Warrants or any shares of Common Stock (or Other Securities) issuable upon exercise thereof in a name other than that of the Holder of such Warrant.

(d) The Company shall pay all taxes (other than Federal, state or local income taxes) that may be payable in connection with the execution and delivery of this Agreement or the issuance of the Warrants or the Common Stock (or Other Securities) issuable upon the exercise of any Warrant or in connection with any modification of this Agreement or the Warrants, and shall hold each Holder harmless without limitation as to time against all liabilities with respect to all such taxes. The obligations of the Company under this Section 2.3(d) shall survive any termination of this Agreement and any exercise, cancellation or termination of the Warrants. The Company and the Holders agree that the Warrants and the obligations under the Credit Agreement, dated as of May 18, 2007, as amended, are being issued without original issue discount within the meaning of Section 1273 of the Internal Revenue Code of 1986, as amended, and shall report on that basis for federal income tax purposes.

Section 2.4 *Limitations on Exercise.* (a) Notwithstanding anything to the contrary set forth in this Agreement, at no time may a Holder of a Warrant exercise the Warrant to the extent (but only to the extent) that after giving effect to such exercise, the Holder (together with the Holder's affiliates) would beneficially own (as determined in accordance with Section 13(d) of the Exchange Act) in excess of 4.99% of the number of shares of Common Stock outstanding immediately after giving effect to such exercise; *provided* that upon a Holder providing the Company with 61 days' notice (a "Waiver Notice") that such Holder would like to waive this Section 2.4(a) with regard to any shares of Common Stock issuable upon exercise of a Warrant, this Section 2.4(a) will be of no force or effect with regard to all or a portion of such Warrant as referenced in such Waiver Notice.

(b) Notwithstanding anything to the contrary set forth in this Agreement, at no time may a Holder of a Warrant exercise the Warrant to the extent (but only to the extent) that after giving effect to such exercise, the Holder (together with the Holder's affiliates) would beneficially own (as determined in accordance with Section 13(d) of the Exchange Act) in excess of 9.99% of the number of shares of Common Stock outstanding immediately after giving effect to such exercise; *provided* that upon a Holder providing the Company with a Waiver Notice that such Holder would like to waive this Section 2.4(b) with regard to any shares of Common Stock issuable upon exercise of a Warrant, this Section 2.4(b) shall be of no force or effect with regard to all or a portion of such Warrant as referenced in such Waiver Notice.

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ARTICLE III

ADJUSTMENT OF COMMON STOCK ISSUABLE UPON EXERCISE;  
ADJUSTMENT OF EXERCISE PRICE

Section 3.1 *Adjustment of Number of Shares*. From and after the date hereof, upon each adjustment of the Exercise Price as a result of the calculations made in this Article III, each Warrant shall thereafter evidence the right to receive, at the adjusted Exercise Price, that number of shares of Common Stock (calculated to the nearest one-hundredth of a share) obtained by dividing (i) the product of the aggregate number of shares covered by such Warrant immediately prior to such adjustment and the Exercise Price in effect immediately prior to such adjustment of the Exercise Price by (ii) the Exercise Price in effect immediately after such adjustment of the Exercise Price.

Section 3.2 *Adjustment of Exercise Price*. (a) *Issuance of Additional Shares of Common Stock* If the Company at any time after the date hereof issues or sells Additional Shares of Common Stock (including Additional Shares of Common Stock deemed to be issued pursuant to Section 3.3 or 3.4) without consideration or for a consideration per share less than the Exercise Price in effect immediately prior to such issue or sale, then, subject to Section 3.8, the Exercise Price shall be reduced, concurrently with such issue or sale, to a price (calculated to the nearest .001 of a cent) determined by multiplying such Exercise Price by a fraction:

(i) the numerator of which shall be the sum of (A) the number of shares of Common Stock outstanding immediately prior to such issue or sale and (B) the number of shares of Common Stock which the aggregate consideration received by the Company for the total number of such Additional Shares of Common Stock so issued or sold would purchase at such Exercise Price, and

(ii) the denominator of which shall be the number of shares of Common Stock outstanding immediately after such issue or sale,

*provided* that, for the purposes of this Section 3.2(a), (x) immediately after any Additional Shares of Common Stock are deemed to have been issued pursuant to Section 3.3 or 3.4, such Additional Shares shall be deemed to be outstanding, and (y) treasury shares shall not be deemed to be outstanding.

(b) *Dividends and Distributions*. If the Company at any time after the date hereof declares, orders, pays or makes a dividend or other distribution (including any distribution of additional capital stock or other securities or property or Options by way of dividend or spin-off, reclassification, recapitalization, reorganization or similar corporate rearrangement) on the Common Stock, then (in each such case), subject to Section 3.9, the Exercise Price in effect immediately prior to the close of business on the record date fixed for the determination of holders of any class of securities entitled to receive such dividend or distribution shall be reduced, effective as of the close of business on such record date, to a price determined by multiplying such Exercise Price by a fraction:

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(x) the numerator of which shall be the Market Price in effect on such record date or, if the Common Stock trades on an ex-dividend basis, on the date prior to the commencement of ex-dividend trading, less the Fair Value of such dividend or distribution applicable to one share of Common Stock, and

(y) the denominator of which shall be such Market Price.

Section 3.3 *Treatment of Options and Convertible Securities*. If the Company at any time after the date hereof issues, sells, grants or assumes, or shall fix a record date for the determination of holders of any class of securities of the Company entitled to receive, any Options or Convertible Securities (whether or not the rights thereunder are immediately exercisable), then (in each such case) the maximum number of Additional Shares of Common Stock (as set forth in the instrument relating thereto, without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the exercise of such Options or, in the case of Convertible Securities and Options therefor, upon the conversion or exchange of such Convertible Securities, shall be deemed to be Additional Shares of Common Stock issued as of the time of such issue, sale, grant or assumption or, in case such a record date shall have been fixed, as of the close of business on such record date (or, if the Common Stock trades on an ex-dividend basis, on the date prior to the commencement of ex-dividend trading); *provided* that such Additional Shares of Common Stock shall not be deemed to have been issued unless the consideration per share (determined pursuant to Section 3.5) of such shares would be less than the Exercise Price in effect on the date of and immediately prior to such issue, sale, grant or assumption or immediately prior to the close of business on such record date (or, if the Common Stock trades on an ex-dividend basis, on the date prior to the commencement of ex-dividend trading), as the case may be; and *provided, further*, that in any such case in which Additional Shares of Common Stock are deemed to be issued:

(a) whether or not the Additional Shares of Common Stock underlying such Options or Convertible Securities are deemed to be issued, no further adjustment of the Exercise Price shall be made upon the subsequent issue or sale of Convertible Securities or shares of Common Stock upon the exercise of such Options or the conversion or exchange of such Convertible Securities, except in the case of any such Options or Convertible Securities that contain provisions requiring an adjustment, subsequent to the date of the issue or sale thereof, of the number of Additional Shares of Common Stock issuable upon the exercise of such Options or the conversion or exchange of such Convertible Securities by reason of (x) a change of control of the Company, (y) the acquisition by any Person or group of Persons of any specified number or percentage of the voting securities of the Company or (z) any similar event or occurrence, each such case to be deemed hereunder to involve a separate issuance of Additional Shares of Common Stock, Options or Convertible Securities, as the case may be;

(b) if such Options or Convertible Securities by their terms provide, with the passage of time or otherwise, for any increase in the consideration payable to the Company, or decrease in the number of Additional Shares of Common Stock issuable, upon the exercise, conversion or exchange thereof (by change of rate or otherwise), the Exercise Price computed upon the original issue, sale, grant or assumption thereof (or upon the

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occurrence of the record date, or date prior to the commencement of ex-dividend trading, as the case may be, with respect thereto), and any subsequent adjustments based thereon, shall, upon any such increase or decrease becoming effective, be recomputed to reflect such increase or decrease insofar as it affects such Options, or the rights of conversion or exchange under such Convertible Securities, that are outstanding at such time;

(c) upon the expiration (or purchase by the Company and cancellation or retirement) of any such Options which shall not have been exercised or the expiration of any rights of conversion or exchange under any such Convertible Securities that (or purchase by the Company and cancellation or retirement of any such Convertible Securities the rights of conversion or exchange under which) shall not have been exercised, the Exercise Price computed upon the original issue, sale, grant or assumption thereof (or upon the occurrence of the record date, or date prior to the commencement of ex-dividend trading, as the case may be, with respect thereto), and any subsequent adjustments based thereon, shall, upon such expiration (or such cancellation or retirement, as the case may be), be recomputed as if:

(i) in the case of Options for Common Stock or Convertible Securities, the only Additional Shares of Common Stock issued or sold were the Additional Shares of Common Stock, if any, actually issued or sold upon the exercise of such Options or the conversion or exchange of such Convertible Securities and the consideration received therefor was the consideration actually received by the Company for the issue, sale, grant or assumption of all such Options, whether or not exercised, plus the consideration actually received by the Company upon such exercise, or for the issue or sale of all such Convertible Securities which were actually converted or exchanged, plus the additional consideration, if any, actually received by the Company upon such conversion or exchange, and

(ii) in the case of Options for Convertible Securities, only the Convertible Securities, if any, actually issued or sold upon the exercise of such Options were issued at the time of the issue or sale, grant or assumption of such Options, and the consideration received by the Company for the Additional Shares of Common Stock deemed to have then been issued was the consideration actually received by the Company for the issue, sale, grant or assumption of all such Options, whether or not exercised, plus the consideration deemed to have been received by the Company (pursuant to Section 3.5) upon the issue or sale of such Convertible Securities with respect to which such Options were actually exercised;

(d) no readjustment pursuant to clause (b) or (c) above shall have the effect of increasing the Exercise Price by an amount in excess of the amount of the adjustment thereof originally made in respect of the issue, sale, grant or assumption of such Options or Convertible Securities; and

(e) in the case of any such Options that expire by their terms not more than 30 days after the date of issue, sale, grant or assumption thereof, no adjustment of the Exercise Price

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shall be made until the expiration or exercise of all such Options, whereupon such adjustment shall be made in the manner provided in clause (c) above.

Section 3.4 *Treatment of Stock Dividends, Stock Splits, etc.* If the Company at any time after the date hereof shall declare or pay any dividend on the Common Stock payable in Common Stock, or shall effect a subdivision of the outstanding shares of Common Stock into a greater number of shares of Common Stock (by reclassification or otherwise than by payment of a dividend in Common Stock), then (in each such case) Additional Shares of Common Stock shall be deemed to have been issued (a) in the case of any such dividend, immediately after the close of business on the record date for the determination of holders of any class of securities entitled to receive such dividend, or (b) in the case of any such subdivision, at the close of business on the day immediately prior to the day upon which such corporate action becomes effective.

Section 3.5 *Computation of Consideration.* For the purposes of this Article III,

(a) the consideration for the issue or sale of any Additional Shares of Common Stock shall, irrespective of the accounting treatment of such consideration,

(i) insofar as it consists of cash, be computed at the gross proceeds to the Company, without deducting any expenses paid or incurred by the Company or any commissions or compensations paid or concessions or discounts allowed to underwriters, dealers or others performing similar services in connection with such issue or sale,

(ii) insofar as it consists of property (including securities) other than cash, be computed at the Fair Value thereof at the time of such issue or sale, and

(iii) in case Additional Shares of Common Stock are issued or sold together with other stock or securities or other assets of the Company for a consideration which covers both, be the portion of such consideration so received, computed as provided in clauses (i) and (ii) above, allocable to such Additional Shares of Common Stock, such allocation to be determined in the same manner that the Fair Value of property not consisting of cash or securities is to be determined as provided in the definition of "Fair Value" herein;

(b) Additional Shares of Common Stock deemed to have been issued pursuant to Section 3.3, relating to Options and Convertible Securities, shall be deemed to have been issued for a consideration per share determined by dividing

(i) the total amount, if any, received and receivable by the Company as consideration for the issue, sale, grant or assumption of the applicable Options or Convertible Securities, plus the minimum aggregate amount of additional consideration (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such consideration to protect against dilution) payable to the Company upon the exercise in full of such Options or the conversion or exchange of such Convertible Securities or, in the case of Options for Convertible Securities, the exercise of such Options for Convertible Securities and the conversion or

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exchange of such Convertible Securities, in each case computing such consideration as provided in clause (a) above,

by

(ii) the maximum number of shares of Common Stock (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such number to protect against dilution) issuable upon the exercise of such Options or the conversion or exchange of such Convertible Securities; and

(c) Additional Shares of Common Stock deemed to have been issued pursuant to Section 3.4, relating to stock dividends, stock splits and similar corporate events shall be deemed to have been issued for no consideration.

*Section 3.6 Adjustments for Combinations, etc.* If after the date hereof the outstanding shares of Common Stock shall be combined or consolidated, by reclassification or otherwise, into a lesser number of shares of Common Stock, the Exercise Price in effect immediately prior to such combination or consolidation shall, concurrently with the effectiveness of such combination or consolidation, be proportionately increased.

*Section 3.7 Dilution in Other Cases.* If after the date hereof any event occurs of the type contemplated by the provisions of this Article III but not expressly provided for by such provisions (including, without limitation, the granting of stock appreciation rights, phantom stock rights or other rights with equity features), then the Company in good faith will make an appropriate adjustment in the Exercise Price so as to be equitable under the circumstances and otherwise protect the rights of the Holders; *provided* that no such adjustment will increase the Exercise Price as otherwise determined pursuant to this Agreement.

*Section 3.8 De Minimis Adjustments; Certain Retroactive Adjustments.* If the amount of any adjustment of the Exercise Price required pursuant to this Article III would be less than one tenth (1/10) of one percent (1%) of the Exercise Price, such amount shall be carried forward and adjustment with respect thereto made at the time of and together with any subsequent adjustment that, together with such amount and any other amount or amounts so carried forward, shall aggregate a change in the Exercise Price of at least one tenth (1/10) of one percent (1%) of such Exercise Price. All calculations under this Agreement shall be made to the nearest .001 of a cent or to the nearest one-hundredth of a share, as the case may be.

*Section 3.9 Abandoned Dividend or Distribution.* If the Company shall take a record of the holders of its Common Stock for the purpose of entitling them to receive a dividend or other distribution (which results in an adjustment to the Exercise Price under the terms of this Agreement) and shall, thereafter, and before such dividend or distribution is paid or delivered to shareholders entitled thereto, legally abandon its plan to pay or deliver such dividend or distribution, then any adjustment made to the Exercise Price by reason of the taking of such record shall be reversed, and any subsequent adjustment, based thereon, shall be recomputed.

#### ARTICLE IV

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CONSOLIDATION, MERGER, ETC.

Section 4.1 *Adjustments for Consolidation, Merger, Sale of Assets, Reorganization, etc.* If the Company (a) consolidates with or merges into any other Person and is not the continuing or surviving corporation of such consolidation or merger, (b) permits any other Person to consolidate with or merge into the Company and the Company is the continuing or surviving Person but, in connection with such consolidation or merger, the Common Stock shall be changed into or exchanged for stock or other securities of any other Person or cash or any other property, (c) transfers all or substantially all of its properties or assets to any other Person or (d) effects a reclassification, recapitalization or reorganization of the Common Stock (other than a reclassification, recapitalization or reorganization of the Common Stock resulting in the issuance of Additional Shares of Common Stock for which an adjustment in the Exercise Price is provided for in Section 3.2(a) or 3.2(b)), then (in each such case) proper provision shall be made so that, upon the basis and the terms and in the manner provided in this Agreement, the Holder of a Warrant, upon the exercise thereof at any time after the consummation of such transaction, shall be entitled to receive (at the aggregate Exercise Price in effect immediately prior to the time of such consummation for all Common Stock or Other Securities issuable upon such exercise immediately prior to such consummation), in lieu of the Common Stock or Other Securities issuable upon such exercise prior to such consummation, the highest amount of securities, cash or other property to which such Holder would actually have been entitled as a shareholder upon such consummation if such Holder had exercised such Warrant for all of the then-Applicable Number of Shares immediately prior thereto, subject to adjustments (subsequent to such consummation) as nearly equivalent as possible to the adjustments provided for in Article III and this Article IV.

Section 4.2 *Assumption of Obligations.* Notwithstanding anything contained in this Agreement to the contrary, the Company shall not effect any of the transactions described in clauses (a) through (d) of Section 4.1 unless, prior to or at the consummation thereof, each Person (other than the Company) that may be required to deliver any stock, securities, cash or property upon the exercise of a Warrant, as provided herein, shall assume, by written instrument delivered to each of the Holders, (a) the obligations of the Company under this Agreement (and if the Company shall survive the consummation of such transaction, such assumption shall be in addition to, and shall not release the Company from, any continuing obligations of the Company under this Agreement), (b) the obligations of the Company under the Registration Rights Agreement and (c) the obligation to deliver to the Holders such shares of stock, securities, cash or property as, in accordance with the foregoing provisions of this Article IV, the Holders may be entitled to receive.

ARTICLE V

NO DILUTION OR IMPAIRMENT

The Company shall not, by amendment of its Articles of Incorporation or through any consolidation, merger, reorganization, transfer of assets, dissolution, issue or sale of securities or other voluntary action, avoid or seek to avoid the observance or performance of any of the terms

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of this Agreement, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such action as may be necessary or appropriate in order to protect the rights of the Holder of any Warrant against dilution or other impairment in accordance with the terms hereof. Without limiting the generality of the foregoing, the Company (a) shall not permit the par value (if any) of any shares of stock receivable upon the exercise of any Warrant to exceed the amount payable therefor upon such exercise, (b) shall take all such action as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and nonassessable shares of stock, free from all taxes, liens, security interests, encumbrances, preemptive rights and charges on the exercise of the Warrants from time to time outstanding, and (c) shall not amend or modify any provision of the Articles of Incorporation or by-laws of the Company in any manner that would adversely affect in any way the rights or powers of the Holder of any Warrant in its capacity as such.

#### ARTICLE VI

##### NOTICES OF CORPORATE ACTION

In the event of:

(a) any taking by the Company of a record of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend or other distribution, or any right to subscribe for, purchase or otherwise acquire any shares of stock of any class or any other securities or property, or to receive any other right, or

(b) any reorganization of the Company, any reclassification or recapitalization of the capital stock of the Company, any consolidation or merger involving the Company and any other Person, any transaction or series of transactions in which more than 50% of the voting securities of the Company are transferred to another Person, or any transfer, sale or other disposition of all or substantially all the assets of the Company to any other Person,

(c) any voluntary or involuntary dissolution, liquidation or winding-up of the Company, or

(d) any adjustment to the Exercise Price,

the Company shall give to each Holder of a Warrant a notice specifying (i) in the case of clause (a), the date or expected date on which such record is to be taken for the purpose of such dividend, distribution or right, and the amount and character of such dividend, distribution or right, (ii) in the case of clauses (b) and (c), the date or expected date on which such reorganization, reclassification, recapitalization, consolidation, merger, transfer, sale, disposition, dissolution, liquidation or winding-up is to take place and the time, if any such time is to be fixed, as of which the holders of record of Common Stock (or Other Securities) shall be entitled to exchange their shares of Common Stock (or Other Securities) for the securities or other property deliverable upon such reorganization, reclassification, recapitalization, consolidation, merger, transfer, dissolution, liquidation or winding-up and (iii) in the case of clause (d), the adjustment so made and setting forth in reasonable detail the calculation of such adjustment.

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Such notice shall be given by the Company at least 10 days prior to the earlier of the date or expected date on which such action is to take place and the applicable record date, in the case of clauses (a), (b) and (c), and promptly upon the occurrence of such adjustment, in the case of clause (d).

#### ARTICLE VII

##### LISTING OF COMMON STOCK

At any time that the Common Stock is listed on any national securities exchange, the Company shall, at its expense, obtain promptly and maintain the approval for listing on the principal such exchange, upon official notice of issuance, the shares of Common Stock issuable upon exercise of the then outstanding Warrants and use commercially reasonable efforts to maintain the listing of such shares after their issuance; and the Company shall list or cause to be listed on such national securities exchange, and use commercially reasonable efforts to maintain or cause to be maintained such listing of, any Other Securities that at any time are issuable upon exercise of the Warrants, if any securities of the same class shall be listed on such national securities exchange.

#### ARTICLE VIII

##### PRIVATE PLACEMENT; RESTRICTIONS ON TRANSFER

Section 8.1 *Private Placement Representations*. Each Holder represents, severally and not jointly, that it is an “accredited investor” within the meaning of Regulation D under the Securities Act and that the Warrants are being or will be acquired for its own account or for one or more separate accounts maintained by it or for the account of one or more pension or trust funds and not with a view toward distributing or reselling such securities or any part thereof in any transaction that would be in violation of the Securities Act, any other federal securities law or the securities laws of any state, but subject, nevertheless, to the disposition of its property being at all times within its control and without prejudice to its rights to sell or otherwise dispose of all or any part of the Warrants and Warrant Shares under an effective registration statement under the Securities Act and applicable state securities laws, or under an exemption from such registration available under the Securities Act and applicable state securities laws.

Section 8.2 *Restrictive Legends*. Except as otherwise permitted by this Article VIII, each Warrant (including each Warrant issued upon the transfer of any Warrant) shall be stamped or otherwise imprinted with a legend in substantially the following form:

“THIS WARRANT AND ANY SECURITIES ACQUIRED UPON THE EXERCISE OF THIS WARRANT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE, AND MAY NOT BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER SUCH ACT AND APPLICABLE STATE SECURITIES LAWS OR PURSUANT TO AN APPLICABLE EXEMPTION TO THE REGISTRATION REQUIREMENTS OF SUCH

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ACT AND SUCH LAWS. THIS WARRANT AND SUCH SECURITIES MAY NOT BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF EXCEPT IN COMPLIANCE WITH THE CONDITIONS SPECIFIED IN THE WARRANT AGREEMENT (THE "WARRANT AGREEMENT") DATED AS OF DECEMBER 11, 2008 AMONG PATRICK INDUSTRIES, INC. AND THE HOLDERS FROM TIME TO TIME OF THE WARRANTS ISSUED THEREUNDER, PURSUANT TO WHICH THIS WARRANT WAS ISSUED."

"THIS WARRANT AND THE SECURITIES REPRESENTED HEREBY ARE SUBJECT TO THE TERMS AND CONDITIONS OF (1) THE WARRANT AGREEMENT AND (2) A SECOND AMENDED AND RESTATED REGISTRATION RIGHTS AGREEMENT DATED AS OF DECEMBER 11, 2008 AMONG PATRICK INDUSTRIES, INC., THE HOLDERS FROM TIME TO TIME OF THE WARRANTS AND THE OTHER STOCKHOLDERS THAT ARE A PARTY THERETO, AS EACH SUCH AGREEMENT MAY BE AMENDED, MODIFIED, SUPPLEMENTED, RESTATED OR OTHERWISE CHANGED FROM TIME TO TIME."

Except as otherwise permitted by this Article VIII, each certificate for Common Stock (or Other Securities) issued upon the exercise of any Warrant, and each certificate issued upon the transfer of any such Common Stock (or Other Securities), shall be stamped or otherwise imprinted with a legend in substantially the following form:

"THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE, AND MAY NOT BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER SUCH ACT AND APPLICABLE STATE SECURITIES LAWS OR PURSUANT TO AN APPLICABLE EXEMPTION TO THE REGISTRATION REQUIREMENTS OF SUCH ACT AND SUCH LAWS. SUCH SECURITIES MAY NOT BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF EXCEPT IN COMPLIANCE WITH THE CONDITIONS SPECIFIED IN THE WARRANT AGREEMENT (THE "WARRANT AGREEMENT") DATED AS OF DECEMBER 11, 2008 AMONG PATRICK INDUSTRIES, INC. AND THE HOLDERS FROM TIME TO TIME OF THE WARRANTS ISSUED THEREUNDER. A COMPLETE AND CORRECT COPY OF THE WARRANT AGREEMENT IS AVAILABLE FOR INSPECTION AT THE PRINCIPAL OFFICE OF PATRICK INDUSTRIES, INC. OR AT THE OFFICE OR AGENCY MAINTAINED BY PATRICK INDUSTRIES, INC. AS PROVIDED IN THE WARRANT AGREEMENT AND WILL BE FURNISHED TO THE HOLDER OF SUCH SECURITIES UPON WRITTEN REQUEST AND WITHOUT CHARGE."

"THE SHARES REPRESENTED BY THIS CERTIFICATE ARE ALSO SUBJECT TO THE TERMS AND CONDITIONS OF A SECOND AMENDED AND RESTATED REGISTRATION RIGHTS AGREEMENT DATED AS OF DECEMBER 11, 2008 AMONG PATRICK INDUSTRIES, INC., THE HOLDERS FROM TIME TO TIME OF THE WARRANTS AND THE OTHER STOCKHOLDERS THAT ARE A PARTY

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THERE TO, AS SUCH AGREEMENT MAY BE AMENDED, MODIFIED, SUPPLEMENTED, RESTATED OR OTHERWISE CHANGED FROM TIME TO TIME.”

Section 8.3 *Transfers to Comply With the Securities Act.* (a) No Warrant may be exercised and no Warrant or Warrant Share may be sold, transferred or otherwise disposed of (any such sale, transfer or other disposition, a “*sale*”), except in compliance with this Article VIII.

(b) A Holder may exercise a Warrant if it is an “accredited investor” or a “qualified institutional buyer,” as defined in Regulation D and Rule 144A under the Securities Act, respectively, and a Holder may sell any Warrant or any Warrant Shares to any affiliate of such Holder or to a transferee that is an “accredited investor” or a “qualified institutional buyer,” as such terms are defined in such Regulation and such Rule, respectively, *provided* that (other than in the case any such sale to an affiliate of such Holder) each of the following conditions is satisfied:

(i) with respect to any “accredited investor” that is not an institution, such transferee provides a certification establishing to the reasonable satisfaction of the Company that it is an “accredited investor”;

(ii) such transferee represents that it is acquiring the Warrant and/or Warrant Shares for its own account and not with a view to, or for offer or sale in connection with, any distribution thereof within the meaning of the Securities Act that would be in violation of the securities laws of the United States or any applicable state thereof, but subject, nevertheless, to the disposition of its property being at all times within its control; and

(iii) such transferee agrees to be bound by the provisions of this Agreement with respect to any Warrants and Warrant Shares held by it.

Section 8.4 *Termination of Restrictions.* The restrictions imposed by this Article VIII on the transferability of Warrants and Warrant Shares shall terminate as to any particular Warrants or Warrant Shares (a) when a registration statement with respect to the sale of such securities has been declared effective under the Securities Act and such securities have been disposed of in accordance with such registration statement, (b) when such securities are sold pursuant to Rule 144 (or any similar provision then in force) under the Securities Act, (c) when such securities may be sold without restriction pursuant to Rule 144 (or any similar provision then in force) under the Securities Act, or (d) when, in the opinion of counsel for the Company, such restrictions are no longer required or necessary in order to protect the Company against a violation of the Securities Act upon any sale or other disposition of such securities without registration thereunder. Whenever such restrictions shall cease and terminate as to any Warrants or Warrant Shares, each applicable Holder shall be entitled to receive from the Company, without expense (other than applicable transfer taxes, if any), new securities of like tenor not bearing the applicable legends required by Section 8.2.

#### ARTICLE IX

#### RESERVATION OF STOCK, ETC.

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The Company shall at all times reserve and keep available, solely for issuance and delivery upon exercise of the Warrants, the number of shares of Common Stock (or Other Securities) from time to time issuable upon exercise of the Warrants. All shares of Common Stock (or Other Securities) issuable upon exercise of a Warrant shall be duly authorized and, when issued upon such exercise, shall be validly issued and, in the case of shares, fully paid and nonassessable with no liability on the part of the holders thereof, and, in the case of all securities, shall be free from all taxes, liens, security interests, encumbrances, preemptive rights and charges. The transfer agent for the Common Stock, which may be the Company (the "Transfer Agent"), and every subsequent Transfer Agent for any shares of the Company's capital stock issuable upon the exercise of any of the purchase rights represented by the Warrants, are hereby irrevocably authorized and directed at all times until the Expiration Date to reserve such number of authorized and unissued shares as shall be requisite for such purpose. The Company shall keep copies of each Warrant on file with the Transfer Agent for the Common Stock and with every subsequent Transfer Agent for any shares of the Company's capital stock issuable upon the exercise of the rights of purchase represented by the Warrants. The Company shall supply such Transfer Agent with duly executed stock certificates for such purpose. All Warrants surrendered upon the exercise of the rights thereby evidenced and not required to be returned to the Holder pursuant hereto shall be canceled. Subsequent to the Expiration Date, no shares of Common Stock need be reserved in respect of any unexercised Warrant.

#### ARTICLE X

##### REGISTRATION AND TRANSFER OF WARRANTS, ETC.

Section 10.1 *Warrant Register; Ownership of Warrants*. Each Warrant issued by the Company shall be numbered and shall be registered in a warrant register (the "Warrant Register") as it is issued and transferred, which Warrant Register shall be maintained by the Company at its principal office or, at the Company's election and expense, by a warrant agent or the Transfer Agent. The Company shall promptly notify the Holders in writing of the name and address of any such warrant agent or Transfer Agent appointed by the Company or any successor warrant agent or Transfer Agent. The Company shall be entitled to treat the registered Holder of any Warrant on the Warrant Register as the owner in fact thereof for all purposes and shall not be bound to recognize any equitable or other claim to or interest in such Warrant on the part of any other Person, and shall not be affected by any notice to the contrary, except that, if and when any Warrant is properly assigned in blank, the Company may (but shall not be obligated to) treat the bearer thereof as the owner of such Warrant for all purposes. Subject to Article VIII, a Warrant, if properly assigned (including to an affiliate of the Holder), may be exercised by a new Holder without a new Warrant first having been issued.

Section 10.2. *Transfer of Warrants*. Subject to compliance with Article VIII, if applicable, each Warrant and all rights thereunder are transferable in whole or in part from time to time, without charge to the Holder thereof, upon surrender of such Warrant with a properly executed Assignment in the form of Exhibit C at the principal office of the Company or, if the Warrant Register is then held by a warrant agent or the Transfer Agent, the office of such warrant agent or Transfer Agent where such Warrant Register is held. Each such transferee shall succeed to all

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of the rights and obligations of the transferring Holder under this Agreement or, if a Warrant is only partially transferred, the transferring Holder and such transferee shall, simultaneously, hold rights and obligations hereunder in proportion to their respective ownership of the Warrants. Upon any partial transfer, the Company shall at its expense issue and deliver to the Holder a new Warrant of like tenor, in the name of the Holder, which shall be exercisable for a number of shares of Common Stock (or Other Securities) with respect to which rights under such Warrant were not so transferred.

Section 10.3 *Replacement of Warrant*. On receipt by the Company of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of any Warrant and, in the case of any such loss, theft or destruction, on delivery of an indemnity reasonably acceptable to the Company, or, in the case of any such mutilation, on surrender of such Warrant to the Company at its principal office and cancellation thereof, the Company at its expense shall promptly execute and deliver, in lieu thereof, a new Warrant of like tenor.

Section 10.4 *Fractional Shares*. Notwithstanding any provision of this Agreement, the Company shall not be required to issue fractions of shares upon exercise of any Warrant or to distribute certificates which evidence fractional shares. In lieu of fractional shares, the Company shall make payment to the applicable Holder, at the time of exercise of any Warrant as herein provided, in an amount in cash equal to such fraction multiplied by the Exercise Price of a share of Common Stock on the date of such exercise.

#### ARTICLE XI

#### MISCELLANEOUS

Section 11.1 *Remedies; Specific Performance*. The Company stipulates that there would be no adequate remedy at law to the Holders in the event of any default or threatened default by the Company in the performance of or compliance with any of the terms of this Agreement and accordingly, the Company agrees that, in addition to any other remedy to which any Holder may be entitled at law or in equity, the Holders shall be entitled to specific performance of the obligations of the Company under this Agreement, without the posting of any bond, in accordance with the terms and conditions of this Agreement in any court of the United States or any State thereof having jurisdiction, and if any action should be brought in equity to enforce any of the provisions of this Agreement, the Company shall not raise the defense that there is an adequate remedy at law. Except as otherwise provided by law, a delay or omission by any Holder in exercising any right or remedy accruing upon any such breach or threatened breach shall not impair the right or remedy or constitute a waiver of or acquiescence in any such breach. No remedy shall be exclusive of any other remedy. All available remedies shall be cumulative.

Section 11.2 *No Rights or Liabilities as Shareholder*. Nothing contained in this Agreement shall be construed as conferring upon any Holder any rights as a shareholder of the Company or as imposing any obligation on any Holder to purchase any securities or as imposing any liability on any Holder as a shareholder of the Company, whether such obligation or liability is asserted by the Company or by any creditor of the Company.

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Section 11.3 *Notices*. All notices and other communications (and deliveries) provided for or permitted hereunder shall be made in writing by hand delivery, facsimile, a recognized overnight delivery service or first class registered or certified mail, return receipt requested, postage prepaid, addressed: if to the Company, to the Company at its address at:

Patrick Industries, Inc.  
107 West Franklin Street  
Elkhart, IN 46515  
Attention: Andy Nemeth  
Telephone: (574) 294-7511  
Telecopier: (574) 522-5213

with a copy to:

Robert A. Schreck, Jr.  
McDermott Will & Emery LLP  
227 West Monroe Street  
Chicago, IL 60606  
Telephone: (312) 984-7582  
Telecopier: (312) 984-7700;

if to any Holder, at the address specified in Schedule A or in the assignment instrument pursuant to which it became a party hereto; or as to any party, at such other address as shall be designated by such party in a written notice to the other party.

All such notices and communications (and deliveries) shall be deemed to have been duly given: at the time delivered by hand, if personally delivered; when receipt is acknowledged, if sent by facsimile; on the next Business Day, if timely delivered to a recognized overnight delivery service; and five days after being deposited in the mail, if sent first class or certified mail, return receipt requested, postage prepaid; *provided* that the exercise of any Warrant shall be effective in the manner provided in Article II.

Section 11.4 *Amendments*. This Agreement and any term hereof may be amended, modified, supplemented or terminated, and waivers or consents to departures from the provisions hereof may be given, only if set forth in a written instrument duly executed by the Company and each Holder against which enforcement of such amendment, modification, supplement, termination, waiver or consent is sought.

Section 11.5 *Governing Law*. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Indiana (without giving effect to the conflicts of laws principles thereof).

Section 11.6 *Jurisdiction; Consent to Service of Process*. (a) Each party hereto irrevocably and unconditionally (i) submits, for itself and its property, to the nonexclusive jurisdiction of any Indiana State court or Federal court of the United States of America sitting in Indiana, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this

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Agreement, or for recognition or enforcement of any judgment; (ii) agrees that all claims in respect of any such action or proceeding may be heard and determined in any such Indiana State court or, to the extent permitted by law, Federal court; (iii) waives, to the fullest extent it may legally and effectively do so, (A) any objection that it may now or hereafter have to the laying of venue of any such action or proceeding in any such court and (B) any defense of an inconvenient forum to the maintenance of any such action or proceeding in any such court; and (iv) agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that any party may otherwise have to bring any action or proceeding relating to this Agreement in the courts of any jurisdiction.

(b) Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 11.3. Nothing in this Agreement will affect the right of any party to this Agreement to serve process in any other manner permitted by law; *provided* that notice of the use of any such alternative means of service shall be provided to each affected party in the manner provided in Section 11.3.

Section 11.7 *Waiver of Jury Trial*. EACH PARTY HERETO (A) IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT; (B) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (C) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 11.7.

Section 11.8 *Registration Rights Agreement*. The shares of Common Stock (and Other Securities) issuable upon exercise of any Warrant (or upon conversion of any shares of Common Stock issued upon such exercise) shall constitute Registrable Securities (as such term is defined in the Registration Rights Agreement). Each Holder of a Warrant shall be entitled to all of the benefits afforded to a holder of any such Registrable Securities under the Registration Rights Agreement and such Holder, by its acceptance of a Warrant, agrees to be bound by and to comply with the terms and conditions of the Registration Rights Agreement applicable to such Holder as a holder of such Registrable Securities.

*[Remainder Intentionally Left Blank]*

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IN WITNESS WHEREOF, each party hereto has caused this Agreement to be duly executed as of the date first above written.

PATRICK INDUSTRIES, INC.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

[HOLDERS]

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

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INITIAL HOLDERS AND AGGREGATE NUMBER  
OF INITIAL WARRANT SHARES

**Name and Address of Holder**

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**Number of  
Warrant  
Shares**

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FORM OF WARRANT

THIS WARRANT AND ANY SECURITIES ACQUIRED UPON THE EXERCISE OF THIS WARRANT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE, AND MAY NOT BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER SUCH ACT AND APPLICABLE STATE SECURITIES LAWS OR PURSUANT TO AN APPLICABLE EXEMPTION TO THE REGISTRATION REQUIREMENTS OF SUCH ACT AND SUCH LAWS. THIS WARRANT AND SUCH SECURITIES MAY NOT BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF EXCEPT IN COMPLIANCE WITH THE CONDITIONS SPECIFIED IN THE WARRANT AGREEMENT (THE "WARRANT AGREEMENT") DATED AS OF DECEMBER 11, 2008 AMONG PATRICK INDUSTRIES, INC. AND THE HOLDERS FROM TIME TO TIME OF THE WARRANTS ISSUED THEREUNDER, PURSUANT TO WHICH THIS WARRANT WAS ISSUED.

THIS WARRANT AND THE SECURITIES REPRESENTED HEREBY ARE SUBJECT TO THE TERMS AND CONDITIONS OF (1) THE WARRANT AGREEMENT AND (2) A SECOND AMENDED AND RESTATED REGISTRATION RIGHTS AGREEMENT DATED AS OF DECEMBER 11, 2008 AMONG PATRICK INDUSTRIES, INC., THE HOLDERS FROM TIME TO TIME OF THE WARRANTS AND THE OTHER STOCKHOLDERS THAT ARE A PARTY THERETO, AS EACH SUCH AGREEMENT MAY BE AMENDED, MODIFIED, SUPPLEMENTED, RESTATED OR OTHERWISE CHANGED FROM TIME TO TIME.

PATRICK INDUSTRIES, INC.

COMMON STOCK PURCHASE WARRANT

No.W-

December 11, 2008

Warrant to Purchase  
\_\_\_\_\_ Shares of Common Stock

PATRICK INDUSTRIES, INC., an Indiana corporation (the "Company"), for value received, hereby certifies that \_\_\_\_\_ or its registered assigns (the "Holder") is entitled to purchase from the Company that number of duly authorized, validly issued, fully paid and nonassessable shares of Common Stock, without par value, of the Company (the "Common Stock") set forth above, at a purchase price per share equal to the Exercise Price, at any time or from time to time on or after the date hereof, but prior to 11:59 p.m., New York City time, on

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December 11, 2018, all subject to the terms, conditions and adjustments set forth in the Warrant Agreement dated as of December 11, 2008 among the Company and the holders from time to time of the Warrants issued thereunder (the "Warrant Agreement"). Capitalized terms used and not otherwise defined herein have the meanings assigned such terms in the Warrant Agreement.

This Warrant is one of the Warrants (such term to include any such warrants issued in substitution therefor) referred to and issued under the Warrant Agreement. The number of shares of Common Stock issuable upon exercise of this Warrant as set forth on the face hereof is subject to certain adjustments as provided in the Warrant Agreement. The Holder is entitled to certain benefits as set forth in the Second Amended and Restated Registration Rights Agreement dated as of December 11, 2008 among the Company, the Holders from time to time of the Warrants and the other stockholders that are a party thereto (the "Registration Rights Agreement"). Copies of the Warrant Agreement and the Registration Rights Agreement are available from the Company at no charge upon the request of the Holder.

Dated: December 11, 2008

PATRICK INDUSTRIES, INC.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

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FORM OF  
ELECTION TO PURCHASE SHARES

The undersigned irrevocably elects to exercise the Warrant to purchase shares of Common Stock, without par value ("Common Stock"), of PATRICK INDUSTRIES, INC. and hereby makes payment of \$ \_\_\_\_\_ therefor in accordance with the terms of the Warrant Agreement dated as of December 11, 2008 pursuant to which the Warrant was issued, against delivery of stock certificates representing such shares. The undersigned requests that certificates for such shares be issued and delivered as follows:

If the number of shares of Common Stock purchased (and/or reduced) hereby is less than the total number of Shares then covered by the Warrant, the undersigned requests that this Warrant, which shall note the number of shares of Common Stock issued to date, be delivered to the holder as follows:

Dated: \_\_\_\_\_

\_\_\_\_\_  
[Insert name of holder on line above]\*

By: \_\_\_\_\_  
Name:  
Title:

\* Name of Holder must conform in all respects to name of holder as specified on the face of the Warrant.

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FORM OF ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers unto the Assignee named below all of the rights of the undersigned to purchase Common Stock, without par value ("Common Stock"), of PATRICK INDUSTRIES, INC. represented by the Warrant, with respect to the number of shares of Common Stock set forth below:

**Name of Assignee**

**Address**

**Number of Shares**

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

and does hereby irrevocably constitute and appoint attorney \_\_\_\_\_ to make such transfer on the books of PATRICK INDUSTRIES, INC. maintained for that purpose, with full power of substitution in the premises.

Dated: \_\_\_\_\_

\_\_\_\_\_  
[Insert name of holder on line above]\*

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

\* Name of Holder must conform in all respects to name of holder as specified on the face of the Warrant.

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EXHIBIT J

FORM OF BORROWING BASE CERTIFICATE

JPMorgan Chase Bank, N.A., individually and as Administrative Agent, and the other financial institutions that are parties to the Credit Agreement referred to below  
Attention: [ ]

Re: Credit Agreement dated as of May 18, 2007 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement") among Patrick Industries, Inc., the Lenders party thereto and JPMorgan Chase Bank, N.A., as Administrative Agent.

Ladies/Gentlemen:

Capitalized terms used but not defined herein have the respective meanings set forth in the Credit Agreement.

The Company hereby certifies that the total Revolving Credit Exposures on [DATE] did not exceed the Revolving Availability. The related computations are set forth in the schedule attached hereto.<sup>1</sup>

IN WITNESS WHEREOF, the Company has caused this Borrowing Base Certificate to be executed and delivered by its Financial Officer on the \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

PATRICK INDUSTRIES, INC.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

<sup>1</sup> [All calculations are subject to normal year-end audit adjustments.]

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SCHEDULE TO BORROWING BASE CERTIFICATE  
Dated as of [\_\_\_\_\_]

WARRANT AGREEMENT

THIS WARRANT AGREEMENT (this "Agreement") dated as of December 11, 2008 is among PATRICK INDUSTRIES, INC., an Indiana corporation (the "Company"), and the holders of Warrants (as defined below) listed on the signature page hereof (along with their permitted transferees, the "Holders").

WHEREAS, to induce the lenders under the Credit Agreement dated as of May 18, 2007 among the Company, various lenders and JPMorgan Chase Bank, N.A., as administrative agent, to enter into a Second Amendment and Waiver to such Credit Agreement on the date hereof, the Company has agreed to issue warrants (the "Warrants") to purchase up to an aggregate of 474,049 shares, subject to adjustment, of its common stock, without par value (the "Common Stock").

WHEREAS, the Company and the Holders have agreed to set forth herein the terms of the Warrants and certain agreements relating to, among other things, the exercise and transfer of the Warrants.

NOW, THEREFORE, for valuable consideration, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS AND INTERPRETATION

Section 1.1 *Definitions*. As used in this Agreement, the following terms shall have the following meanings:

"Additional Shares of Common Stock" means (without duplication) all shares (including treasury shares) of Common Stock issued or sold (or, pursuant to Section 3.3 or 3.4, deemed to be issued) by the Company on or after the date hereof, whether or not subsequently reacquired or retired by the Company, other than (a) shares issued upon the exercise of the Warrants and (b) such number of additional shares as may become issuable upon the exercise of the Warrants by reason of adjustments required pursuant to the provisions of such Warrants as in effect on the date hereof.

"Applicable Number of Shares" means at any date of determination a number of shares of Common Stock equal to the difference between (a) the Initial Number of Shares, less (b) the number of shares of Common Stock which were issued pursuant to the exercise of any Warrant, as determined immediately prior to such date (giving effect to any stock splits or combinations, or any dividends paid or payable in shares of Common Stock, after the issuance of such shares).

"Business Day" means any day other than a Saturday or a Sunday or a day on which commercial banking institutions in the City of New York are authorized by law to be closed. Any reference to "days" (unless Business Days are specified) shall mean calendar days.

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“Common Stock” has the meaning specified in the recitals to this Agreement and includes any capital stock into which the Common Stock shall have been changed or any capital stock resulting from any reclassification of Common Stock, and all other capital stock of any class or classes (however designated) of the Company the holders of which have the right, without limitation as to amount, either to all or to a share of the balance of current dividends and liquidating dividends after the payment of dividends and distributions on any shares entitled to preference.

“Company” has the meaning specified in the introduction to this Agreement.

“Convertible Security” means any evidence of indebtedness, share of stock (other than Common Stock) or other security directly or indirectly convertible into or exercisable or exchangeable for Additional Shares of Common Stock.

“Current Market Price” means, on any date specified herein, the average of the daily Market Price during the five consecutive trading days before such date, except that, if on any such date the shares of Common Stock are not listed or admitted for trading on any national securities exchange or quoted in the over-the-counter market, the Current Market Price shall be the Market Price on such date.

“Exchange Act” means the Securities Exchange Act of 1934.

“Exercise Notice” has the meaning specified in Section 2.1(a).

“Exercise Price” means the Initial Price, as adjusted from time to time as provided herein.

“Expiration Date” means 11:59 p.m., New York City time, on December 11, 2018.

“Fair Value” means, on any date specified herein (i) in the case of cash, the dollar amount thereof, (ii) in the case of a security, the Market Price, and (iii) in all other cases, the fair value thereof (as of a date which is within 20 days of the date as of which the determination is to be made) determined in good faith jointly by the Company and a Majority of the Holders; *provided* that if such parties are unable to reach agreement within a reasonable period of time, the Fair Value shall be determined in good faith by an independent investment banking firm selected jointly by the Company and a Majority of the Holders or, if that selection cannot be made within ten days, by an independent investment banking firm selected by the American Arbitration Association in accordance with its rules; and *provided, further*, that the Company shall pay all of the fees and expenses of any third parties incurred in connection with determining the Fair Value.

“Holder” has the meaning specified in the introduction to this Agreement.

“Initial Number of Shares” means 474,049 shares of Common Stock.

“Initial Price” means \$1.00 per share.

“Majority of the Holders” means Holders of Warrants that would be, upon exercise of the Warrants, entitled to purchase more than 50% of all shares of Common Stock then issuable under all of the Warrants.

“Market Price” means, on any date specified herein, the amount per share of Common Stock equal to (a) the last reported sale price of the Common Stock at or prior to 4:00 p.m., New York City time, on such date or, if no such sale takes place on such date, the average of the closing bid and asked prices thereof as of 4:00 p.m., New York City time, on such date, in either case as officially reported on the principal national securities exchange on which the Common Stock is then listed or admitted for trading, (b) if the Common Stock is not then listed or admitted for trading on any national securities exchange but is traded in the over-the-counter market, the last reported sale price of Common Stock at or prior to 4:00 p.m., New York City time, on such date or, if no such sale takes place on such date, the average of the closing bid and asked prices thereof as of 4:00 p.m., New York City time, on such date, in either case as reported by Bloomberg Financial Markets, or (c) if Common Stock is not then listed or admitted for trading on any national exchange or quoted in the over-the-counter market, the fair value thereof (as of a date that is within 20 days of the date as of which the determination is to be made) determined in good faith jointly by the Company and a Majority of the Holders; *provided* that if such parties are unable to reach agreement within a reasonable period of time, the Market Price shall be determined in good faith by an independent investment banking firm selected jointly by the Company and a Majority of the Holders or, if that selection cannot be made within ten days, by an independent investment banking firm selected by the American Arbitration Association in accordance with its rules; and *provided, further*, that the Company shall pay all fees and expenses of any third party incurred in connection with determining the Market Price.

“Options” means any rights, options or warrants to subscribe for, purchase or otherwise acquire Additional Shares of Common Stock or Convertible Securities.

“Other Securities” means any capital stock (other than Common Stock) and other securities of the Company or any other Person that the holders of the Warrants at any time shall be entitled to receive, or shall have received, upon the exercise of the Warrants, in lieu of or in addition to Common Stock, or which at any time shall be issuable or shall have been issued in exchange for or in replacement of Common Stock or Other Securities pursuant to Article IV or otherwise.

“Person” means any individual, firm, partnership, corporation, trust, joint venture, association, joint stock company, limited liability company, unincorporated organization or any other entity or organization, including a government or agency or political subdivision thereof, and shall include any successor (by merger or otherwise) of such entity.

“Purchase Price” has the meaning specified in Section 2.1(a).

“Registration Rights Agreement” means the Second Amended and Restated Registration Rights Agreement dated as of the date hereof among the Company, the Holders, Tontine Capital Partners, L.P. and Tontine Capital Overseas Master Fund, L.P.

“Securities Act” means the Securities Act of 1933.



“Warrants” has the meaning specified in the recitals to this Agreement.

“Warrant Shares” means (a) any shares of Common Stock (or Other Securities) issued or issuable upon the exercise of Warrants and (b) any shares of Common Stock (or Other Securities) issued subsequent to the exercise of any of the Warrants as a dividend or other distribution with respect to, or resulting from a subdivision of the outstanding shares of Common Stock (or Other Securities) into a greater number of shares by reclassification, stock split, reverse stock split or otherwise, or in exchange for or in replacement of the Common Stock (or Other Securities) issued upon such exercise.

“Waiver Notice” has the meaning specified in Section 2.4(a).

Section 1.2 *Interpretation*. For purposes of this Agreement, (a) definitions shall apply equally to the singular and plural forms of the terms defined; (b) words of any gender shall be deemed to include each other gender; (c) Article and Section headings are for convenience only and shall not limit or otherwise affect the meaning hereof; (d) the word “including” and words of similar import shall be deemed to be followed by the phrase “without limitation”; and (e) unless otherwise specified or the context otherwise requires, (i) any reference to an agreement or other document means such agreement or other document as amended, restated or otherwise modified from time to time, (ii) any reference to a Person shall be deemed to include such Person’s successors and assigns, (iii) any reference to an Article, a Section, an Exhibit or a Schedule means an Article or a Section of, or an Exhibit or Schedule to, this Agreement and (e) any reference to a statute or regulation includes all statutory and regulatory provisions consolidating, amending, replacing, supplementing or interpreting such statute or regulation

## ARTICLE II

### ISSUANCE AND EXERCISE OF WARRANTS

Section 2.1. *Issuance of Warrants; Manner of Exercise; Payment of the Purchase Price* (a) Subject to the terms and conditions of this Agreement, the Company hereby issues to each initial Holder a Warrant (each in the form of Exhibit A) to purchase, at the Exercise Price, shares of fully paid and nonassessable Common Stock in the amount set forth on schedule A and listed adjacent to such Holder’s name. Each Warrant may be exercised by the Holder thereof, in whole or in part, from time to time prior to the Expiration Date, for a number of shares of Common Stock not greater than the then-Applicable Number of Shares determined as of the date of exercise, by surrendering to the Company at its principal office such Warrant, with an Election to Purchase Shares (an “Exercise Notice”) in the form of Exhibit B (or a reasonable facsimile thereof) duly executed by the Holder. An Exercise Notice shall specify the number of shares of Common Stock to be issued to such Holder and shall be accompanied by payment of the applicable purchase price (the “Purchase Price”) in an amount equal to the product of (i) the Exercise Price and (ii) the number of shares of Common Stock to be issued.

(b) Payment of the Purchase Price may be made as follows: (i) in United States currency by cash or delivery of a certified check or bank draft payable to the order of the Company or by wire transfer to the Company; (ii) by cashless exercise pursuant to Section 2.1(c); (iii) by surrender to the Company for cancellation of certificates representing shares of Common Stock of the Company owned by the Holder (properly endorsed for transfer in blank) having a Current Market Price on the date of Warrant exercise equal to the Purchase Price; or (iv) by any combination of the methods described in clauses (i), (ii) and (iii).

(c) A Holder may exercise a Warrant in whole or in part without payment in cash of the Purchase Price by electing to receive upon such exercise the "Net Number" of shares of Common Stock determined according to the following formula:

$$\text{Net Number} = \frac{(A \times B) - (A \times C)}{B}$$

For purposes of the foregoing formula:

- A = the total number of shares with respect to which such Warrant is then being exercised.
- B = the Market Price of the shares of Common Stock (or Other Securities) on the date immediately preceding the date of the relevant Exercise Notice.
- C = the Exercise Price then in effect.

**Section 2.2 *When Exercise Effective.*** Each exercise of a Warrant shall be deemed to have been effected as of the later to occur of (a) the Company's receipt of payment of the Purchase Price and (b) immediately prior to the close of business on the Business Day on which such Warrant is surrendered to the Company as provided in Section 2.1, and at such time of effectiveness the Person or Persons in whose name or names such shares of Common Stock (or Other Securities) shall be issuable upon such exercise as provided in Section 2.3 shall be deemed to have become the holder or holders of record thereof for all purposes.

**Section 2.3 *Delivery of Stock Certificates, etc.; Charges, Taxes and Expenses.*** (a) As soon as practicable after each exercise of a Warrant, in whole or in part, and in any event within three Business Days thereafter, the Company shall either (1) cause to be issued in the name of and delivered to the Holder thereof or, subject to Article X, such other Person as the Holder may direct, a certificate or certificates for the number of shares of Common Stock (or Other Securities) to which the Holder shall be entitled upon such exercise; or (2) if a transfer agent or registrar has been appointed for the Common Stock (or Other Securities) that participates in The Depository Trust Company ("DTC") Fast Automated Securities Transfer Program or any successor program and the Holder so elects, cause the number of shares of Common Stock (or Other Securities) to which the Holder shall be entitled upon such exercise to be credited to the Holder's or its designee's balance account with DTC through its Deposit Withdrawal Agent Commission system or any successor system.

(b) If any such exercise is for less than all of the then-Applicable Number of Shares as of the date of exercise purchasable under the applicable Warrant, the Company shall issue to the applicable Holder a new Warrant in like form for the unexercised portion thereof.

(c) The Company will pay any documentary stamp taxes attributable to the initial issuance of shares of Common Stock upon the exercise of Warrants; *provided* that the Company shall not be required to pay any tax or taxes that may be payable in respect of any transfer involved in the issue of any Warrants or any shares of Common Stock (or Other Securities) issuable upon exercise thereof in a name other than that of the Holder of such Warrant.

(d) The Company shall pay all taxes (other than Federal, state or local income taxes) that may be payable in connection with the execution and delivery of this Agreement or the issuance of the Warrants or the Common Stock (or Other Securities) issuable upon the exercise of any Warrant or in connection with any modification of this Agreement or the Warrants, and shall hold each Holder harmless without limitation as to time against all liabilities with respect to all such taxes. The obligations of the Company under this Section 2.3(d) shall survive any termination of this Agreement and any exercise, cancellation or termination of the Warrants. The Company and the Holders agree that the Warrants and the obligations under the Credit Agreement, dated as of May 18, 2007, as amended, are being issued without original issue discount within the meaning of Section 1273 of the Internal Revenue Code of 1986, as amended, and shall report on that basis for federal income tax purposes.

Section 2.4 *Limitations on Exercise*. (a) Notwithstanding anything to the contrary set forth in this Agreement, at no time may a Holder of a Warrant exercise the Warrant to the extent (but only to the extent) that after giving effect to such exercise, the Holder (together with the Holder's affiliates) would beneficially own (as determined in accordance with Section 13(d) of the Exchange Act) in excess of 4.99% of the number of shares of Common Stock outstanding immediately after giving effect to such exercise; *provided* that upon a Holder providing the Company with 61 days' notice (a "Waiver Notice") that such Holder would like to waive this Section 2.4(a) with regard to any shares of Common Stock issuable upon exercise of a Warrant, this Section 2.4(a) will be of no force or effect with regard to all or a portion of such Warrant as referenced in such Waiver Notice.

(b) Notwithstanding anything to the contrary set forth in this Agreement, at no time may a Holder of a Warrant exercise the Warrant to the extent (but only to the extent) that after giving effect to such exercise, the Holder (together with the Holder's affiliates) would beneficially own (as determined in accordance with Section 13(d) of the Exchange Act) in excess of 9.99% of the number of shares of Common Stock outstanding immediately after giving effect to such exercise; *provided* that upon a Holder providing the Company with a Waiver Notice that such Holder would like to waive this Section 2.4(b) with regard to any shares of Common Stock issuable upon exercise of a Warrant, this Section 2.4(b) shall be of no force or effect with regard to all or a portion of such Warrant as referenced in such Waiver Notice.

### ARTICLE III

ADJUSTMENT OF COMMON STOCK ISSUABLE UPON EXERCISE;  
ADJUSTMENT OF EXERCISE PRICE

Section 3.1 *Adjustment of Number of Shares*. From and after the date hereof, upon each adjustment of the Exercise Price as a result of the calculations made in this Article III, each Warrant shall thereafter evidence the right to receive, at the adjusted Exercise Price, that number of shares of Common Stock (calculated to the nearest one-hundredth of a share) obtained by dividing (i) the product of the aggregate number of shares covered by such Warrant immediately prior to such adjustment and the Exercise Price in effect immediately prior to such adjustment of the Exercise Price by (ii) the Exercise Price in effect immediately after such adjustment of the Exercise Price.

Section 3.2 *Adjustment of Exercise Price*. (a) *Issuance of Additional Shares of Common Stock* If the Company at any time after the date hereof issues or sells Additional Shares of Common Stock (including Additional Shares of Common Stock deemed to be issued pursuant to Section 3.3 or 3.4) without consideration or for a consideration per share less than the Exercise Price in effect immediately prior to such issue or sale, then, subject to Section 3.8, the Exercise Price shall be reduced, concurrently with such issue or sale, to a price (calculated to the nearest .001 of a cent) determined by multiplying such Exercise Price by a fraction:

(i) the numerator of which shall be the sum of (A) the number of shares of Common Stock outstanding immediately prior to such issue or sale and (B) the number of shares of Common Stock which the aggregate consideration received by the Company for the total number of such Additional Shares of Common Stock so issued or sold would purchase at such Exercise Price, and

(ii) the denominator of which shall be the number of shares of Common Stock outstanding immediately after such issue or sale,

*provided* that, for the purposes of this Section 3.2(a), (x) immediately after any Additional Shares of Common Stock are deemed to have been issued pursuant to Section 3.3 or 3.4, such Additional Shares shall be deemed to be outstanding, and (y) treasury shares shall not be deemed to be outstanding.

(b) *Dividends and Distributions*. If the Company at any time after the date hereof declares, orders, pays or makes a dividend or other distribution (including any distribution of additional capital stock or other securities or property or Options by way of dividend or spin-off, reclassification, recapitalization, reorganization or similar corporate rearrangement) on the Common Stock, then (in each such case), subject to Section 3.9, the Exercise Price in effect immediately prior to the close of business on the record date fixed for the determination of holders of any class of securities entitled to receive such dividend or distribution shall be reduced, effective as of the close of business on such record date, to a price determined by multiplying such Exercise Price by a fraction:

(x) the numerator of which shall be the Market Price in effect on such record date or, if the Common Stock trades on an ex-dividend basis, on the date prior to the

commencement of ex-dividend trading, less the Fair Value of such dividend or distribution applicable to one share of Common Stock, and

(y) the denominator of which shall be such Market Price.

Section 3.3 *Treatment of Options and Convertible Securities*. If the Company at any time after the date hereof issues, sells, grants or assumes, or shall fix a record date for the determination of holders of any class of securities of the Company entitled to receive, any Options or Convertible Securities (whether or not the rights thereunder are immediately exercisable), then (in each such case) the maximum number of Additional Shares of Common Stock (as set forth in the instrument relating thereto, without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the exercise of such Options or, in the case of Convertible Securities and Options therefor, upon the conversion or exchange of such Convertible Securities, shall be deemed to be Additional Shares of Common Stock issued as of the time of such issue, sale, grant or assumption or, in case such a record date shall have been fixed, as of the close of business on such record date (or, if the Common Stock trades on an ex-dividend basis, on the date prior to the commencement of ex-dividend trading); *provided* that such Additional Shares of Common Stock shall not be deemed to have been issued unless the consideration per share (determined pursuant to Section 3.5) of such shares would be less than the Exercise Price in effect on the date of and immediately prior to such issue, sale, grant or assumption or immediately prior to the close of business on such record date (or, if the Common Stock trades on an ex-dividend basis, on the date prior to the commencement of ex-dividend trading), as the case may be; and *provided, further*, that in any such case in which Additional Shares of Common Stock are deemed to be issued:

(a) whether or not the Additional Shares of Common Stock underlying such Options or Convertible Securities are deemed to be issued, no further adjustment of the Exercise Price shall be made upon the subsequent issue or sale of Convertible Securities or shares of Common Stock upon the exercise of such Options or the conversion or exchange of such Convertible Securities, except in the case of any such Options or Convertible Securities that contain provisions requiring an adjustment, subsequent to the date of the issue or sale thereof, of the number of Additional Shares of Common Stock issuable upon the exercise of such Options or the conversion or exchange of such Convertible Securities by reason of (x) a change of control of the Company, (y) the acquisition by any Person or group of Persons of any specified number or percentage of the voting securities of the Company or (z) any similar event or occurrence, each such case to be deemed hereunder to involve a separate issuance of Additional Shares of Common Stock, Options or Convertible Securities, as the case may be;

(b) if such Options or Convertible Securities by their terms provide, with the passage of time or otherwise, for any increase in the consideration payable to the Company, or decrease in the number of Additional Shares of Common Stock issuable, upon the exercise, conversion or exchange thereof (by change of rate or otherwise), the Exercise Price computed upon the original issue, sale, grant or assumption thereof (or upon the occurrence of the record date, or date prior to the commencement of ex-dividend trading, as the case may be, with respect thereto), and any subsequent adjustments based thereon, shall,

upon any such increase or decrease becoming effective, be recomputed to reflect such increase or decrease insofar as it affects such Options, or the rights of conversion or exchange under such Convertible Securities, that are outstanding at such time;

(c) upon the expiration (or purchase by the Company and cancellation or retirement) of any such Options which shall not have been exercised or the expiration of any rights of conversion or exchange under any such Convertible Securities that (or purchase by the Company and cancellation or retirement of any such Convertible Securities the rights of conversion or exchange under which) shall not have been exercised, the Exercise Price computed upon the original issue, sale, grant or assumption thereof (or upon the occurrence of the record date, or date prior to the commencement of ex-dividend trading, as the case may be, with respect thereto), and any subsequent adjustments based thereon, shall, upon such expiration (or such cancellation or retirement, as the case may be), be recomputed as if:

(i) in the case of Options for Common Stock or Convertible Securities, the only Additional Shares of Common Stock issued or sold were the Additional Shares of Common Stock, if any, actually issued or sold upon the exercise of such Options or the conversion or exchange of such Convertible Securities and the consideration received therefor was the consideration actually received by the Company for the issue, sale, grant or assumption of all such Options, whether or not exercised, plus the consideration actually received by the Company upon such exercise, or for the issue or sale of all such Convertible Securities which were actually converted or exchanged, plus the additional consideration, if any, actually received by the Company upon such conversion or exchange, and

(ii) in the case of Options for Convertible Securities, only the Convertible Securities, if any, actually issued or sold upon the exercise of such Options were issued at the time of the issue or sale, grant or assumption of such Options, and the consideration received by the Company for the Additional Shares of Common Stock deemed to have then been issued was the consideration actually received by the Company for the issue, sale, grant or assumption of all such Options, whether or not exercised, plus the consideration deemed to have been received by the Company (pursuant to Section 3.5) upon the issue or sale of such Convertible Securities with respect to which such Options were actually exercised;

(d) no readjustment pursuant to clause (b) or (c) above shall have the effect of increasing the Exercise Price by an amount in excess of the amount of the adjustment thereof originally made in respect of the issue, sale, grant or assumption of such Options or Convertible Securities; and

(e) in the case of any such Options that expire by their terms not more than 30 days after the date of issue, sale, grant or assumption thereof, no adjustment of the Exercise Price shall be made until the expiration or exercise of all such Options, whereupon such adjustment shall be made in the manner provided in clause (c) above.

Section 3.4 *Treatment of Stock Dividends, Stock Splits, etc.* If the Company at any time after the date hereof shall declare or pay any dividend on the Common Stock payable in Common Stock, or shall effect a subdivision of the outstanding shares of Common Stock into a greater number of shares of Common Stock (by reclassification or otherwise than by payment of a dividend in Common Stock), then (in each such case) Additional Shares of Common Stock shall be deemed to have been issued (a) in the case of any such dividend, immediately after the close of business on the record date for the determination of holders of any class of securities entitled to receive such dividend, or (b) in the case of any such subdivision, at the close of business on the day immediately prior to the day upon which such corporate action becomes effective.

Section 3.5 *Computation of Consideration.* For the purposes of this Article III,

(a) the consideration for the issue or sale of any Additional Shares of Common Stock shall, irrespective of the accounting treatment of such consideration,

(i) insofar as it consists of cash, be computed at the gross proceeds to the Company, without deducting any expenses paid or incurred by the Company or any commissions or compensations paid or concessions or discounts allowed to underwriters, dealers or others performing similar services in connection with such issue or sale,

(ii) insofar as it consists of property (including securities) other than cash, be computed at the Fair Value thereof at the time of such issue or sale, and

(iii) in case Additional Shares of Common Stock are issued or sold together with other stock or securities or other assets of the Company for a consideration which covers both, be the portion of such consideration so received, computed as provided in clauses (i) and (ii) above, allocable to such Additional Shares of Common Stock, such allocation to be determined in the same manner that the Fair Value of property not consisting of cash or securities is to be determined as provided in the definition of "Fair Value" herein;

(b) Additional Shares of Common Stock deemed to have been issued pursuant to Section 3.3, relating to Options and Convertible Securities, shall be deemed to have been issued for a consideration per share determined by dividing

(i) the total amount, if any, received and receivable by the Company as consideration for the issue, sale, grant or assumption of the applicable Options or Convertible Securities, plus the minimum aggregate amount of additional consideration (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such consideration to protect against dilution) payable to the Company upon the exercise in full of such Options or the conversion or exchange of such Convertible Securities or, in the case of Options for Convertible Securities, the exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities, in each case computing such consideration as provided in clause (a) above,

by

(ii) the maximum number of shares of Common Stock (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such number to protect against dilution) issuable upon the exercise of such Options or the conversion or exchange of such Convertible Securities; and

(c) Additional Shares of Common Stock deemed to have been issued pursuant to Section 3.4, relating to stock dividends, stock splits and similar corporate events shall be deemed to have been issued for no consideration.

Section 3.6 *Adjustments for Combinations, etc.* If after the date hereof the outstanding shares of Common Stock shall be combined or consolidated, by reclassification or otherwise, into a lesser number of shares of Common Stock, the Exercise Price in effect immediately prior to such combination or consolidation shall, concurrently with the effectiveness of such combination or consolidation, be proportionately increased.

Section 3.7 *Dilution in Other Cases.* If after the date hereof any event occurs of the type contemplated by the provisions of this Article III but not expressly provided for by such provisions (including, without limitation, the granting of stock appreciation rights, phantom stock rights or other rights with equity features), then the Company in good faith will make an appropriate adjustment in the Exercise Price so as to be equitable under the circumstances and otherwise protect the rights of the Holders; *provided* that no such adjustment will increase the Exercise Price as otherwise determined pursuant to this Agreement.

Section 3.8 *De Minimis Adjustments; Certain Retroactive Adjustments.* If the amount of any adjustment of the Exercise Price required pursuant to this Article III would be less than one tenth (1/10) of one percent (1%) of the Exercise Price, such amount shall be carried forward and adjustment with respect thereto made at the time of and together with any subsequent adjustment that, together with such amount and any other amount or amounts so carried forward, shall aggregate a change in the Exercise Price of at least one tenth (1/10) of one percent (1%) of such Exercise Price. All calculations under this Agreement shall be made to the nearest .001 of a cent or to the nearest one-hundredth of a share, as the case may be.

Section 3.9 *Abandoned Dividend or Distribution.* If the Company shall take a record of the holders of its Common Stock for the purpose of entitling them to receive a dividend or other distribution (which results in an adjustment to the Exercise Price under the terms of this Agreement) and shall, thereafter, and before such dividend or distribution is paid or delivered to shareholders entitled thereto, legally abandon its plan to pay or deliver such dividend or distribution, then any adjustment made to the Exercise Price by reason of the taking of such record shall be reversed, and any subsequent adjustment, based thereon, shall be recomputed.

#### ARTICLE IV

#### CONSOLIDATION, MERGER, ETC.



Section 4.1 *Adjustments for Consolidation, Merger, Sale of Assets, Reorganization, etc.* If the Company (a) consolidates with or merges into any other Person and is not the continuing or surviving corporation of such consolidation or merger, (b) permits any other Person to consolidate with or merge into the Company and the Company is the continuing or surviving Person but, in connection with such consolidation or merger, the Common Stock shall be changed into or exchanged for stock or other securities of any other Person or cash or any other property, (c) transfers all or substantially all of its properties or assets to any other Person or (d) effects a reclassification, recapitalization or reorganization of the Common Stock (other than a reclassification, recapitalization or reorganization of the Common Stock resulting in the issuance of Additional Shares of Common Stock for which an adjustment in the Exercise Price is provided for in Section 3.2(a) or 3.2(b)), then (in each such case) proper provision shall be made so that, upon the basis and the terms and in the manner provided in this Agreement, the Holder of a Warrant, upon the exercise thereof at any time after the consummation of such transaction, shall be entitled to receive (at the aggregate Exercise Price in effect immediately prior to the time of such consummation for all Common Stock or Other Securities issuable upon such exercise immediately prior to such consummation), in lieu of the Common Stock or Other Securities issuable upon such exercise prior to such consummation, the highest amount of securities, cash or other property to which such Holder would actually have been entitled as a shareholder upon such consummation if such Holder had exercised such Warrant for all of the then-Applicable Number of Shares immediately prior thereto, subject to adjustments (subsequent to such consummation) as nearly equivalent as possible to the adjustments provided for in Article III and this Article IV.

Section 4.2 *Assumption of Obligations.* Notwithstanding anything contained in this Agreement to the contrary, the Company shall not effect any of the transactions described in clauses (a) through (d) of Section 4.1 unless, prior to or at the consummation thereof, each Person (other than the Company) that may be required to deliver any stock, securities, cash or property upon the exercise of a Warrant, as provided herein, shall assume, by written instrument delivered to each of the Holders, (a) the obligations of the Company under this Agreement (and if the Company shall survive the consummation of such transaction, such assumption shall be in addition to, and shall not release the Company from, any continuing obligations of the Company under this Agreement), (b) the obligations of the Company under the Registration Rights Agreement and (c) the obligation to deliver to the Holders such shares of stock, securities, cash or property as, in accordance with the foregoing provisions of this Article IV, the Holders may be entitled to receive.

#### ARTICLE V

#### NO DILUTION OR IMPAIRMENT

The Company shall not, by amendment of its Articles of Incorporation or through any consolidation, merger, reorganization, transfer of assets, dissolution, issue or sale of securities or other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Agreement, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such action as may be necessary or appropriate in order to protect the rights of the Holder of any Warrant against dilution or other impairment in accordance with the

terms hereof. Without limiting the generality of the foregoing, the Company (a) shall not permit the par value (if any) of any shares of stock receivable upon the exercise of any Warrant to exceed the amount payable therefor upon such exercise, (b) shall take all such action as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and nonassessable shares of stock, free from all taxes, liens, security interests, encumbrances, preemptive rights and charges on the exercise of the Warrants from time to time outstanding, and (c) shall not amend or modify any provision of the Articles of Incorporation or by-laws of the Company in any manner that would adversely affect in any way the rights or powers of the Holder of any Warrant in its capacity as such.

## ARTICLE VI

### NOTICES OF CORPORATE ACTION

In the event of:

(a) any taking by the Company of a record of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend or other distribution, or any right to subscribe for, purchase or otherwise acquire any shares of stock of any class or any other securities or property, or to receive any other right, or

(b) any reorganization of the Company, any reclassification or recapitalization of the capital stock of the Company, any consolidation or merger involving the Company and any other Person, any transaction or series of transactions in which more than 50% of the voting securities of the Company are transferred to another Person, or any transfer, sale or other disposition of all or substantially all the assets of the Company to any other Person,

(c) any voluntary or involuntary dissolution, liquidation or winding-up of the Company, or

(d) any adjustment to the Exercise Price,

the Company shall give to each Holder of a Warrant a notice specifying (i) in the case of clause (a), the date or expected date on which such record is to be taken for the purpose of such dividend, distribution or right, and the amount and character of such dividend, distribution or right, (ii) in the case of clauses (b) and (c), the date or expected date on which such reorganization, reclassification, recapitalization, consolidation, merger, transfer, sale, disposition, dissolution, liquidation or winding-up is to take place and the time, if any such time is to be fixed, as of which the holders of record of Common Stock (or Other Securities) shall be entitled to exchange their shares of Common Stock (or Other Securities) for the securities or other property deliverable upon such reorganization, reclassification, recapitalization, consolidation, merger, transfer, dissolution, liquidation or winding-up and (iii) in the case of clause (d), the adjustment so made and setting forth in reasonable detail the calculation of such adjustment. Such notice shall be given by the Company at least 10 days prior to the earlier of the date or expected date on which such action is to take place and the applicable record date, in the case of

clauses (a), (b) and (c), and promptly upon the occurrence of such adjustment, in the case of clause (d).

#### ARTICLE VII

##### LISTING OF COMMON STOCK

At any time that the Common Stock is listed on any national securities exchange, the Company shall, at its expense, obtain promptly and maintain the approval for listing on the principal such exchange, upon official notice of issuance, the shares of Common Stock issuable upon exercise of the then outstanding Warrants and use commercially reasonable efforts to maintain the listing of such shares after their issuance; and the Company shall list or cause to be listed on such national securities exchange, and use commercially reasonable efforts to maintain or cause to be maintained such listing of, any Other Securities that at any time are issuable upon exercise of the Warrants, if any securities of the same class shall be listed on such national securities exchange.

#### ARTICLE VIII

##### PRIVATE PLACEMENT; RESTRICTIONS ON TRANSFER

Section 8.1 *Private Placement Representations*. Each Holder represents, severally and not jointly, that it is an “accredited investor” within the meaning of Regulation D under the Securities Act and that the Warrants are being or will be acquired for its own account or for one or more separate accounts maintained by it or for the account of one or more pension or trust funds and not with a view toward distributing or reselling such securities or any part thereof in any transaction that would be in violation of the Securities Act, any other federal securities law or the securities laws of any state, but subject, nevertheless, to the disposition of its property being at all times within its control and without prejudice to its rights to sell or otherwise dispose of all or any part of the Warrants and Warrant Shares under an effective registration statement under the Securities Act and applicable state securities laws, or under an exemption from such registration available under the Securities Act and applicable state securities laws.

Section 8.2 *Restrictive Legends*. Except as otherwise permitted by this Article VIII, each Warrant (including each Warrant issued upon the transfer of any Warrant) shall be stamped or otherwise imprinted with a legend in substantially the following form:

“THIS WARRANT AND ANY SECURITIES ACQUIRED UPON THE EXERCISE OF THIS WARRANT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE, AND MAY NOT BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER SUCH ACT AND APPLICABLE STATE SECURITIES LAWS OR PURSUANT TO AN APPLICABLE EXEMPTION TO THE REGISTRATION REQUIREMENTS OF SUCH ACT AND SUCH LAWS. THIS WARRANT AND SUCH SECURITIES MAY NOT BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF EXCEPT IN COMPLIANCE

WITH THE CONDITIONS SPECIFIED IN THE WARRANT AGREEMENT (THE "WARRANT AGREEMENT") DATED AS OF DECEMBER 11, 2008 AMONG PATRICK INDUSTRIES, INC. AND THE HOLDERS FROM TIME TO TIME OF THE WARRANTS ISSUED THEREUNDER, PURSUANT TO WHICH THIS WARRANT WAS ISSUED."

"THIS WARRANT AND THE SECURITIES REPRESENTED HEREBY ARE SUBJECT TO THE TERMS AND CONDITIONS OF (1) THE WARRANT AGREEMENT AND (2) A SECOND AMENDED AND RESTATED REGISTRATION RIGHTS AGREEMENT DATED AS OF DECEMBER 11, 2008 AMONG PATRICK INDUSTRIES, INC., THE HOLDERS FROM TIME TO TIME OF THE WARRANTS AND THE OTHER STOCKHOLDERS THAT ARE A PARTY THERETO, AS EACH SUCH AGREEMENT MAY BE AMENDED, MODIFIED, SUPPLEMENTED, RESTATED OR OTHERWISE CHANGED FROM TIME TO TIME."

Except as otherwise permitted by this Article VIII, each certificate for Common Stock (or Other Securities) issued upon the exercise of any Warrant, and each certificate issued upon the transfer of any such Common Stock (or Other Securities), shall be stamped or otherwise imprinted with a legend in substantially the following form:

"THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE, AND MAY NOT BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER SUCH ACT AND APPLICABLE STATE SECURITIES LAWS OR PURSUANT TO AN APPLICABLE EXEMPTION TO THE REGISTRATION REQUIREMENTS OF SUCH ACT AND SUCH LAWS. SUCH SECURITIES MAY NOT BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF EXCEPT IN COMPLIANCE WITH THE CONDITIONS SPECIFIED IN THE WARRANT AGREEMENT (THE "WARRANT AGREEMENT") DATED AS OF DECEMBER 11, 2008 AMONG PATRICK INDUSTRIES, INC. AND THE HOLDERS FROM TIME TO TIME OF THE WARRANTS ISSUED THEREUNDER. A COMPLETE AND CORRECT COPY OF THE WARRANT AGREEMENT IS AVAILABLE FOR INSPECTION AT THE PRINCIPAL OFFICE OF PATRICK INDUSTRIES, INC. OR AT THE OFFICE OR AGENCY MAINTAINED BY PATRICK INDUSTRIES, INC. AS PROVIDED IN THE WARRANT AGREEMENT AND WILL BE FURNISHED TO THE HOLDER OF SUCH SECURITIES UPON WRITTEN REQUEST AND WITHOUT CHARGE."

"THE SHARES REPRESENTED BY THIS CERTIFICATE ARE ALSO SUBJECT TO THE TERMS AND CONDITIONS OF A SECOND AMENDED AND RESTATED REGISTRATION RIGHTS AGREEMENT DATED AS OF DECEMBER 11, 2008 AMONG PATRICK INDUSTRIES, INC., THE HOLDERS FROM TIME TO TIME OF THE WARRANTS AND THE OTHER STOCKHOLDERS THAT ARE A PARTY THERETO, AS SUCH AGREEMENT MAY BE AMENDED, MODIFIED, SUPPLEMENTED, RESTATED OR OTHERWISE CHANGED FROM TIME TO TIME."

Section 8.3 *Transfers to Comply With the Securities Act.* (a) No Warrant may be exercised and no Warrant or Warrant Share may be sold, transferred or otherwise disposed of (any such sale, transfer or other disposition, a “*sale*”), except in compliance with this Article VIII.

(b) A Holder may exercise a Warrant if it is an “accredited investor” or a “qualified institutional buyer,” as defined in Regulation D and Rule 144A under the Securities Act, respectively, and a Holder may sell any Warrant or any Warrant Shares to any affiliate of such Holder or to a transferee that is an “accredited investor” or a “qualified institutional buyer,” as such terms are defined in such Regulation and such Rule, respectively, *provided* that (other than in the case any such sale to an affiliate of such Holder) each of the following conditions is satisfied:

(i) with respect to any “accredited investor” that is not an institution, such transferee provides a certification establishing to the reasonable satisfaction of the Company that it is an “accredited investor”;

(ii) such transferee represents that it is acquiring the Warrant and/or Warrant Shares for its own account and not with a view to, or for offer or sale in connection with, any distribution thereof within the meaning of the Securities Act that would be in violation of the securities laws of the United States or any applicable state thereof, but subject, nevertheless, to the disposition of its property being at all times within its control; and

(iii) such transferee agrees to be bound by the provisions of this Agreement with respect to any Warrants and Warrant Shares held by it.

Section 8.4 *Termination of Restrictions.* The restrictions imposed by this Article VIII on the transferability of Warrants and Warrant Shares shall terminate as to any particular Warrants or Warrant Shares (a) when a registration statement with respect to the sale of such securities has been declared effective under the Securities Act and such securities have been disposed of in accordance with such registration statement, (b) when such securities are sold pursuant to Rule 144 (or any similar provision then in force) under the Securities Act, (c) when such securities may be sold without restriction pursuant to Rule 144 (or any similar provision then in force) under the Securities Act, or (d) when, in the opinion of counsel for the Company, such restrictions are no longer required or necessary in order to protect the Company against a violation of the Securities Act upon any sale or other disposition of such securities without registration thereunder. Whenever such restrictions shall cease and terminate as to any Warrants or Warrant Shares, each applicable Holder shall be entitled to receive from the Company, without expense (other than applicable transfer taxes, if any), new securities of like tenor not bearing the applicable legends required by Section 8.2.

#### ARTICLE IX

#### RESERVATION OF STOCK, ETC.

The Company shall at all times reserve and keep available, solely for issuance and delivery upon exercise of the Warrants, the number of shares of Common Stock (or Other Securities) from time to time issuable upon exercise of the Warrants. All shares of Common Stock (or Other Securities) issuable upon exercise of a Warrant shall be duly authorized and, when issued upon such exercise, shall be validly issued and, in the case of shares, fully paid and nonassessable with no liability on the part of the holders thereof, and, in the case of all securities, shall be free from all taxes, liens, security interests, encumbrances, preemptive rights and charges. The transfer agent for the Common Stock, which may be the Company (the “Transfer Agent”), and every subsequent Transfer Agent for any shares of the Company’s capital stock issuable upon the exercise of any of the purchase rights represented by the Warrants, are hereby irrevocably authorized and directed at all times until the Expiration Date to reserve such number of authorized and unissued shares as shall be requisite for such purpose. The Company shall keep copies of each Warrant on file with the Transfer Agent for the Common Stock and with every subsequent Transfer Agent for any shares of the Company’s capital stock issuable upon the exercise of the rights of purchase represented by the Warrants. The Company shall supply such Transfer Agent with duly executed stock certificates for such purpose. All Warrants surrendered upon the exercise of the rights thereby evidenced and not required to be returned to the Holder pursuant hereto shall be canceled. Subsequent to the Expiration Date, no shares of Common Stock need be reserved in respect of any unexercised Warrant.

#### ARTICLE X

##### REGISTRATION AND TRANSFER OF WARRANTS, ETC.

Section 10.1 *Warrant Register; Ownership of Warrants.* Each Warrant issued by the Company shall be numbered and shall be registered in a warrant register (the “Warrant Register”) as it is issued and transferred, which Warrant Register shall be maintained by the Company at its principal office or, at the Company’s election and expense, by a warrant agent or the Transfer Agent. The Company shall promptly notify the Holders in writing of the name and address of any such warrant agent or Transfer Agent appointed by the Company or any successor warrant agent or Transfer Agent. The Company shall be entitled to treat the registered Holder of any Warrant on the Warrant Register as the owner in fact thereof for all purposes and shall not be bound to recognize any equitable or other claim to or interest in such Warrant on the part of any other Person, and shall not be affected by any notice to the contrary, except that, if and when any Warrant is properly assigned in blank, the Company may (but shall not be obligated to) treat the bearer thereof as the owner of such Warrant for all purposes. Subject to Article VIII, a Warrant, if properly assigned (including to an affiliate of the Holder), may be exercised by a new Holder without a new Warrant first having been issued.

Section 10.2. *Transfer of Warrants.* Subject to compliance with Article VIII, if applicable, each Warrant and all rights thereunder are transferable in whole or in part from time to time, without charge to the Holder thereof, upon surrender of such Warrant with a properly executed Assignment in the form of Exhibit C at the principal office of the Company or, if the Warrant Register is then held by a warrant agent or the Transfer Agent, the office of such warrant agent or Transfer Agent where such Warrant Register is held. Each such transferee shall succeed to all of the rights and obligations of the transferring Holder under this Agreement or, if a Warrant is

only partially transferred, the transferring Holder and such transferee shall, simultaneously, hold rights and obligations hereunder in proportion to their respective ownership of the Warrants. Upon any partial transfer, the Company shall at its expense issue and deliver to the Holder a new Warrant of like tenor, in the name of the Holder, which shall be exercisable for a number of shares of Common Stock (or Other Securities) with respect to which rights under such Warrant were not so transferred.

Section 10.3 *Replacement of Warrant*. On receipt by the Company of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of any Warrant and, in the case of any such loss, theft or destruction, on delivery of an indemnity reasonably acceptable to the Company, or, in the case of any such mutilation, on surrender of such Warrant to the Company at its principal office and cancellation thereof, the Company at its expense shall promptly execute and deliver, in lieu thereof, a new Warrant of like tenor.

Section 10.4 *Fractional Shares*. Notwithstanding any provision of this Agreement, the Company shall not be required to issue fractions of shares upon exercise of any Warrant or to distribute certificates which evidence fractional shares. In lieu of fractional shares, the Company shall make payment to the applicable Holder, at the time of exercise of any Warrant as herein provided, in an amount in cash equal to such fraction multiplied by the Exercise Price of a share of Common Stock on the date of such exercise.

## ARTICLE XI

### MISCELLANEOUS

Section 11.1 *Remedies; Specific Performance*. The Company stipulates that there would be no adequate remedy at law to the Holders in the event of any default or threatened default by the Company in the performance of or compliance with any of the terms of this Agreement and accordingly, the Company agrees that, in addition to any other remedy to which any Holder may be entitled at law or in equity, the Holders shall be entitled to specific performance of the obligations of the Company under this Agreement, without the posting of any bond, in accordance with the terms and conditions of this Agreement in any court of the United States or any State thereof having jurisdiction, and if any action should be brought in equity to enforce any of the provisions of this Agreement, the Company shall not raise the defense that there is an adequate remedy at law. Except as otherwise provided by law, a delay or omission by any Holder in exercising any right or remedy accruing upon any such breach or threatened breach shall not impair the right or remedy or constitute a waiver of or acquiescence in any such breach. No remedy shall be exclusive of any other remedy. All available remedies shall be cumulative.

Section 11.2 *No Rights or Liabilities as Shareholder*. Nothing contained in this Agreement shall be construed as conferring upon any Holder any rights as a shareholder of the Company or as imposing any obligation on any Holder to purchase any securities or as imposing any liability on any Holder as a shareholder of the Company, whether such obligation or liability is asserted by the Company or by any creditor of the Company.

Section 11.3 *Notices*. All notices and other communications (and deliveries) provided for or permitted hereunder shall be made in writing by hand delivery, facsimile, a recognized overnight delivery service or first class registered or certified mail, return receipt requested, postage prepaid, addressed: if to the Company, to the Company at its address at:

Patrick Industries, Inc.  
107 West Franklin Street  
Elkhart, IN 46515  
Attention: Andy Nemeth  
Telephone: (574) 294-7511  
Telecopier: (574) 522-5213

with a copy to:

Robert A. Schreck, Jr.  
McDermott Will & Emery LLP  
227 West Monroe Street  
Chicago, IL 60606  
Telephone: (312) 984-7582  
Telecopier: (312) 984-7700;

if to any Holder, at the address specified in Schedule A or in the assignment instrument pursuant to which it became a party hereto; or as to any party, at such other address as shall be designated by such party in a written notice to the other party.

All such notices and communications (and deliveries) shall be deemed to have been duly given: at the time delivered by hand, if personally delivered; when receipt is acknowledged, if sent by facsimile; on the next Business Day, if timely delivered to a recognized overnight delivery service; and five days after being deposited in the mail, if sent first class or certified mail, return receipt requested, postage prepaid; *provided* that the exercise of any Warrant shall be effective in the manner provided in Article II.

Section 11.4 *Amendments*. This Agreement and any term hereof may be amended, modified, supplemented or terminated, and waivers or consents to departures from the provisions hereof may be given, only if set forth in a written instrument duly executed by the Company and each Holder against which enforcement of such amendment, modification, supplement, termination, waiver or consent is sought.

Section 11.5 *Governing Law*. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Indiana (without giving effect to the conflicts of laws principles thereof).

Section 11.6 *Jurisdiction; Consent to Service of Process*. (a) Each party hereto irrevocably and unconditionally (i) submits, for itself and its property, to the nonexclusive jurisdiction of any Indiana State court or Federal court of the United States of America sitting in Indiana, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this



Agreement, or for recognition or enforcement of any judgment; (ii) agrees that all claims in respect of any such action or proceeding may be heard and determined in any such Indiana State court or, to the extent permitted by law, Federal court; (iii) waives, to the fullest extent it may legally and effectively do so, (A) any objection that it may now or hereafter have to the laying of venue of any such action or proceeding in any such court and (B) any defense of an inconvenient forum to the maintenance of any such action or proceeding in any such court; and (iv) agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that any party may otherwise have to bring any action or proceeding relating to this Agreement in the courts of any jurisdiction.

(b) Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 11.3. Nothing in this Agreement will affect the right of any party to this Agreement to serve process in any other manner permitted by law; *provided* that notice of the use of any such alternative means of service shall be provided to each affected party in the manner provided in Section 11.3.

Section 11.7 *Waiver of Jury Trial*. EACH PARTY HERETO (A) IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT; (B) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (C) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 11.7.

Section 11.8 *Registration Rights Agreement*. The shares of Common Stock (and Other Securities) issuable upon exercise of any Warrant (or upon conversion of any shares of Common Stock issued upon such exercise) shall constitute Registrable Securities (as such term is defined in the Registration Rights Agreement). Each Holder of a Warrant shall be entitled to all of the benefits afforded to a holder of any such Registrable Securities under the Registration Rights Agreement and such Holder, by its acceptance of a Warrant, agrees to be bound by and to comply with the terms and conditions of the Registration Rights Agreement applicable to such Holder as a holder of such Registrable Securities.

*[Remainder Intentionally Left Blank]*

IN WITNESS WHEREOF, each party hereto has caused this Agreement to be duly executed as of the date first above written.

PATRICK INDUSTRIES, INC.

By /s/ Andy L. Nemeth  
Name: Andy L. Nemeth  
Title: Executive Vice President - Finance

JPMORGAN CHASE BANK, N.A., individually and as Administrative Agent

By /s/ Michael E. Lewis  
Name: Michael E. Lewis  
Title: Senior Vice President

FIFTH THIRD BANK

By /s/ Craig Ellis  
Name: Craig Ellis  
Title: VP

BANK OF AMERICA, N.A., as successor to LaSalle Bank National Association

By /s/ Thomas J. Flanagan, II  
Name: Thomas J. Flanagan, II  
Title: Senior Vice President

KEY BANK, NATIONAL ASSOCIATION

By /s/ Geoffrey R. Henry  
Name: Geoffrey R. Henry  
Title: V.P.

By /s/ Peter Coates

Name: Peter Coates  
Title: Vice President

ASSOCIATED BANK

By /s/ Viktor R. Gottlieb

Name: Viktor R. Gottlieb  
Title: AVP

NATIONAL CITY BANK

By /s/ Josh Stehlin

Name: Josh Stehlin  
Title: AVP

1<sup>ST</sup> SOURCE BANK

By /s/ Jeff Buhr

Name: Jeff Buhr  
Title: Sr. Vice President

INITIAL HOLDERS AND AGGREGATE NUMBER  
OF INITIAL WARRANT SHARES

<u>Name and Address of Holder</u>	<u>Number of Warrant Shares</u>
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J.P. Morgan Chase Bank, N.A. 1 East Ohio Street, 4 <sup>th</sup> Floor Indianapolis, IN 46204 Attn: Michael Lewis	86182
Fifth Third Bank Maildrop G25511 222 South Riverside Plaza Chicago, IL 60606 Attn: Craig Ellis	77555
Bank of America, N.A. 30 South Meridian Street #800 Indianapolis, IN 46204 Attn: Shawn Bush	70017
Key Bank, National Association 101 S. Main Street Elkhart, IN 46516 Attn: Geoffrey Henry	70017
RBS Citizens, National Association 53 State Street, 9 <sup>th</sup> Floor Boston, MA 02109 Attn: Peter Coates	70017
Associated Bank 401 E Kilbourn Avenue Milwaukee, WI 53202 Attn: Vik Gottlieb	57123
National City Bank	21569
1 <sup>st</sup> Source Bank 100 N. Michigan PO Box 1602 South Bend, IN 46634 Attn: Judd McNally	21569

FORM OF WARRANT

THIS WARRANT AND ANY SECURITIES ACQUIRED UPON THE EXERCISE OF THIS WARRANT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE, AND MAY NOT BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER SUCH ACT AND APPLICABLE STATE SECURITIES LAWS OR PURSUANT TO AN APPLICABLE EXEMPTION TO THE REGISTRATION REQUIREMENTS OF SUCH ACT AND SUCH LAWS. THIS WARRANT AND SUCH SECURITIES MAY NOT BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF EXCEPT IN COMPLIANCE WITH THE CONDITIONS SPECIFIED IN THE WARRANT AGREEMENT (THE "WARRANT AGREEMENT") DATED AS OF DECEMBER 11, 2008 AMONG PATRICK INDUSTRIES, INC. AND THE HOLDERS FROM TIME TO TIME OF THE WARRANTS ISSUED THEREUNDER, PURSUANT TO WHICH THIS WARRANT WAS ISSUED.

THIS WARRANT AND THE SECURITIES REPRESENTED HEREBY ARE SUBJECT TO THE TERMS AND CONDITIONS OF (1) THE WARRANT AGREEMENT AND (2) A SECOND AMENDED AND RESTATED REGISTRATION RIGHTS AGREEMENT DATED AS OF DECEMBER 11, 2008 AMONG PATRICK INDUSTRIES, INC., THE HOLDERS FROM TIME TO TIME OF THE WARRANTS AND THE OTHER STOCKHOLDERS THAT ARE A PARTY THERETO, AS EACH SUCH AGREEMENT MAY BE AMENDED, MODIFIED, SUPPLEMENTED, RESTATED OR OTHERWISE CHANGED FROM TIME TO TIME.

PATRICK INDUSTRIES, INC.

COMMON STOCK PURCHASE WARRANT

No.W-

December 11, 2008

Warrant to Purchase  
\_\_\_\_\_ Shares of Common Stock

PATRICK INDUSTRIES, INC., an Indiana corporation (the "Company"), for value received, hereby certifies that \_\_\_\_\_ or its registered assigns (the "Holder") is entitled to purchase from the Company that number of duly authorized, validly issued, fully paid and nonassessable shares of Common Stock, without par value, of the Company (the "Common Stock") set forth above, at a purchase price per share equal to the Exercise Price, at any time or from time to time on or after the date hereof, but prior to 11:59 p.m., New York City time, on

December 11, 2018, all subject to the terms, conditions and adjustments set forth in the Warrant Agreement dated as of December 11, 2008 among the Company and the holders from time to time of the Warrants issued thereunder (the "Warrant Agreement"). Capitalized terms used and not otherwise defined herein have the meanings assigned such terms in the Warrant Agreement.

This Warrant is one of the Warrants (such term to include any such warrants issued in substitution therefor) referred to and issued under the Warrant Agreement. The number of shares of Common Stock issuable upon exercise of this Warrant as set forth on the face hereof is subject to certain adjustments as provided in the Warrant Agreement. The Holder is entitled to certain benefits as set forth in the Second Amended and Restated Registration Rights Agreement dated as of December 11, 2008 among the Company, the Holders from time to time of the Warrants and the other stockholders that are a party thereto (the "Registration Rights Agreement"). Copies of the Warrant Agreement and the Registration Rights Agreement are available from the Company at no charge upon the request of the Holder.

Dated: December 11, 2008

PATRICK INDUSTRIES, INC.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

FORM OF  
ELECTION TO PURCHASE SHARES

The undersigned irrevocably elects to exercise the Warrant to purchase shares of Common Stock, without par value ("Common Stock"), of PATRICK INDUSTRIES, INC. and hereby makes payment of \$ \_\_\_\_\_ therefor in accordance with the terms of the Warrant Agreement dated as of December 11, 2008 pursuant to which the Warrant was issued, against delivery of stock certificates representing such shares. The undersigned requests that certificates for such shares be issued and delivered as follows:

If the number of shares of Common Stock purchased (and/or reduced) hereby is less than the total number of Shares then covered by the Warrant, the undersigned requests that this Warrant, which shall note the number of shares of Common Stock issued to date, be delivered to the holder as follows:

Dated: \_\_\_\_\_

\_\_\_\_\_  
[Insert name of holder on line above]\*

By: \_\_\_\_\_  
Name:  
Title:

\* Name of Holder must conform in all respects to name of holder as specified on the face of the Warrant.



FORM OF ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers unto the Assignee named below all of the rights of the undersigned to purchase Common Stock, without par value ("Common Stock"), of PATRICK INDUSTRIES, INC. represented by the Warrant, with respect to the number of shares of Common Stock set forth below:

**Name of Assignee**

**Address**

**Number of Shares**

and does hereby irrevocably constitute and appoint attorney \_\_\_\_\_ to make such transfer on the books of PATRICK INDUSTRIES, INC. maintained for that purpose, with full power of substitution in the premises.

Dated: \_\_\_\_\_

\_\_\_\_\_  
[Insert name of holder on line above]\*

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

\* Name of Holder must conform in all respects to name of holder as specified on the face of the Warrant.

PATRICK INDUSTRIES, INC.

SECOND AMENDED AND RESTATED  
REGISTRATION RIGHTS AGREEMENT

This Second Amended and Restated Registration Rights Agreement (the "Agreement") is made this 11th day of December, 2008, by and among Patrick Industries, Inc., an Indiana corporation (the "Company"), and the stockholders of the Company identified on the signature page hereto (individually a "Stockholder" and collectively the "Stockholders"). This Second Amended and Restated Registration Rights Agreement amends and restates in its entirety that certain Amended and Restated Registration Rights Agreement (the "Amended and Restated Registration Rights Agreement") dated May 18, 2007, among the Company, Tontine Capital Partners, L.P. ("Tontine Capital") and Tontine Capital Overseas Master Fund, L.P. ("Tontine Overseas" and, together with Tontine Capital, the "Tontine Stockholders")

AGREEMENT

The parties hereby agree as follows:

1. **REGISTRATION RIGHTS.** The Company and the Stockholders covenant and agree as follows:

1.1 **Definitions.** For purposes of this Agreement:

(a) The term "Adverse Disclosure" means public disclosure of material non-public information relating to a significant transaction, which disclosure (i) would be required to be made in any Registration Statement filed with the SEC by the Company so that such Registration Statement would not be materially misleading; (ii) would not be required to be made at such time but for the filing of such Registration Statement; and (iii) would, in the good faith judgment of the Company's Board of Directors, have a material adverse effect upon the Company's ability to complete such significant transaction or upon the terms on which such significant transaction could be completed

(b) The term "Common Stock" means the common stock of the Company, without par value, including the preferred share purchase rights which accompany each share.

(c) The term "Exchange Act" means the Securities Exchange Act of 1934, as amended, or successor statute, and the rules and regulations of the SEC promulgated thereunder.

(d) The term "Holder" means a Stockholder that is a holder of Registrable Securities and any transferees of such Stockholder under Section 1.11 hereof who hold Registrable Securities.

(e) The term "Majority Holders of the Registrable Securities" means those Holders holding a majority of the Registrable Securities.

(f) The term “Majority Holders of the Warrant Shares” means those Holders holding Warrants to purchase a majority of the Warrant Shares.

(g) The terms “register,” “registered,” and “registration” refer to a registration effected by preparing and filing a registration statement or similar document in compliance with the Securities Act of 1933, as amended, or successor statute, and applicable rules and regulations thereunder (the “Securities Act”), and the declaration or ordering of effectiveness of such registration statement or document by the SEC;

(h) The term “Registrable Securities” means (i) the shares of Common Stock acquired by the Tontine Stockholders pursuant to a certain Stock Purchase Agreement dated September 13, 2005, between the Company and Tontine Capital, and a certain Securities Purchase Agreement, dated April 10, 2007, among the Company, Tontine Capital and Tontine Capital, and so long as this Agreement is still in effect, any other shares of Common Stock acquired by the Stockholders on or after the date of the Amended and Restated Registration Rights Agreement, (ii) any securities of the Company acquired by the Tontine Stockholders in the registered rights offering completed by the Company on June 26, 2008, (iii) any securities of the Company acquired by the holders from time to time upon exercise of the warrants (the “Warrants”) to purchase shares of Common Stock (the “Warrant Shares”) issued pursuant to a certain Warrant Agreement, dated December 11, 2008, among the Company and such holders, and (iv) any other shares of the Company’s Common Stock issued as a dividend or other distribution with respect to, or in exchange for or in replacement of, the shares listed in (i), (ii) or (iii) (because of stock splits, stock dividends, reclassifications, recapitalizations or similar events); provided, however, that the foregoing definition shall exclude in all cases any Registrable Securities (x) which are effectively registered under the Securities Act and disposed of in accordance with a Registration Statement covering such shares, (y) which have been transferred pursuant to Rule 144 under the Securities Act or any similar rule or regulation hereafter adopted by the SEC (“Rule 144”), or (z) which are no longer beneficially owned by any Holder;

(i) The term “Registration Statement” means one or more Shelf Registration Statements on Form S-3 registering the resale of Registrable Securities, or such other registration statements filed by the Company under the Securities Act, including the prospectuses, amendments and supplements to such registration statements, including post-effective amendments, all exhibits and all material incorporated by reference in such registration statements.

(j) The term “SEC” means the Securities and Exchange Commission, or any other Federal agency at the time administering the Securities Act;  
and

(k) The term “Shelf Registration Statement” means one or more “shelf” Registration Statements on Form S-3 filed under the Securities Act providing for the registration of, and the sale on a continuous or delayed basis by the Holders of, all of the Registrable Securities pursuant to Rule 415 under the Securities Act and/or any similar rule that may be adopted by the SEC, filed by the Company pursuant to the provisions of Section 1.2 of this Agreement.

(l) The term “Underwritten Offering” means a registration under this Agreement in which securities of the Company are sold to an underwriter on a firm commitment basis for reoffering to the public.

1.2 **Registration.**

(a)(i) The Company shall use its reasonable best efforts to keep the Registration Statement on Form S-3 (SEC File No. 333-145430) filed pursuant to the Amended and Restated Registration Rights Agreement continuously effective for a period of five (5) years after the Registration Statement first became effective, subject to the terms of this Agreement. The Company shall promptly amend such Registration Statement from time to time to include any Registrable Securities that are issued at any time after the original filing upon written notice to the Company by any Holder regarding the request for registration of such newly issued Registrable Securities.

(ii) Within one hundred and twenty (120) days of the date hereof, the Company shall file a Registration Statement on Form S-3 under the Securities Act registering the resale under Rule 415 under the Securities Act of all of the Registrable Securities that may be issued upon the exercise of the Warrants. The Registration Statement shall provide for the resale from time to time, and pursuant to any method or combination of methods legally available on Form S-3, by the Holders of any and all Registrable Securities that may be issued upon the exercise of the Warrants, such methods of distribution to be provided in writing to the Company no later than seven (7) days prior to the effective date of the Registration Statement with the SEC. The Company shall use its reasonable best efforts to cause the Registration Statement to be declared effective under the Securities Act as soon as possible, but in any event, no later than sixty (60) days from the date of filing, and shall use its reasonable best efforts to keep the Registration Statement continuously effective for a period of five (5) years after such Registration Statement first becomes effective, subject to the terms of this Agreement. The Company shall promptly amend such Registration Statement from time to time to include any Registrable Securities that are issued at any time after the original filing upon written notice to the Company by any Holder regarding the request for registration of such newly issued Registrable Securities.

(iii) Within thirty (30) days of the date hereof, the Company shall file a Registration Statement on Form S-3 under the Securities Act registering the resale under Rule 415 under the Securities Act of all of the Registrable Securities that have been issued to the Tontine Stockholders after the date of the Amended and Restated Registration Rights Agreement. The Registration Statement shall provide for the resale from time to time, and pursuant to any method or combination of methods legally available on Form S-3, by the Holders of any and all Registrable Securities that have been issued after the date of the Amended and Restated Registration Rights Agreement, such methods of distribution to be provided in writing to the Company no later than seven (7) days prior to the effective date of the Registration Statement with the SEC. The Company shall use its reasonable best efforts to cause the Registration Statement to be declared effective under the Securities Act as soon as possible, but in any event, no later than sixty (60) days from the date of filing, and shall use its reasonable best efforts to

keep the Registration Statement continuously effective for a period of five (5) years after such Registration Statement first becomes effective, subject to the terms of this Agreement. The Company shall promptly amend such Registration Statement from time to time to include any Registrable Securities that are issued at any time after the original filing upon written notice to the Company by any Holder regarding the request for registration of such newly issued Registrable Securities.

(b) If for any reason the SEC does not permit all of the Registrable Securities to be included in a Registration Statement filed pursuant to Section 1.2(a) or Section 1.3 below or for any other reason all Registrable Securities are not then included in such an effective Registration Statement, then the Company shall prepare and file as soon as reasonably possible after the date on which the SEC shall indicate as being the first date or time that such filing may be made an additional Registration Statement covering the resale of all Registrable Securities not already covered by an existing and effective Registration Statement for an offering to be made on a continuous basis pursuant to Rule 415. Each such Registration Statement shall provide for the resale from time to time, and pursuant to any method or combination of methods legally available on Form S-3 by the Holders of any and all Registrable Securities, such methods of distribution to be provided in writing to the Company no later than seven (7) days prior to the effective date of the Registration Statement with the SEC. The Company shall use its reasonable best efforts to cause each such Registration Statement to be declared effective and to keep the Registration Statement continuously effective for a period of five (5) years after the Registration Statement first becomes effective.

### 1.3 **Request for Registration.**

(a) Subject to Section 1.3(h), if the Company shall receive a written request from the Majority Holders of the Registrable Securities then outstanding or the Majority Holders of the Warrant Shares (the “Initiating Stockholders”) that the Company file a Registration Statement on Form S-3 under the Securities Act registering the resale of all or part of such Holders’ Registrable Securities, the Company will promptly give written notice of such requested registration to all other Holders, and thereupon the Company will use its reasonable best efforts to file with the SEC as soon as reasonably practicable following such demand request (but in no event later than the date that is ninety (90) days after the demand request) such Registration Statement. The Company shall use its reasonable best efforts to cause such Registration Statement to be declared effective by the SEC within ninety (90) days after the initial filing of the Registration Statement. The Company shall include in such Registration Statement the Registrable Securities which the Company has been so requested to be registered by the Initiating Holders and all other Registrable Securities the Holders of which shall have made a written request to the Company for registration thereof within thirty (30) days after the giving of such written notice by the Company.

(b) If the Holders of not less than 50% of the Registrable Securities covered by a Registration Statement filed pursuant to Section 1.2 or Section 1.3 so elect, the offering of Registrable Securities pursuant to such Registration Statement shall be in the form of an Underwritten Offering and the Company shall amend or supplement the Registration Statement, if appropriate. Such Holders shall have the right to select the managing underwriter or

underwriters to administer the offering, subject to the approval of the Company, which approval shall not be unreasonably withheld or delayed.

(c) A registration requested pursuant to this Section 1.3 shall not be deemed to have been effected unless a Registration Statement with respect thereto has become effective; provided, that a Registration Statement that does not become effective after the Company has filed a Registration Statement with respect thereto solely by reason of the refusal to proceed of the Initiating Stockholders shall be deemed to have been effected by the Company at the request of the Initiating Stockholders.

(d) The Company shall use its reasonable best efforts to keep any Registration Statement filed pursuant to this Section 1.3 continuously effective for a period of five (5) years after the Registration Statement first becomes effective. In the event the Company shall give any notice pursuant to Section 1.3(i) or Section 1.5(d), the time period mentioned in this Section 1.3(d) (or in Section 1.2 above) during which the required Registration Statement is to remain effective shall be extended by the number of days during the period from and including the date of the giving of such notice pursuant to Section 1.3(i) or Section 1.5(d) to and including the date when each Holder covered by the Registration Statement shall have received the copies of the supplemented or amended prospectus contemplated by Section 1.5(g) or shall have otherwise been notified by the Company that the Suspension has been lifted.

(e) Notwithstanding the foregoing, if the Company shall furnish to the Holders a certificate signed by the President of the Company stating that in the good faith judgment of the Board of Directors of the Company, it would be seriously detrimental to the Company and its stockholders for such Registration Statement to be filed and it is therefore advisable to defer the filing of such Registration Statement, the Company shall have the right to defer such filing for a period of not more than ninety (90) days after receipt of the written request of the Initiating Stockholders.

(f) The Company shall not be obligated to effect, or to take any action to effect, any registration pursuant to this Section 1.3 during the period starting with the date ninety (90) days prior to the Company's good faith estimate of the date of filing of, and ending on the later of a date ninety (90) days after the effective date of, a Registration Statement subject to Section 1.4 hereof.

(g) Notwithstanding the foregoing, the Company shall not be required to effect a registration pursuant to this Section 1.3 after the Company has effected two (2) registrations pursuant to this Section 1.3 and such registrations have been declared or ordered effective.

(h) The right of the Holders to register Registrable Securities pursuant to this Section 1.3 is only exercisable if the Registrable Securities were not included in the Registration Statement contemplated by Section 1.2(a) or such Registration Statement otherwise becomes unusable (other than due solely to some act or omission by the Holders electing to have Registrable Securities registered pursuant to such Registration Statement) and the Company is not able to restore the usability of the Registration Statement as contemplated by this Agreement.

(i) If the filing of the Registration Statement or the continued effectiveness of the Registration Statement at any time would require the Company to make an Adverse Disclosure, the Company may, upon giving prompt written notice of such action to the Holders, delay filing the Registration Statement or suspend use of the Registration Statement (in either case, a "Suspension"); provided, however, the Company shall not be permitted to exercise a Suspension (i) more than twice during any twelve (12) month period, (ii) for a period exceeding thirty (30) days on any one occasion, or (iii) for an aggregate period exceeding sixty (60) days in any twelve (12) month period. In the case of a Suspension, the notice required above shall request the Holders to suspend any sale or purchase, or offer to sell or purchase the Registrable Securities, and to suspend use of the prospectus related to the registration in connection with any such sale or purchase or offer to sell or purchase. The Company shall promptly notify the holders upon the termination of any Suspension, and amend or supplement the prospectus, if necessary, so it does not contain any untrue statement or omission therein and furnish to the Holders such numbers of copies of the prospectus as so amended or supplemented as the Holders may reasonably request.

#### 1.4 Company Registration.

(a) The Company shall notify all Holders in writing at least thirty (30) days prior to the filing of a Registration Statement (including, but not limited to, a Registration Statement relating to secondary offerings of securities of the Company, but excluding (i) Registration Statements relating solely to employee benefit plans or debt securities, (ii) Registration Statements solely with respect to corporate reorganizations or other transactions under Rule 145 of the Securities Act, (iii) a registration on any registration form that does not permit secondary sales), and (iv) any Registration Statement filed to register Registrable Securities that have been issued to the Tontine Stockholders after the date of the Amended and Restated Registration Rights Agreement pursuant to Section 1.2(a)(iii)), and such notice shall describe the proposed registration and distribution.

(b) Each Holder desiring to include in any such Registration Statement all or any part of the Registrable Securities held by it shall, within fifteen (15) days after the above-described notice from the Company, so notify the Company in writing. The Company shall, subject to Section 1.7, afford each such Holder an opportunity to include in such Registration Statement all or part of such Registrable Securities held by such Holder.

(c) If the Registration Statement is to be filed in connection with an Underwritten Offering, all Holders proposing to distribute their securities through such underwriting shall enter into an underwriting agreement in customary form with the underwriter or underwriters selected for such underwriting. The Company shall use its reasonable best efforts to cause the managing underwriter or underwriters of a proposed underwritten offering to permit the Registrable Securities to be included in a Registration Statement under this Section 1.4 to be included on the same terms and conditions as any similar securities of the Company or any other security holder included therein and to permit the sale or other disposition of such Registrable Securities in accordance with the intended method of distribution thereof.

(d) Any Holder shall have the right to withdraw its request for inclusion of its Registrable Securities in any Registration Statement pursuant to this Section 1.4

by giving written notice to the Company of its request to withdraw prior to the filing of the Registration Statement.

(e) If a Holder decides not to include all of its Registrable Securities in any Registration Statement thereafter filed by the Company, such Holder shall nevertheless continue to have the right to include any Registrable Securities in any subsequent Registration Statement or Registration Statements as may be filed by the Company with respect to offerings of its securities, all upon the terms and conditions set forth herein. The Company shall have the right to terminate or withdraw any registration initiated by it under this Section 1.4 prior to the effectiveness of such registration whether or not any Holder has elected to include securities in such registration.

(f) In connection with any Underwritten Offering by the Company of its Common Stock pursuant to which a Holder is entitled to include its Registrable Securities pursuant to this Section 1.4, such Holder, if requested in good faith by the Company and the managing underwriter of the Underwritten Offering, shall agree not to, directly or indirectly, offer, sell, pledge, contract to sell (including any short sale), grant any option to purchase or otherwise dispose of any equity securities of the Company held by such Holder (except for any securities sold pursuant to such Registration Statement) or enter into any hedging transaction relating to any equity securities of the Company for a period not to exceed ninety (90) days following the effective date of the applicable Registration Statement as agreed to by such parties; provided, that the Holders' obligations under this paragraph (f) shall be conditioned upon all officers and directors entering into similar agreements with such managing underwriter. For purposes of this Section 1.4, "hedging transaction" means any short sale (whether or not against the box) or any purchase, sale or grant of any right (including without limitation, any put or call option) with respect to any equity security (other than a broad-based market basket or index) that includes, relates to or derives any significant part of its value from the Common Stock.

1.5 **Obligations of the Company.** Whenever required under Section 1 to effect the registration of any Registrable Securities, the Company will use its reasonable best efforts to effect the registration of Registrable Securities pursuant to this Agreement in accordance with the intended methods of disposition thereof, and pursuant thereto the Company will as expeditiously as possible:

(a) Prepare and file with the SEC a Registration Statement with respect to such Registrable Securities and use its reasonable best efforts to cause such Registration Statement to become effective, and keep such Registration Statement effective for the period provided for in this Agreement.

(b) Promptly prepare and file with the SEC such amendments and supplements to such Registration Statement and the prospectus used in connection with such Registration Statement as may be necessary to comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such Registration Statement for the period provided for in this Agreement.

(c) Promptly furnish to each Holder of Registrable Securities such numbers of copies of such Registration Statement, each amendment and supplement thereto, the



prospectus included in the Registration Statement in conformity with the requirements of the Securities Act, and such other documents as they may reasonably request in order to facilitate the disposition of Registrable Securities owned by them.

(d) Promptly notify each Holder of Registrable Securities covered by such Registration Statement at any time when a prospectus relating thereto is required to be delivered under the Securities Act of: (i) the happening of any event as a result of which the prospectus included in such Registration Statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing, (ii) the issuance by the SEC of any stop order suspending the effectiveness of a Registration Statement or the initiation of any proceedings for that purpose, and (iii) the receipt by the Company of any notification with respect to the suspension of the qualification or exemption from qualification of any of the Registrable Shares for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose.

(e) Use its reasonable best efforts to cause all such Registrable Securities registered pursuant hereto to be listed on Nasdaq or each securities exchange on which similar securities issued by the Company are then listed.

(f) Provide each Holder of Registrable Securities with a reasonable opportunity to review and comment on the Registration Statement prior to its filing with the SEC.

(g) If there has occurred any event as a result of which the prospectus included in such Registration Statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing, the Company will use its reasonable best efforts to prepare and furnish to each Holder a reasonable number of copies of a supplement or amendment to such prospectus so that, as thereafter delivered to the purchasers of such Registrable Securities, such prospectus will not contain an untrue statement of a material fact or omit to state any fact necessary to make the statements therein not misleading in the light of the circumstances then existing.

(h) In the event of the issuance by the SEC of any stop order suspending the effectiveness of a Registration Statement, or of any order suspending or preventing the use of any related prospectus or suspending the qualification of any securities included in the Registration Statement for sale in any jurisdiction, the Company will use its reasonable best efforts to promptly obtain the withdrawal of such order.

(i) Cooperate with each seller of Registrable Securities and their counsel in connection with any filings required to be made with the National Association of Securities Dealers.

(j) Use its reasonable best efforts to register or qualify such Registrable Securities under such other state securities or blue sky laws as the selling Holders selling such Registrable Securities reasonably requests and do any and all other acts and things

which may be reasonably necessary or reasonably advisable to enable such Holder to consummate the disposition in such jurisdictions of the Registrable Securities owned by such Holder and to keep each such registration or qualification (or exemption therefrom) effective during the period which the Registration Statement is required to be kept effective (provided, that the Company will not be required to (i) qualify generally to do business in any jurisdiction where it would not otherwise be required to qualify but for this subparagraph, (ii) subject itself to taxation in any such jurisdiction or (iii) consent to general service of process in any such jurisdiction).

(k) Enter into such customary agreements (including underwriting agreements containing customary representations and warranties) and take all other customary and appropriate actions as the Holders of the Registrable Securities being sold or the managing underwriters, if any, reasonably request in order to expedite or facilitate the disposition of such Registrable Securities.

(l) With respect to an Underwritten Offering pursuant to any Registration Statement filed under Section 1.2 or Section 1.3, obtain one or more comfort letters, dated the effective date of the Registration Statement and, if required by the managing underwriters, dated the date of the closing under the underwriting agreement, signed by the Company's independent public accountants in customary form and covering such matter of the type customarily covered by comfort letters in similar transactions.

(m) With respect to an Underwritten Offering pursuant to any Registration Statement filed under Section 1.2 or Section 1.3, obtain a legal opinion of the Company's outside counsel, dated the effective date of such Registration Statement and, if required by the managing underwriters, dated the date of the closing under the underwriting agreement, with respect to the Registration Statement, each amendment and supplement thereto, the prospectus included therein (including the preliminary prospectus) and such other documents relating thereto in customary form and covering such matters of the type customarily covered by legal opinions in similar transactions.

(n) Take all other steps reasonably necessary to effect the registration of the Registrable Securities contemplated hereby.

1.6 **Furnish Information.** It shall be a condition precedent to the obligations of the Company to take any action pursuant to this Section 1 with respect to the Registrable Securities of any Holder that such Holder shall furnish to the Company such information regarding itself, the Registrable Securities held by it, and the intended method of disposition of such securities as shall reasonably be required to effect the registration of such Holder's Registrable Securities.

1.7 **Expenses of Registration.** All expenses, other than underwriting discounts and commissions ("Selling Expenses"), incurred in connection with registrations, filings or qualifications of Registrable Securities pursuant to Section 1 for each Holder, including (without limitation) all registration, filing, and qualification fees, printers' and accounting fees and fees and disbursements of counsel for the Company and any other person or entity retained by the Company, shall be borne by the Company, and the Company will pay its internal expenses

(including without limitation all salaries and expenses of the Company's employees performing legal or accounting duties) and the expenses and fees for listing or approval for trading of the securities to be registered on each securities exchange on which similar securities issued by the Company are then listed or quoted. All Selling Expenses and the fees and disbursements of counsel for the Holders incurred in connection with any registrations hereunder shall be borne by the Holders of the securities so registered, *pro rata* on the basis of the number of shares so registered. In connection with any Registration Statement filed hereunder, the Company will pay the reasonable fees and expenses of a single counsel retained by the Holders of a majority (by number of shares) of the Registrable Securities requested to be included in such Registration Statement.

1.8 **Underwriting Requirements.** In connection with any Underwritten Offering, the Company shall not be required under Section 1.4 to include any of the Holders' securities in such underwriting, unless they accept the terms of the underwriting as agreed upon between the Company and the underwriters selected by it (or by other persons entitled to select the underwriters), and then only in such quantity as the underwriters determine in their sole discretion will not jeopardize the success of the offering by the Company. If the total amount of securities, including Registrable Securities, requested by Stockholders to be included in such offering exceeds an amount that the underwriters determine in their sole discretion is compatible with the success of the offering, then the Company shall be required to include in the offering only that number of such securities, including Registrable Securities, which the underwriters determine in their sole discretion will not jeopardize the success of the offering. In such event: (x) in cases initially involving the registration for sale of securities for the Company's own account, securities shall be registered in such offering in the following order of priority: (i) first, the securities which the Company proposes to register, (ii) second, the Warrant Shares, and (iii) third, Registrable Securities and securities which have been requested to be included in such registration by persons entitled to exercise "piggy-back" registration rights pursuant to contractual commitments of the Company (pro rata based on the amount of securities sought to be registered by Holders and such other persons); and (y) in cases not initially involving the registration for sale of securities for the Company's own account, securities shall be registered in such offering in the following order of priority: (i) first, the securities of any person whose exercise of a "demand" registration right pursuant to a contractual commitment of the Company is the basis for the registration, (ii) second, the Warrant Shares, (iii) third, Registrable Securities and securities which have been requested to be included in such registration by persons entitled to exercise "piggy-back" registration rights pursuant to contractual commitments of the Company (pro rata based on the amount of securities sought to be registered by Holders and such other persons), and (iv) fourth, the securities which the Company proposes to register.

No Holder may participate in any Underwritten Offering hereunder unless such Holder (a) agrees to sell such Holder's securities on the basis provided in any underwriting arrangements approved by the person or persons entitled hereunder to approve such arrangements and (b) completes and executes all questionnaires, powers of attorney, indemnities, underwriting arrangements and other documents reasonably required under the terms of such underwriting arrangements.

1.9 **Delay of Registration.** No Holder shall have any right to obtain or seek an injunction restraining or otherwise delaying any such registration as the result of any controversy that might arise with respect to the interpretation or implementation of this Section 1.

1.10 **Indemnification.** In the event any Registrable Securities are included in a Registration Statement under this Section 1:

(a) To the extent permitted by law, the Company will indemnify and hold harmless each Holder, and its general or limited partners, officers, directors, members, managers, employees, advisors, representatives, agents and affiliates (collectively, the "Representatives"), and each underwriter, if any, and each person, if any, who controls such Holder or underwriter within the meaning of the Securities Act or the Securities Exchange Act of 1934, as amended (the "Exchange Act"), against any losses, claims, damages, or liabilities (joint or several) to which they may become subject under the Securities Act, the Exchange Act or other federal or state law, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any of the following statements, omissions or violations (collectively a "Violation"): (i) any untrue statement or alleged untrue statement of a material fact contained in such Registration Statement, including any preliminary prospectus, or final prospectus contained therein or any amendments or supplements thereto, (ii) the omission or alleged omission to state therein a material fact required to be stated therein, or necessary to make the statements therein not misleading, or (iii) any violation or alleged violation by the Company of the Securities Act, the Exchange Act, or any rule or regulation promulgated under the Securities Act or the Exchange Act; and the Company will pay to each such Holder, Representative, underwriter or controlling person, as incurred, any legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, liability or action; provided, however, that the indemnity agreement contained in this subsection 1.10(a) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of the Company (which consent shall not be unreasonably withheld) unless the Company shall have failed to pay the legal or other expenses as incurred in accordance with the foregoing provision, nor shall the Company be liable to any Holder, Representative, underwriter or controlling person for any such loss, claim, damage, liability or action to the extent that it arises out of or is based upon a Violation which occurs in reliance upon and in conformity with written information furnished expressly for use in connection with such registration by any such Holder, Representative, underwriter or controlling person. Each Holder shall be entitled to reimbursement from the Company for any out-of-pocket losses actually incurred by such Holder to the extent that such Holder suffers such losses as a result of such Holder's inability to make delivery of sold securities due to the Company's breach of its commitment to provide timely notice as required by Section 1.5(d).

(b) To the extent permitted by law, each selling Holder, severally and not jointly, will indemnify and hold harmless the Company, and its Representatives, each person, if any, who controls the Company within the meaning of the Securities Act or the Exchange Act, any underwriter, and any controlling person of any such underwriter, against any losses, claims, damages or liabilities (joint or several) to which any of the foregoing persons may become subject, under the Securities Act, the Exchange Act or other federal or state law, insofar as such losses, claims, damages or liabilities (or actions in respect thereto) arise out of or are based upon any Violation, in each case to the extent (and only to the extent) that such Violation occurs in reliance upon and in conformity with written information furnished by such Holder expressly for use in connection with such registration; provided, however, that the indemnity agreement contained in this subsection 1.10(b) shall not apply to amounts paid in settlement of any such

loss, claim, damage, liability or action if such settlement is effected without the consent of such Holder, which consent shall not be unreasonably withheld. The obligation of each Holder to indemnify the Company and its Representatives shall be limited to the net proceeds received by such Holder from the sale of Registrable Securities under such Registration Statement. In no event, however, shall any Holder be liable for indirect, incidental or consequential or special damages of any kind.

(c) Promptly after receipt by an indemnified party under this Section 1.10 of notice of the commencement of any action (including any governmental action), such indemnified party will, if a claim in respect thereof is to be made against any indemnifying party under this Section 1.10, deliver to the indemnifying party a written notice of the commencement thereof and the indemnifying party shall have the right to participate in, and, to the extent the indemnifying party so desires, jointly with any other indemnifying party similarly noticed, to assume the defense thereof with counsel mutually satisfactory to the parties; provided, however, that an indemnified party (together with all other indemnified parties which may be represented without conflict by one counsel) shall have the right to retain one separate counsel, with the reasonable fees and expenses to be paid by the indemnifying party, if representation of such indemnified party by the counsel retained by the indemnifying party would be inappropriate due to actual or potential conflicting interests between such indemnified party and any other party represented by such counsel in such proceeding. The failure to deliver written notice to the indemnifying party within a reasonable time of the commencement of any such action shall relieve such indemnifying party of liability to the indemnified party under this Section 1.10 to the extent that the indemnifying party has been prejudiced thereby.

(d) If the indemnification provided for in this Section 1.10 is held by a court of competent jurisdiction to be unavailable to an indemnified party with respect to any loss, liability, claim, damage or expense referred to therein, then the indemnifying party, in lieu of indemnifying such indemnified party hereunder, shall contribute to the amount paid or payable by such indemnified party as a result of such loss, liability, claim, damage, or expense in such proportion as is appropriate to reflect the relative fault of the indemnifying party on the one hand and of the indemnified party on the other in connection with the statements or omissions that resulted in such loss, liability, claim, damage or expense as well as any other relevant equitable considerations. The relative fault of the indemnifying party and of the indemnified party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission to state a material fact relates to information supplied by the indemnifying party or by the indemnified party and the parties' relative intent, knowledge, access to information, and opportunity to correct or prevent such statement or omission.

(e) The obligations of the Company and the Holders under this Section 1.10 shall survive the completion of any offering of Registrable Securities in a Registration Statement under this Section 1, and otherwise.

1.11 **Assignment of Registration Rights.** The rights to cause the Company to register Registrable Securities pursuant to this Section 1 may be transferred or assigned by a Holder provided that (i) the Company is furnished with written notice of the name and address of such transferee or assignee and the securities with respect to which such registration rights are being assigned; (ii) such transferee agrees in writing to be subject to all restrictions set forth in

this Agreement as though it were a Holder and shall thereafter be deemed to be a Holder for all purposes of this Agreement; and (iii) such assignment shall be effective only if and to the extent immediately following such transfer the further disposition of such securities by the transferee or assignee is not eligible to be made without any conditions under Rule 144.

1.12 **Additional Stockholder Covenants**. Each Holder agrees that, upon receipt of any notice from the Company of the happening of any event of the kind described in Section 1.3(i) or Section 1.5(d) hereof, such Holder shall forthwith discontinue disposition of such Registrable Shares covered by such Registration Statement or prospectus until such Holder's receipt of the copies of the supplemented or amended prospectus contemplated by Section 1.5(g) hereof, or until it is advised in writing (the "Advice") by the Company that the use of the applicable prospectus may be resumed, and has received copies of any amended or supplemented prospectus or any additional or supplemental filings which are incorporated, or deemed to be incorporated, by reference in such prospectus and, if requested by the Company, such Holder shall deliver to the Company (at the expense of the Company) all copies, other than permanent file copies then in such Holder's possession, of the prospectus covering such Registrable Shares at the time of receipt of such request. Each Holder further agrees not to utilize any material other than the applicable current prospectus in connection with the offering of Registrable Shares pursuant to this Agreement.

1.13 **Termination of Registration Rights**. All registration rights granted under this Agreement with respect to a Holder shall terminate and be of no further force and effect when such Holder no longer beneficially owns any Registrable Securities.

## 2. **ADDITIONAL COMPANY OBLIGATIONS.**

2.1 **Current Public Information**. The Company covenants that it will use its reasonable best efforts to timely file all reports required to be filed by it under the Exchange Act, and will use its reasonable best efforts to take such further action as a Holder may reasonably request, all to the extent required to enable the Holders of Registrable Securities to sell Registrable Securities pursuant to Rule 144. The Company shall, upon the request of a Holder, deliver to such Holder a written statement as to whether it has complied with such requirements during the twelve (12) month period immediately preceding the date of such request.

## 3. **MISCELLANEOUS.**

3.1 **Successors and Assigns**. Except as otherwise provided in this Agreement, the terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective permitted successors and permitted assigns of the parties. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and assigns any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

3.2 **Amendments and Waivers**. Any term of this Agreement may be amended or waived with the written consent of the Company, the Majority Holders of the Registrable Securities and the Majority Holders of the Warrant Shares; provided, however, that the consent of the Majority Holders of the Warrant Shares shall not be required with respect to

matters that would not materially affect any Holder of the Warrant Shares. Any amendment or waiver effected in accordance with this paragraph shall be binding upon each Holder and its permitted successors and assigns.

3 . 3 **Notices.** All notices, consents, waivers and other communications under this Agreement must be in writing (which shall include telecopier or electronic communication) and will be deemed to have been duly given if delivered by hand or by nationally recognized overnight delivery service (receipt requested), or by telecopy if confirmed by receipted overnight delivery service, if to a Holder, at the address listed on the signature page hereto or the most current address given by such Holder to the Company by means of a notice given in accordance with the provisions of this Section 3.3, and if to the Company, as follows:

Company: Patrick Industries, Inc.  
107 West Franklin Street  
Elkhart, Indiana 46516  
Attention: Andy Nemeth  
Telephone: (574) 294-7511  
Telecopy: (574) 522-5213  
Email: nemetha@patrickind.com

with a copy to: McDermott Will and Emery LLP  
227 West Monroe Street  
Chicago, Illinois 60606-5096  
Attention: Robert A. Schreck, Jr.  
Telephone: (312) 984-7582  
Telecopy: (312) 984-7700  
Email: rschreck@mwe.com

Except as otherwise provided herein, all such notices, consents, waivers and other communications shall be effective: (a) if delivered by hand, when delivered; (b) if delivered by overnight express delivery service, on the next business day after deposit with such service; and (c) if by telecopier or electronic mail, on the next business day of transmission if also confirmed by mail in the manner provided in this Section.

3 . 4 **Severability.** If any term, provision, covenant or restriction of this Agreement is held by any governmental authority or a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

3 . 5 **Governing Law.** This Agreement shall be governed in all respects, including validity, interpretation and effect, by the internal laws of the State of Indiana, without regard to the principles of conflict of laws. Any disputes arising out of or in connection with this Agreement shall be adjudicated in a United States District Court in Indiana or in a court of competent civil jurisdiction in the State of Indiana. Each party hereto irrevocably submits to the personal jurisdiction of such courts for the purposes of any such suit, action, counterclaim or

proceeding arising out of this Agreement (collectively, a Suit). Each of the parties hereto hereby waives and agrees not to assert by way of motion, as a defense or otherwise in any such Suit, that such Suit is brought in an inconvenient forum, or the venue of such Suit is improper; provided, however, that nothing herein shall be construed as a waiver of any right that any party hereto may have to remove a Suit from a court sitting in the State of Indiana to a United States District Court in Indiana. Each of the parties hereby agrees that service of all writs, process and summonses in any Suit may be made upon such party by mail to the address as provided in this Agreement. Nothing herein shall in anyway be deemed to limit the ability of any party to serve any such writs, process or summonses in any other matter permitted by applicable law.

3.6 **Counterparts**. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

3.7 **Entire Agreement**. This Agreement and the documents and agreements referred to herein constitute the entire agreement between the parties hereto pertaining to the subject matter hereof and supersede any and all other written or oral agreements existing between the parties hereto, which agreements are expressly canceled.

3.8 **No Inconsistent Agreements**. The Company has not and shall not enter into any agreement with respect to its securities that is inconsistent with the rights granted to the Holders in this Agreement.

3.9 **Titles and Subtitles**. The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

[SIGNATURE PAGE FOLLOWS]



**PATRICK INDUSTRIES, INC.**

By: /s/ Andy L. Nemeth  
Andy L. Nemeth, Executive Vice President - Finance

**TONTINE CAPITAL PARTNERS, L.P.**

By: Tontine Capital Management, LLC, its general partner

By: /s/ Jeffrey L. Gendell  
Jeffrey L. Gendell, as managing member

55 Railroad Avenue, 1<sup>st</sup> Floor  
Greenwich, Connecticut, 06830  
Telephone: (203) 769-2000  
Telecopy: (203) 769-2010  
Email: [jgendell@tontinepartners.com](mailto:jgendell@tontinepartners.com)

**TONTINE CAPITAL OVERSEAS MASTER FUND, L.P.**

By: Tontine Capital Overseas GP, L.L.C., its general partner

By: /s/ Jeffrey L. Gendell  
Jeffrey L. Gendell, as managing member

55 Railroad Avenue, 1<sup>st</sup> Floor  
Greenwich, Connecticut, 06830  
Telephone: (203) 769-2000  
Telecopy: (203) 769-2010  
Email: [jgendell@tontinepartners.com](mailto:jgendell@tontinepartners.com)

**JPMORGAN CHASE BANK, N.A.**

By /s/ Michael E. Lewis

Name: Michael E. Lewis

1 East Ohio Street, 4<sup>th</sup> Floor  
Indianapolis, IN 46204  
Attn: Michael Lewis  
Telephone: (317) 767-8428  
Telecopy: (317) 767-8015  
Email: michael.e.lewis@chase.com

**FIFTH THIRD BANK**

By /s/ Craig Ellis

Name: Craig Ellis

Maildrop G25511  
222 South Riverside Plaza  
Chicago, IL 60606  
Attn: Craig Ellis  
Telephone: (574) 293-6425  
Telecopy: (574) 522-3712  
Email: craig.ellis@53.com

**BANK OF AMERICA, N.A.**, as successor to LaSalle Bank National Association

By /s/ Thomas J. Flanagan, II

Name: Thomas J. Flanagan, II

Senior Vice President

30 South Meridian Street #800  
Indianapolis, IN 46204  
Attn: Shawn Bush  
Telephone: (317) 916-2234  
Telecopy: (317) 756-7021  
Email: shawn.bush@bankofamerica.com

**KEY BANK, NATIONAL ASSOCIATION**

By /s/ Geoffrey R. Henry  
Name: Geoffrey R. Henry

101 S. Main Street  
Elkhart, IN 46516  
Attn: Geoffrey Henry  
Telephone: (574) 295-2682  
Telecopy: (574) 295-2703  
Email: geoffrey\_henry@keybank.com

**RBS CITIZENS, NATIONAL ASSOCIATION**, as successor by merger with Charter One Bank

By /s/ Peter Coates  
Name: Peter Coates

53 State Street, 9<sup>th</sup> Floor  
Boston, MA 02109  
Attn: Peter Coates  
Telephone: (617) 994-7250  
Telecopy: (617) 742-9471  
Email: peter.coates@rbsbusinesscapital.com

**ASSOCIATED BANK**

By /s/ Viktor R. Gottlieb  
Name: Viktor R. Gottlieb

401 E Kilbourn Avenue  
Milwaukee, WI 53202  
Attn: Viktor Gottlieb  
Telephone: (414) 283-2226  
Telecopy: (414) 283-2300  
Email: viktor.gottlieb@associatedbank.com

**NATIONAL CITY BANK**

By /s/ Josh Stehlin

Name: Josh Stehlin  
310 West McKinley Avenue  
Mishawaka, IN 46545

Telephone: (574) 850-6065  
Telecopy: (574) 256-6014  
Email: josh.stehlin@nationalcity.com

**1<sup>ST</sup> SOURCE BANK**

By /s/ Jeff Buhr

Name: Jeff Buhr

100 N. Michigan  
PO Box 1602  
South Bend, IN 46634  
Attn: Judd McNally  
Telephone: (574) 235-2416  
Telecopy: (574) 235-2719  
Email: mcnallyj@1stsource.com



For Immediate Release

### **Patrick Industries, Inc. Completes Amendment of Its Credit Agreement**

ELKHART, IN – December 11, 2008 – Patrick Industries, Inc. (NASDAQ: PATK), a leading manufacturer and distributor of building and component products for the recreational vehicle (RV), manufactured housing (MH) and industrial markets, announced today that it has entered into a second amendment and waiver (the “Amendment”) to its senior secured credit agreement dated May 18, 2007 (the “Credit Agreement”). The Amendment includes both the addition and modification of certain definitions, terms and reporting requirements and amends the termination date of the Credit Agreement to expire on January 3, 2011.

The Company previously reported in its second quarter 2008 Form 10-Q that it was anticipating a third quarter violation of certain covenants under the terms of the Credit Agreement, and subsequently reported in its third quarter 2008 Form 10-Q that it was in violation of those covenants. The lenders have agreed to waive any Event of Default (as defined in the Credit Agreement) resulting from the Company’s failure to comply with those covenants for the computation period ended September 28, 2008. In addition, the financial covenants have been amended to eliminate certain covenants in lieu of covenants more suited to current and expected operating conditions.

The Company’s credit facility will continue to consist of a term loan and a revolving line of credit. Borrowings under the revolving line of credit are subject to a borrowing base, up to a borrowing limit of \$33.0 million. The principal amount outstanding under the term loan of approximately \$38.5 million at September 30, 2008 remains unchanged under the amended terms. Pricing under the revolving line of credit and the term loan has been adjusted to be more consistent with current market rates for similar credits.

As part of the lenders’ consideration for the Amendment, on December 11, 2008, the Company entered into a Warrant Agreement under which the Company issued warrants to the lenders to purchase an aggregate of 474,049 shares of common stock, subject to adjustment, at an exercise price per share of \$1 (the “Warrants”). The Warrants are subject to anti-dilution provisions and expire on December 11, 2018.

In connection with the Warrants and the Warrant Agreement, on December 11, 2008, the Company amended its existing Registration Rights Agreement with Tontine Capital Partners, L.P. and Tontine Capital Overseas Master Fund, L.P. to include the shares of common stock that may be issued upon the exercise of the Warrants by the lenders.

At September 28, 2008, the Company reclassified \$45.5 million of its long-term debt to current liabilities until such time as an amended and/or new credit facility was established. It is anticipated that the noncurrent portion of total long-term debt outstanding at December 31, 2008 will be reclassified to noncurrent liabilities. In addition, the Company anticipates terminating its existing interest rate swap agreements, which were entered into in March 2005 and July 2007, in the fourth quarter of 2008.

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"We are pleased to have entered into this amendment of our credit agreement during these uncertain times in the major markets Patrick serves," stated Todd Cleveland, President and Chief Operating Officer. "The revised terms of the credit agreement provide Patrick with important operating and financial flexibility through the end of 2010 as we navigate through the continuing depressed conditions of our current economic environment."

**About Patrick Industries**

Patrick Industries, Inc. ([www.patrickind.com](http://www.patrickind.com)) is a major manufacturer of component products and distributor of building products serving the manufactured housing, recreational vehicle, kitchen cabinet, home and office furniture, fixture and commercial furnishings, marine, and other industrial markets and operates coast-to-coast through locations in 14 states. Patrick's major manufactured products include decorative vinyl and paper panels, wrapped moldings, cabinet doors, slotwall and slotwall components, countertops, and aluminum extrusions. The Company also distributes drywall and drywall finishing products, interior passage doors, flooring, vinyl and cement siding, ceramic tile, high-pressure laminates, and other miscellaneous products.

**Forward-Looking Statements**

This press release contains certain statements related to future results, or states our intentions, beliefs and expectations or predictions for the future, which are forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. These forward-looking statements involve a number of risks and uncertainties that could cause actual results to differ materially from either historical or anticipated results depending on a variety of factors. Potential factors that could impact results include: pricing pressures due to competition, costs and availability of raw materials, availability of retail and wholesale financing for manufactured homes, availability and costs of labor, inventory levels of retailers and manufacturers, levels of repossessed manufactured homes, the financial condition of our customers, interest rates, oil and gasoline prices, the outcome of litigation, volume of orders related to hurricane damage and operating margins on such business, and adverse weather conditions impacting retail sales. In addition, national and regional economic conditions and consumer confidence may affect the retail sale of recreational vehicles and manufactured homes. The Company does not undertake to update forward-looking statements to reflect circumstances or events that occur after the date the forward-looking statements are made. Further information regarding these and other risks, uncertainties and factors is contained in the section entitled "Risk Factors" in the Company's Annual Report on Form 10-K and 10-K/A for the year ended December 31, 2007, and in the Company's Form 10-Qs for subsequent quarterly periods, which are filed with the Securities and Exchange Commission ("SEC") and are available on the SEC's website at [www.sec.gov](http://www.sec.gov).

**Contact:**

Julie Ann Kotowski  
Patrick Industries, Inc.  
(574) 294-7511