

SECURITIES AND EXCHANGE COMMISSION  
Washington, D. C. 20549QUARTERLY REPORT UNDER SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934

For Quarter Ended March 31, 1996      Commission File Number 0-3922

PATRICK INDUSTRIES, INC.  
(Exact name of registrant as specified in its charter)INDIANA      35-1057796  
(State or other jurisdiction of      (I.R.S. Employer  
incorporated or organization)      Identification No.)1800 South 14th Street, Elkhart, IN      46516  
(Address of principal executive offices)      (ZIP Code)

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

NONE  
Former name, former address and former fiscal year, if changed since last  
report.Indicate by check mark whether the registrant (1) has filed all reports required  
to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during  
the preceding 12 months (or for such shorter period that the Registrant was  
required to file such reports), and (2) has been subject to such filing  
requirements for the past 90 days.

Yes   X      No

Shares of Common Stock Outstanding as of April 30, 1996: 5,921,466

PATRICK INDUSTRIES, INC.

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## PART I: FINANCIAL INFORMATION

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PATRICK INDUSTRIES, INC. CONDENSED BALANCE SHEETS

&lt;CAPTION&gt;

(Unaudited)

(Note)

	MARCH 31 1996	DECEMBER 31 1995
<S>	<C>	<C>
ASSETS		
CURRENT ASSETS		
Cash and Temporary Investments	\$ 3,131,491	\$ 1,349,709
Accounts Receivable, Net	26,295,906	20,427,355
Inventories	33,860,226	35,462,152
Other	220,076	387,782
Total Current Assets	\$ 63,507,699	\$57,626,998
PROPERTY AND EQUIPMENT, at cost	\$ 57,057,563	\$56,189,860
Less Accumulated Depreciation	23,557,675	23,140,702
	\$ 33,499,888	\$33,049,158
INTANGIBLE AND OTHER ASSETS	\$ 5,161,298	\$ 5,239,766
Total Assets	\$102,168,885	\$95,915,922

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES		
Current Maturities of Long-term Debt	\$ 700,000	\$ 700,000
Accounts Payable	13,331,340	9,589,103
Accrued Expenses and Taxes Payable	5,053,879	4,057,446
Total Current Liabilities	\$ 19,085,219	\$14,346,549
LONG-TERM DEBT, LESS CURRENT MATURITIES	\$ 26,200,000	\$26,200,000
DEFERRED COMPENSATION OBLIGATIONS AND OTHER	\$ 1,036,119	\$ 919,821
DEFERRED TAX LIABILITIES	\$ 1,485,000	\$ 1,461,000
SHAREHOLDERS' EQUITY		
Common Stock	\$ 21,294,217	\$21,626,489
Retained Earnings	33,068,330	31,362,063
Total Stockholders' Equity	\$ 54,362,547	\$52,988,552
Total Liabilities and Stockholders' Equity	\$102,168,885	\$95,915,922

NOTE: The balance sheet at December 31, 1995 has been taken from the audited financial statements at that date and condensed. See accompanying notes to Unaudited Condensed Financial Statements.

</TABLE>

<TABLE>

PATRICK INDUSTRIES, INC.  
UNAUDITED CONDENSED STATEMENTS OF INCOME

<CAPTION>

	THREE MONTHS ENDED MARCH 31	
	1996	1995
<S>	<C>	<C>
NET SALES	\$93,767,541	\$87,030,721
COST AND EXPENSES		
Cost of Goods Sold	\$82,014,145	\$75,060,101
Warehouse and Delivery Expenses	3,364,653	3,250,369
Selling and Administrative Expenses	4,924,656	4,576,174
Financial Expenses, Net	296,881	347,764
	\$90,600,335	\$83,234,408
INCOME BEFORE INCOME TAXES	\$ 3,167,206	\$ 3,796,313
INCOME TAXES	1,222,500	1,480,600
NET INCOME	\$ 1,944,706	\$ 2,315,713
EARNINGS PER COMMON SHARE	\$ .33	\$ .39
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	5,967,157	5,940,809

See accompanying notes to Unaudited Condensed Financial Statements.

</TABLE>

<TABLE>

PATRICK INDUSTRIES, INC.  
UNAUDITED CONDENSED STATEMENTS OF  
CASH FLOW

<CAPTION>

	THREE MONTHS ENDED	
	MARCH 31	
	1996	1995
<S>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	\$ 1,944,706	\$ 2,315,713
Adjustment to Reconcile Net Income to Net Cash:		
Depreciation and Amortization	1,061,881	769,601
Other	(378)	(21,000)
Change in Assets and Liabilities:		
Decrease (Increase) in:		
Accounts Receivable	(5,868,551)	(3,919,057)
Inventories	1,601,926	(1,931,992)
Other	167,706	118,262
Increase (Decrease) in:		
Accounts Payable and Accrued Expenses	3,756,025	2,393,052
Income Taxes Payable and Deferred Taxes	1,008,568	1,461,100
Deferred Compensation	35,749	26,670
Net Cash Provided by Operating Activities	\$ 3,707,632	\$ 1,212,349
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital Expenditures	\$ (1,458,961)	\$ (2,592,202)
Acquisition of Assets of U.S. Door	- - -	(3,346,596)
Change in Cash Held in Escrow	- - -	1,269,431
Proceeds from Sale of Assets	750	21,000
Other	22,523	18,688
Net Cash (Used in) Investing Activities	\$ (1,435,688)	\$ (4,629,679)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash Dividend	\$ (238,439)	\$ - - -
Net Borrowings Under Debt Agreements	- - -	3,500,000
Sale of Common Stock	23,978	6,255
Principal Payments on Debt	- - -	(274,000)
Reacquisition of Common Stock	(356,250)	- - -
Other	80,549	- - -
Net Cash Provided by (Used In) Financing Activities	\$ (490,162)	\$ 3,232,255
Increase (Decrease) in Cash and Cash Equivalents	\$ 1,781,782	\$ (185,075)
CASH and CASH EQUIVALENTS, BEGINNING	\$ 1,349,709	\$ 666,986
CASH and CASH EQUIVALENTS, ENDING	\$ 3,131,491	\$ 481,911

See accompanying notes to Unaudited Condensed Financial Statements.

</TABLE>

PATRICK INDUSTRIES, INC.  
NOTES TO UNAUDITED CONDENSED FINANCIAL STATEMENTS

1. In the opinion of the Registrant, the accompanying unaudited condensed financial statements contain all adjustments (consisting of only normal recurring accruals) necessary to present fairly financial position as of March 31, 1996, and December 31, 1995, and the results of operations and cash flows for the three months ended March 31, 1996 and 1995.
2. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. It is suggested that these condensed financial statements be read in conjunction with the financial statements and notes thereto included in Registrant's December 31, 1995 audited financial statements. The results of operations for the three months periods ended March 31, 1996 and 1995 are not necessarily indicative of the results to be expected for the full year.
3. The inventories on March 31, 1996 and December 31, 1995 consist of the following classes:

<TABLE>

<CAPTION>

	March 31	December 31
	1996	1995
<S>	<C>	<C>
Raw Materials	\$21,527,255	\$23,105,916
Work in Process	1,001,192	877,805
Finished	2,877,248	3,197,561
Total Manufactured Goods	\$25,405,695	\$27,181,282

Distribution Products	8,454,531	8,280,870
TOTAL INVENTORIES	\$33,860,226	\$35,462,152

</TABLE>

The inventories are stated at the lower of cost, First-In, First-Out (FIFO) method, or market.

4. The earnings per common share for the three months ended March 31, 1996 and 1995 have been computed based on the weighted average number of shares of common stock outstanding of 5,967,157 and 5,940,809 respectively.

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

GENERAL

The economy and the industries served by the Registrant improved starting in 1992 as net sales increased annually from \$184 million in 1992 to over \$362 million in 1995.

The following table sets forth the percentage relationship to net sales of certain items in the Registrant's Statements of Operations:

<TABLE>

<CAPTION>

	Quarterly Ended		
	1995	1994	1993
	<C>	<C>	<C>
Net Sales	100.0%	100.0%	100.0%
Cost of Sales	87.5	86.3	87.6
Gross Profit	12.5	13.7	12.4
Warehouse and Delivery	3.6	3.7	3.7
Selling, General & Administrative	5.2	5.3	4.6
Operating Income	3.7	4.7	4.1
Net Income	2.1	2.7	2.3

</TABLE>

RESULTS OF OPERATIONS

Quarter Ended March 31, 1996 Compared to Quarter Ended March 31, 1995

Net Sales. Net sales increased by \$6.7 million, or 7.7%, from \$87.0 million for the quarter ended March 31, 1995, to \$93.8 million in the quarter ended March 31, 1996. This sales increase was attributable to a 7% increase in units shipped by the Manufactured Housing industry, which represents approximately 68% of the Registrant's sales. The Registrant's sales to the Recreational Vehicle industry were down as a percent of total company sales as a result of a slight decline in units produced in that industry, which represents approximately 16% of Registrant's sales.

Gross Profit. Gross profit decreased by approximately \$217,000, or 1.8%, from \$11.9 million in the first quarter of 1995, to \$11.7 million in the same 1996 quarter. As a percentage of net sales, gross profit decreased from 13.7% in first quarter 1995 to 12.5% in 1996. This decrease in gross profit was the result of lower volume and higher raw material costs of sales in the Registrant's aluminum extrusion division, and lower sales volume and plant relocation costs at the new Oregon facility. The Registrant also experienced highly competitive market pricing of certain products in the first quarter of 1996.

Warehouse and Delivery Expenses. Warehouse and delivery expenses increased approximately \$114,000 or 3.5%, from \$3.3 million in 1995, to \$3.4 million in the first quarter of 1996. As a percentage of net sales, warehouse and delivery expenses decreased from 3.7% in 1995 to 3.6% in the 1996 first quarter.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased by approximately \$348,000, or 7.6%, from \$4.5 million in 1995, to \$4.9 million in 1996. As a percentage of net sales, selling, general and administrative expenses decreased from 5.3% in 1995 to 5.2% in 1996.

Operating Income. Operating income decreased by approximately \$680,000 because of the reduced gross profit and increases in warehouse and delivery, and selling, general and administrative expenses. As a percentage of sales, operating income decreased from 4.7% in 1995 to 3.7% in the 1996 first quarter.

Interest Expense. Interest expense decreased by approximately \$51,000 from \$348,000 in 1995 to \$297,000 in the first quarter of 1996. The Registrant's borrowing levels in the 1996 period were slightly higher but at lower rates.

Net Income. Net income decreased by approximately \$371,000 from \$2.3 million in 1995 to \$1.9 million in 1996 for the first quarter ended March 31.

This decrease is attributable to the factors described above.

Quarter Ended March 31, 1995 Compared to Quarter Ended March 31, 1994  
Net Sales. Net sales increased by \$10.1 million, or 13.2%, from \$76.9 million for the quarter ended March 31, 1994, to \$87.0 million in the quarter ended March 31, 1995. This sales increase was attributable to increases in units produced by the manufactured housing, recreational vehicle and other building products industries served by the Registrant, and increased demand for Registrant's products. This increase, although less as a percentage than the previous two years first quarters, is further evidence of the continuing improvement in these industries.

Gross Profit. Gross profit increased by \$2.4 million, or 25.5%, from \$9.5 million in the first quarter 1994, to \$11.9 million in the first quarter 1995. As a percentage of net sales, gross profit increased from 12.4% in first quarter 1994 to 13.7% in 1995. This increase in gross profit resulted from fewer cost increases of certain of the Registrant's products during the period compared to 1994, and certain inventory items having cost below market cost.

Warehouse and Delivery Expenses. Warehouse and delivery expenses increased \$0.4 million or 13.1%, from \$2.9 million in 1994, to \$3.3 million in the first quarter 1995. As a percentage of net sales, warehouse and delivery expenses remained the same at 3.7% for 1994 and 1995.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased by \$1.0 million, or 29.6%, from \$3.5 million in 1994, to \$4.5 million in 1995. As a percentage of net sales, selling, general and administrative expenses increased from 4.6% in 1994 to 5.3% in 1995. This percentage increase is due to unusually large group insurance claims, additional personnel costs and other increased expenses because of the higher sales levels.

Operating Income. Operating income increased by \$1.0 million, or 32%, from \$3.1 million in 1994, to \$4.1 million in 1995. This increase is primarily attributable to the \$2.4 million increase in gross profit. As a percentage of sales, operating income increased from 4.1% in 1994 to 4.7% in 1995.

Interest Expense. Interest expense increased by \$124,000 from \$224,000 in 1994, to \$348,000 in 1995. This increase was due to higher interest rates and higher average borrowing levels.

Net Income. Net income increased by \$0.5 million from \$1.8 million in 1994, to \$2.3 million in 1995. This increase in net income is primarily attributable to the factors described above.

#### LIQUIDITY AND CAPITAL RESOURCES

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

The Registrant, in September, 1995, issued to an insurance company in a private placement \$18,000,000 of senior unsecured notes. The ten year notes bear interest at 6.82%, with semi-annual interest payments beginning in 1996 and seven annual principal repayments beginning September 15, 1999. These funds were used to reduce existing bank debt and for working capital needs.

The Registrant has a bank financing agreement (the Credit Agreement) with NBD Bank, N.A. The Credit Agreement provided for a \$10 million term loan with a maturity in February, 1999 and a credit revolver loan of up to \$13 million with maturity in February, 1997. In September, 1995 with funds from the insurance company private placement, the Registrant prepaid the term loan in full and paid the revolver outstanding balance. On October 31, 1995 the bank financing agreement was amended reducing the credit revolver loan availability to \$5,000,000. Pursuant to the Credit Agreement, the Registrant is required to maintain certain financial ratios, all of which are currently complied with.

The Registrant believes that cash generated from operations and borrowings under its credit agreements will be sufficient to fund its working capital requirements and capital expenditures as currently contemplated.

#### SEASONALITY

Manufacturing operations in the Manufactured Housing and Recreational Vehicle industries historically have been seasonal and are generally at the highest levels when the climate is temperate. Accordingly, the Registrant's sales and profits are generally highest in the second and third quarters. However, due to dramatic increases in production of Manufactured Housing and Recreational Vehicles, the first quarters of 1995 and 1994 and the fourth quarters of 1994 and 1993 were unusual in their high sales and gross profit levels during those winter months when compared to historical trends.

#### INFLATION

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

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

None

Item 2. Changes in Securities

None

Item 3. Defaults upon Senior Securities

None

Item 4. Submission of Matters to a Vote of Security Holders

None

Item 5. Other Information

None

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

3.1 Articles of Amendment of the Articles of Incorporation of Patrick Industries, Inc.

3.2 Certificate of Designations, Preferences and Rights of Preferred Stock of Patrick Industries, Inc.

27 Financial Data Schedule

(b) There were no Reports filed on Form 8-K.

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 thereunto duly authorized.

PATRICK INDUSTRIES, INC.  
(Registrant)

Date May 10, 1996

/S/Mervin D. Lung  
Mervin D. Lung  
(Chairman of the Board)

Date May 10, 1996

/S/David D. Lung  
David D. Lung  
(President)

Date May 10, 1996

/S/Keith V. Kankel  
Keith V. Kankel  
(Vice President Finance)  
(Principal Accounting Officer)

ARTICLES OF AMENDMENT OF THE Provided by: Joseph H. Hogsett  
[SEAL] ARTICLES OF INCORPORATION SECRETARY OF STATE OF INDIANA  
State Form 38333 (R5/9-91) CORPORATIONS DIVISION  
State Board of Accounts Approved 1988

INSTRUCTIONS: Use 8 1/2 X 11 inch white Indiana Code 23-1-38-1 et seg.  
paper for inserts. Filing requirements - FILING FEE \$30.00  
Present original and one copy to address  
in upper right corner of this form.

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ARTICLES OF AMENDMENT OF THE  
ARTICLES OF INCORPORATION OF:

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PATRICK INDUSTRIES, INC.

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The undersigned officers of Patrick Industries, Inc.

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(hereinafter referred to as the "Corporation") existing pursuant to the provisions of:

(Indicate appropriate act)

/X/ Indiana Business Corporation Law / / Indiana Professional Corporation Act of 1983

as amended (hereinafter referred to as the "Act"), desiring to give notice of corporate action effectuating amendment of certain provisions of its Articles of Incorporation, certify the following facts:

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ARTICLE I Amendment(s)

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SECTION 1 The date of incorporation of the corporation is:

January 3, 1961.

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SECTION 2 The name of the corporation following this amendment to the Articles of Incorporation is:

Patrick Industries, Inc.

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SECTION 3

The exact text of Article(s) V of the Articles of Incorporation is now as follows:

See Exhibit A attached hereto.

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SECTION 4 Date of each amendment's adoption:

February 10, 1994.

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ARTICLE II Manner of Adoption and Vote

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SECTION 1 Action by Directors:

The Board of Directors of the Corporation duly adopted a resolution proposing to amend the terms and provisions of Article(s) \_\_\_\_\_ of the Articles of Incorporation and directing a meeting of the Shareholders, to be held on \_\_\_\_\_, allowing such Shareholders to vote on the proposed amendment.

The resolution was adopted by: (Select appropriate paragraph)

- (a) Vote of the Board of Directors at a meeting held on \_\_\_\_\_, 19\_\_, at which a quorum of such Board was present.
  - (b) Written consent executed on February 10, 1994, and signed by all members of the Board of Directors. Adopted in accordance with Section 23-1-38-2(4).
- 

SECTION 2 Action by Shareholders. N/A

The Shareholders of the Corporation entitled to vote in respect of the





CERTIFICATE OF DESIGNATIONS, PREFERENCES AND RIGHTS  
OF PREFERRED STOCK

of

PATRICK INDUSTRIES, INC.

Pursuant to Section 23-1-25-2  
Business Corporation Law of the State of Indiana

We, the President and Secretary of Patrick Industries, Inc., a corporation organized and existing under the Business Corporation Law of the State of Indiana, in accordance with the provisions of Section 23-1-25-2 thereof, DO HEREBY CERTIFY:

That pursuant to the authority conferred upon the Board of Directors by the Articles of Incorporation of the said Corporation, the said Board of Directors on February 29, 1996, adopted the following resolution creating a series of 100,000 shares of Preferred Stock designated as "Preferred Stock, Series A":

NOW BE IT RESOLVED, that pursuant to the authority vested in the Board of Directors of this Corporation in accordance with the provisions of its Certificate of Incorporation, as amended, a series of Preferred Stock of the Corporation be, and it hereby is, created, and that the designation and amount thereof and the voting powers, preferences and relative, participating, optional and other special rights of the shares of such series, and the qualifications, limitations or restrictions thereof are as follows:

## Section 1. Designation and Amount.

The shares of such series shall be designated as "Preferred Stock, Series A" (the "Preferred Stock") and the number of shares constituting such series shall be 100,000. The Preferred Stock may be issued in fractional amounts that are integral multiples of one one-hundredth.

## Section 2. Dividends and Distributions.

(A) Subject to the prior and superior rights of the holders of any shares of any series of preferred stock ranking prior and superior to the shares of Preferred Stock with respect to dividends, the holders of shares of Preferred Stock, in preference to the holders of common stock, without par value, of the Corporation (the "Common Stock") and of any other junior stock, shall be entitled to receive, when, as and if declared by the Board of Directors out of funds legally available for the purpose, quarterly dividends payable in cash on the fifteenth day of March, June, September and December in each year (each such date being referred to herein as a "Quarterly Dividend Payment Date"), commencing on the first Quarterly Dividend Payment Date after the first issuance of a share or fraction of a share of Preferred Stock, in an amount per share (rounded to the nearest cent) equal to the greater of (a) \$1.00 or (b) subject to the provision for adjustment hereinafter set forth, 100 times the aggregate per share amount of all cash dividends, and 100 times the aggregate per share amount (payable in kind) of all non-cash dividends or other distributions other than a dividend payable in shares of Common Stock or a subdivision of the outstanding shares of Common Stock (by reclassification or otherwise), declared on the Common Stock since the immediately preceding Quarterly Dividend Payment Date or, with respect to the first Quarterly Dividend Payment Date, since the first issuance of any share or fraction of a share of Preferred Stock. In the event the Corporation shall at any time on or after March 20, 1996 declare or pay any dividend on Common Stock payable in shares of Common Stock, or effect a subdivision of combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the amount to which holders of shares of Preferred Stock were entitled immediately prior to such event under clause (b) of the preceding sentence shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(B) The Corporation shall declare a dividend or distribution on the Preferred Stock as provided in paragraph (A) of this Section immediately after it declares a dividend or distribution on the Common Stock (other than a dividend payable in shares of Common Stock).

(C) Dividends shall begin to accrue and be cumulative on outstanding shares of Preferred Stock from the Quarterly Dividend Payment Date next preceding the date of issue of such shares of Preferred Stock, unless the

date of issue of such shares is prior to the record date for the first Quarterly Dividend Payment Date, in which case dividends on such shares shall begin to accrue from the date of issue of such shares, or unless the date of issue is a Quarterly Dividend Payment Date or is a date after the record date for the determination of holders of shares of Preferred Stock entitled to receive a quarterly dividend and before such Quarterly Dividend Payment Date, in either of which events such dividends shall begin to accrue and be cumulative from such Quarterly Dividend Payment Date. Accrued but unpaid dividends shall not bear interest. Dividends paid on the shares of Preferred Stock in an amount less than the total amount of such dividends at the time accrued and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding. The Board of Directors may fix a record date for the determination of holders of shares of Preferred Stock entitled to receive payment of a dividend or distribution declared thereon, which record date shall be not more than 60 days prior to the date fixed for the payment thereof.

### Section 3. Voting Rights.

The holders of shares of Preferred Stock shall have the following voting rights:

(A) Subject to the provision for adjustment hereinafter set forth, each share of Preferred Stock shall entitle the holder thereof to 100 votes on all matters submitted to a vote of the shareholders of the Corporation. In the event the Corporation shall at any time on or after March 20, 1996 declare or pay any dividend on Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the number of votes per share to which holders of shares of Preferred Stock were entitled immediately prior to such event shall be adjusted by multiplying such number by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event, and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(B) Except as otherwise provided herein or by law, the holders of shares of Preferred Stock and the holders of shares of Common Stock shall vote together as one class on all matters submitted to a vote of shareholders of the Corporation.

(C) Except as set forth herein, holders of Preferred Stock shall have no special voting rights and their consent shall not be required (except to the extent they are entitled to vote with holders of Common Stock as set forth herein) for taking any corporate action.

### Section 4. Certain Restrictions.

(A) Whenever quarterly dividends or other dividends or distributions payable on the Preferred Stock as provided in Section 2 are in arrears, thereafter and until all accrued and unpaid dividends and distributions, whether or not declared, on shares of Preferred Stock outstanding shall have been paid in full, the Corporation shall not:

(i) declare or pay dividends on, or make any other distributions on, any shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Preferred Stock;

(ii) declare or pay dividends on or make any other distributions on any shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Preferred Stock, except dividends paid ratably on the Preferred Stock and all such parity stock on which dividends are payable or in arrears in proportion to the total amounts to which the holders of all such shares are then entitled;

(iii) redeem or purchase or otherwise acquire for consideration shares of any stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) to the Preferred Stock, provided that the Corporation may at any time redeem, purchase or otherwise acquire shares of any such parity stock in exchange for shares of any stock of the Corporation ranking junior (either as to dividends or upon dissolution, liquidation or winding up) to the Preferred Stock; or

(iv) purchase or otherwise acquire for consideration any shares of Preferred Stock, or any shares of stock ranking on a parity with the Preferred Stock, except in accordance with a purchase offer made in writing or by publication (as determined by the Board of Directors) to all holders of such shares upon such terms as the Board of Directors, after consideration of the respective annual dividend rates and other relative rights and preferences of the respective series and

classes, shall determine in good faith will result in fair and equitable treatment among the respective series or classes.

(B) The Corporation shall not permit any subsidiary of the Corporation to purchase or otherwise acquire for consideration any shares of stock of the Corporation unless the Corporation could, under paragraph (A) of this Section 4, purchase or otherwise acquire such shares at such time and in such manner.

#### Section 5. Reacquired Shares.

Any shares of Preferred Stock purchased or otherwise acquired by the Corporation in any manner whatsoever shall be retired and cancelled promptly after the acquisition thereof. All such shares shall upon their cancellation become authorized but unissued shares of preferred stock and may be reissued as part of a new series of preferred stock to be created by resolution or resolutions of the Board of Directors, subject to the conditions and restrictions on issuance set forth herein.

#### Section 6. Liquidation, Dissolution or Winding Up.

Upon any liquidation, dissolution or winding up of the Corporation, no distribution shall be made (1) to the holders of shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Preferred Stock unless, prior thereto, the holders of shares of Preferred Stock shall have received \$100.00 per share, plus an amount equal to accrued and unpaid dividends and distributions thereon, whether or not declared, to the date of such payment, provided that the holders of shares of Preferred Stock shall be entitled to receive an aggregate amount per share, subject to the provision for adjustment hereinafter set forth, equal to 100 times the aggregate amount to be distributed per share to holders of Common Stock, or (2) to the holders of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Preferred Stock, except distributions made ratably on the Preferred Stock and all other such parity stock in proportion to the total amounts to which the holders of all such shares are entitled upon such liquidation, dissolution or winding up. In the event the Corporation shall at any time on or after March 20, 1996 declare or pay any dividend on Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the aggregate amount to which holders of shares of Preferred Stock were entitled immediately prior to such event under the proviso in clause (1) of the preceding sentence shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

#### Section 7. Consolidation, Merger, etc.

In case the Corporation shall enter into any consolidation, merger, combination or other transaction in which the shares of Common Stock are exchanged for or changed into other stock or securities, cash and/or any other property, then in any such case the shares of Preferred Stock then outstanding shall at the same time be similarly exchanged or changed in an amount per share (subject to the provision for adjustment hereinafter set forth) equal to 100 times the aggregate amount of stock, securities, cash and/or any other property (payable in kind), as the case may be, into which or for which each share of Common Stock is changed or exchanged. In the event the Corporation shall at any time on or after March 20, 1996 declare or pay any dividend on Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise) into a greater or lesser number of shares of Common Stock, then in each such case the amount set forth in the preceding sentence with respect to the exchange or change of shares of Preferred Stock shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

#### Section 8. No Redemption.

The shares of Preferred Stock shall not be redeemable. The preceding sentence shall not limit the ability of the Corporation to purchase or otherwise deal in such shares of stock to the extent permitted by law.

#### Section 9. Amendment.

The Articles of Incorporation of the Corporation shall not be amended in any manner which would materially alter or change the powers, preferences or special rights of the Preferred Stock so as to affect them adversely without the affirmative vote of the holders of two-thirds or more of the outstanding shares of Preferred Stock, voting as a single class.

IN WITNESS WHEREOF, we have executed and subscribed this Certificate

and do affirm the foregoing as true under the penalties of perjury as of this  
\_\_\_\_ day of March, 1996.

By: /s/ Thomas G. Baer  
Vice President

ATTEST:

/s/ Keith V. Kankel  
Secretary

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This schedule contains summary financial information extracted from Patrick Industries, Inc.'s Form 10-Q and is qualified in its entirety by reference to such Form 10-Q filing.

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