

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

SCHEDULE 13D

Under the Securities Exchange Act of 1934
(Amendment No. 4)*

Patrick Industries, Inc.

(Name of Issuer)

Common Stock

(Title of Class of Securities)

703343103

(CUSIP Number)

Jeffrey L. Gendell
55 Railroad Avenue, 1st Floor
Greenwich, Connecticut 06830

(Name, Address and Telephone Number of Person
Authorized to Receive Notices and Communications)

March 10, 2008

(Date of Event Which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of §§240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box.

Note: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See Rule 13d-7 for other parties to whom copies are to be sent.

* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

CUSIP No. **703343103**

1. Names of Reporting Persons
Tontine Capital Partners, L.P.

2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a)

(b)

3. SEC Use Only

4. Source of Funds (See Instructions)
WC

5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)

6. Citizenship or Place of Organization
Delaware

Number of Shares Beneficially Owned by Each Reporting Person With	7.	Sole Voting Power -0-	<hr/>
	8.	Shared Voting Power 2,774,469	<hr/>
	9.	Sole Dispositive Power -0-	<hr/>
	10.	Shared Dispositive Power 2,774,469	<hr/>
	11.	Aggregate Amount Beneficially Owned by Each Reporting Person 2,774,469	<hr/>
	12.	Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions) <input type="checkbox"/>	<hr/>
	13.	Percent of Class Represented by Amount in Row (11) 38.9%	<hr/>
	14.	Type of Reporting Person (See Instructions) PN	<hr/>

2

CUSIP No. **703343103**

1.	Names of Reporting Persons Tontine Capital Management, L.L.C.	<hr/>
2.	Check the Appropriate Box if a Member of a Group (See Instructions)	
(a)	<input checked="" type="checkbox"/>	<hr/>
(b)	<input type="checkbox"/>	<hr/>
3.	SEC Use Only	<hr/>
4.	Source of Funds (See Instructions) WC	<hr/>
5.	Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e) <input type="checkbox"/>	<hr/>
6.	Citizenship or Place of Organization Delaware	<hr/>

	7.	Sole Voting Power -0-
Number of Shares Beneficially Owned by Each Reporting Person With	8.	Shared Voting Power 2,774,469
	9.	Sole Dispositive Power -0-
	10.	Shared Dispositive Power 2,774,469
	11.	Aggregate Amount Beneficially Owned by Each Reporting Person 2,774,469
12.	Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions) <input type="checkbox"/>	
13.	Percent of Class Represented by Amount in Row (11) 38.9%	
14.	Type of Reporting Person (See Instructions) 00	

CUSIP No. **703343103**

1.	Names of Reporting Persons Tontine Capital Overseas Master Fund, L.P.	
2.	Check the Appropriate Box if a Member of a Group (See Instructions)	
	(a)	<input checked="" type="checkbox"/>
	(b)	<input type="checkbox"/>
3.	SEC Use Only	
4.	Source of Funds (See Instructions) WC	
5.	Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e) <input type="checkbox"/>	
6.	Citizenship or Place of Organization Cayman Islands	

	7.	Sole Voting Power -0-	<hr/>
Number of Shares Beneficially Owned by Each Reporting Person With	8.	Shared Voting Power 693,620	<hr/>
	9.	Sole Dispositive Power -0-	<hr/>
	10.	Shared Dispositive Power 693,620	<hr/>
	11.	Aggregate Amount Beneficially Owned by Each Reporting Person 693,620	<hr/>
12.	Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions) <input type="checkbox"/>		<hr/>
13.	Percent of Class Represented by Amount in Row (11) 9.7%		<hr/>
14.	Type of Reporting Person (See Instructions) IA, PN		<hr/>

CUSIP No. **703343103**

1.	Names of Reporting Persons Tontine Capital Overseas GP, L.L.C.		<hr/>
2.	Check the Appropriate Box if a Member of a Group (See Instructions)		
	(a)	<input checked="" type="checkbox"/>	<hr/>
	(b)	<input type="checkbox"/>	<hr/>
3.	SEC Use Only		<hr/>
4.	Source of Funds (See Instructions) WC		<hr/>
5.	Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e) <input type="checkbox"/>		<hr/>
6.	Citizenship or Place of Organization Delaware		<hr/>

	7.	Sole Voting Power -0-
Number of Shares Beneficially Owned by Each Reporting Person With	8.	Shared Voting Power 693,620
	9.	Sole Dispositive Power -0-
	10.	Shared Dispositive Power 693,620
	11.	Aggregate Amount Beneficially Owned by Each Reporting Person 693,620
12.	Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions) <input type="checkbox"/>	
13.	Percent of Class Represented by Amount in Row (11) 9.7%	
14.	Type of Reporting Person (See Instructions) OO	

CUSIP No. **703343103**

1.	Names of Reporting Persons Jeffrey L. Gendell	
2.	Check the Appropriate Box if a Member of a Group (See Instructions)	
	(a)	<input checked="" type="checkbox"/>
	(b)	<input type="checkbox"/>
3.	SEC Use Only	
4.	Source of Funds (See Instructions) OO	
5.	Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e) <input type="checkbox"/>	
6.	Citizenship or Place of Organization United States	

	7.	Sole Voting Power -0-
Number of Shares Beneficially Owned by Each Reporting Person With	8.	Shared Voting Power 3,468,089
	9.	Sole Dispositive Power -0-
	10.	Shared Dispositive Power 3,468,089
	11.	Aggregate Amount Beneficially Owned by Each Reporting Person 3,468,089
12.	Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions) <input type="checkbox"/>	
13.	Percent of Class Represented by Amount in Row (11) 48.6%	
14.	Type of Reporting Person (See Instructions) IN	

This Amendment No. 4 to Schedule 13D is being filed by the Reporting Persons to amend the Schedule 13D originally filed on September 19, 2005 (the "Original 13D"), as amended on April 10, 2007, May 18, 2007 and September 25, 2007 (the Original 13D, together with the amendments, the "Schedule 13D"), relating to the common stock, no par value, of Patrick Industries, Inc.

Item 1. Security and Issuer

This Schedule 13D relates to the common stock, no par value (the "Common Stock"), of Patrick Industries, Inc. (the "Company"). The Company's principal executive offices are located at 107 West Franklin Street, Elkhart, Indiana 46515.

Item 2. Identity and Background

- (a) This statement is filed by:
- (i) Tontine Capital Partners, L.P., a Delaware limited partnership (“TCP”), with respect to the shares of Common Stock directly owned by it;
 - (ii) Tontine Capital Management, L.L.C., a Delaware limited liability company (“TCM”), with respect to the shares of Common Stock directly owned by TCP;
 - (iii) Tontine Capital Overseas Master Fund, L.P., a Cayman Islands limited partnership (“TMF”), with respect to shares of Common Stock directly owned by it;
 - (iv) Tontine Capital Overseas GP, L.L.C., a Delaware limited liability company (“TCO”), with respect to shares of Common Stock directly owned by TMF; and
 - (v) Jeffrey L. Gendell with respect to the shares of Common Stock directly owned by each of TCP and TMF.

The foregoing persons are hereinafter sometimes collectively referred to as the “Reporting Persons.” Any disclosures herein with respect to persons other than the Reporting Persons are made on information and belief after making inquiry to the appropriate party.

- (b) The address of the principal business and principal office of each of TCP, TCM, TMF and TCO is 55 Railroad Avenue, 1st Floor, Greenwich, Connecticut 06830. The business address of Mr. Gendell is 55 Railroad Avenue, 1st Floor, Greenwich, Connecticut 06830.
- (c) The principal business of each of TMF and TCP is serving as a private investment limited partnership. The principal business of TCO is serving as the general partner of TMF. The principal business of TCM is serving as the general partner of TCP. Mr. Gendell serves as the managing member of TCM and TCO.
- (d) None of the Reporting Persons has, during the last five years, been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors).
- (e) None of the Reporting Persons has, during the last five years, been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and, as a result of such proceeding, was, or is subject to, a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, Federal or State securities laws or finding any violation with respect to such laws.
- (f) TCP is a limited partnership organized under the laws of the State of Delaware. Each of TCO and TCM is a limited liability company organized under the laws of the State of Delaware. TMF is a limited partnership organized under the laws of the Cayman Islands. Mr. Gendell is a United States citizen.

Item 3. Source and Amount of Funds or Other Consideration

On February 19, 2008, TCP purchased 40,000 shares of Common Stock on the open market for \$7.72 per share, resulting in a total purchase price of \$308,800. On February 19, 2008, TMF purchased 10,000 shares of Common Stock on the open market for \$7.72 per share, resulting in a total purchase price of \$77,200.

On March 10, 2008, the Company, TCP and TMF entered into a Securities Purchase Agreement (the “New Securities Purchase Agreement”), pursuant to which TCP agreed to purchase 900,000 newly issued shares of Common Stock from the Company for \$7.00 per share, for a purchase price of \$6,300,000, and TMF agreed to purchase 225,000 newly issued shares of Common Stock from the Company for \$7.00 per share, for a purchase price of \$1,575,000. On March 12, 2008, pursuant to the New Securities Purchase Agreement, TCP and TMF consummated their purchase of the 1,125,000 newly issued shares of Common Stock from the Company (the “Shares”) for an aggregate purchase price of \$7,875,000.

The Shares that were purchased pursuant to the New Securities Purchase Agreement and the shares of Common Stock that

were purchased by TCP and TMF on the open market on February 19, 2008 were purchased with working capital and on margin. The Reporting Persons anticipate that shares of Common Stock that they will purchase pursuant to their obligations under the 2008 Standby Purchase Agreement (as hereinafter defined) will also be purchased with working capital and on margin. The Reporting Persons’ margin transactions shall be with UBS Securities LLC, on such firm’s usual terms and conditions. All or part of the shares of Common Stock directly owned by the Reporting Persons may from time to time be pledged with one or more banking institutions or brokerage firms as collateral for loans made by such bank(s) or brokerage firm(s) to the Reporting Persons. Such loans bear interest at a rate based upon the broker’s call rate from time to time in effect. Such indebtedness may be refinanced with other banks or broker dealers. Mr. Gendell, TCO and TCM do not directly own any shares of Common Stock.

Item 4. Purpose of Transaction

The Reporting persons acquired the shares of Common Stock for investment purposes and in the ordinary course of business. The Reporting Persons' acquisition of Common Stock pursuant to the 2008 Standby Purchase Agreement will also be for investment purposes and in the ordinary course of business. The Reporting Persons may acquire additional securities of the Company or dispose of securities of the Company at any time and from time to time in the open market or otherwise.

On March 10, 2008, the Company, TCP and TMF entered into a Termination of Standby Purchase Agreement (the "Termination Agreement"), pursuant to which the parties agreed to terminate the Standby Purchase Agreement dated September 17, 2007, among TCP, TMF and the Company (the "2007 Standby Purchase Agreement"). Immediately thereafter, the Company, TCP and TMF entered into the New Securities Purchase Agreement and a new Standby Purchase Agreement (the "2008 Standby Purchase Agreement"), which contained terms and conditions that were similar to those contained in the 2007 Standby Purchase Agreement, and which are described in greater detail in Item 6. Pursuant to the 2008 Standby Purchase Agreement, TCP and TMF agreed to certain standby commitments with regard to the Company's planned rights offering to its shareholders (the "Rights Offering") that replaced a rights offering that was previously announced by the Company and which was contemplated under the 2007 Standby Purchase Agreement. Under the 2008 Standby Purchase Agreement, TCP and TMF agreed to purchase (i) their pro rata portions of the shares of Common Stock offered in the Rights Offering, and (ii) any shares of Common Stock that have not been purchased by the Company's other shareholders at the close of the Rights Offering. The Company used the net proceeds from the sale of the Shares to prepay principal and pay related accrued interest under the Notes (as hereinafter defined). Proceeds from the Rights Offering are intended to be used to prepay the remaining principal amount under the Notes and to pay related accrued interest.

Pursuant to a Securities Purchase Agreement by and among TCP, TMF and the Company, dated April 10, 2007 (the "Initial Securities Purchase Agreement"), the Company sold an aggregate of 980,000 shares of Common Stock to TCP and TMF for an aggregate purchase price of \$11,025,000 and received interim debt financing through the issuance of Senior Subordinated Promissory Notes to TCP and TMF in the aggregate principal amount of \$13,975,000 (the "Notes"). The Company used the proceeds from the sale of Common Stock and the issuance of the Notes to complete the acquisition by the Company of Adorn Holdings, Inc., which was completed on May 18, 2007. As described in greater detail in Item 6, pursuant to the Initial Securities Purchase Agreement, so long as the Reporting Persons hold a certain percentage of Common Stock, they have the right to appoint up to two nominees to the Company's Board of Directors. As of the date hereof, the Reporting Persons have not appointed any directors to the Company's Board of Directors. The Company also agreed that by the date of its 2008 Annual Meeting of Shareholders, it will have limited the number of directors serving on its board to no more than nine, which obligation shall continue for so long as the Reporting Persons have the right to appoint a director to the Company's Board of Directors. The rights of the Reporting Persons to appoint directors and the obligations of the Company to limit the size of its Board were affirmed in the New Securities Purchase Agreement.

In connection with the issuance of the Shares to the Reporting Persons and the proposed acquisition of Common Stock by the Reporting Persons pursuant to the 2008 Standby Purchase Agreement, the Company amended its Rights Agreement (the "Rights Agreement"), dated as of March 21, 2006, as amended, with National City Bank, as Rights Agent, to permit such acquisitions by the Reporting Persons.

The Reporting Persons reserve the right to change their plans or intentions and to take any and all actions that they may deem to be in their best interests.

Except as set forth above, the Reporting Persons do not have any current intention, plan or proposal with respect to: (a) the acquisition by any person of additional securities of the Company, or the disposition of securities of the Company; (b) an extraordinary corporate transaction, such as a merger, reorganization or liquidation, involving the Company or any of its subsidiaries; (c) a sale or transfer of a material amount of assets of the Company or any of its subsidiaries; (d) any change

in the present board of directors or management of the Company, including any plans or proposals to change the number or term of directors or to fill any existing vacancies on the board; (e) any material change in the present capitalization or dividend policy of the Company; (f) any other material change in the Company's business or corporate structure; (g) changes in the Company's charter, bylaws or instruments corresponding thereto or other actions which may impede the acquisition of control of the Company by any person; (h) causing a class of securities of the Company to be delisted from a national securities exchange, if any, or cease to be authorized to be quoted in an inter-dealer quotation system of a registered national securities association; (i) a class of equity securities of the Company becoming eligible for termination of a registration pursuant to Section 12(g)(4) of the Act; or (j) any action similar to any of those enumerated above.

Item 5. Interest in Securities of the Issuer

A. Tontine Capital Partners, L.P.

(a) Aggregate number of shares beneficially owned: 2,774,469. Percentage: 38.9%. The percentages used herein and in the rest of Item 5 are calculated based upon the 7,133,033 shares of Common Stock issued and outstanding as of March 12, 2007, which includes 6,008,033 shares that were issued and outstanding as of March 12, 2008 (as reflected in Section 4.3 of the New Securities Purchase Agreement, included as Exhibit 2 to this Schedule 13D), plus 1,125,000 newly issued shares purchased by TCP and TMF pursuant to the New Securities Purchase Agreement.

(b) 1. Sole power to vote or direct vote: -0-

2. Shared power to vote or direct vote: 2,774,469

3. Sole power to dispose or direct the disposition: -0-

4. Shared power to dispose or direct the disposition: 2,774,469

(c) On February 19, 2008, TCP purchased 40,000 shares of Common Stock on the open market for \$7.72 per share, for a total purchase price of \$308,800. On March 12, 2008, TCP purchased 900,000 newly issued shares of Common Stock from the Company in a private placement transaction for \$7.00 per share, for a total purchase price of \$6,300,000.

(d) TCM, the general partner of TCP, has the power to direct the affairs of TCP, including decisions respecting the receipt of dividends from, and the disposition of the proceeds from the sale of, the shares. Mr. Gendell is the Managing Member of TCM and in that capacity directs its operations.

(e) Not applicable.

B. Tontine Capital Management, L.L.C.

(a) Aggregate number of shares beneficially owned: 2,774,469. Percentage: 38.9%.

(b) 1. Sole power to vote or direct vote: -0-

2. Shared power to vote or direct vote: 2,774,469

3. Sole power to dispose or direct the disposition: -0-

4. Shared power to dispose or direct the disposition: 2,774,469

(c) TCM did not enter into any transactions in the Common Stock of the Company within the last sixty days.

(d) Not applicable.

(e) Not applicable.

C. Tontine Capital Overseas Master Fund, L.P.

(a) Aggregate number of shares beneficially owned: 693,620. Percentage: 9.7%.

(b) 1. Sole power to vote or direct vote: -0-

2. Shared power to vote or direct vote: 693,620

3. Sole power to dispose or direct the disposition: -0-

4. Shared power to dispose or direct the disposition: 693,620

(c) On February 19, 2008, TMF purchased 10,000 shares of Common Stock on the open market for \$7.72 per share, for a total purchase price of \$77,200. On March 12, 2008, TMF purchased 225,000 newly issued shares of Common Stock from the Company in a private placement transaction for \$7.00 per share, for a total purchase price of \$1,575,000.

(d) TCO, the general partner of TMF, has the power to direct the affairs of TMF, including decisions respecting the receipt of dividends from, and the disposition of the proceeds from the sale of, the shares. Mr. Gendell is the Managing Member of TCO and in that capacity directs its operations.

(e) Not applicable.

D. Tontine Capital Overseas GP, L.L.C.

(a) Aggregate number of shares beneficially owned: 693,620. Percentage: 9.7%.

(b) 1. Sole power to vote or direct vote: -0-

2. Shared power to vote or direct vote: : 693,620

3. Sole power to dispose or direct the disposition: -0-

4. Shared power to dispose or direct the disposition: : 693,620

(c) TCO has not entered into any transactions in the Common Stock of the Company within the last sixty days.

(d) Not applicable.

(e) Not applicable.

E. Jeffrey L. Gendell

(a) Aggregate number of shares beneficially owned: 3,468,089. Percentage: 48.6%.

(b) 1. Sole power to vote or direct vote: -0-

2. Shared power to vote or direct vote: 3,468,089

3. Sole power to dispose or direct the disposition: -0-

4. Shared power to dispose or direct the disposition: 3,468,089

(c) Mr. Gendell did not enter into any transactions in the Common Stock of the Company within the last sixty days.

(d) Not applicable.

(e) Not applicable.

Item 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer

A. Initial Securities Purchase Agreement

On April 10, 2007, TCP, TMF and the Company entered into the Initial Securities Purchase Agreement, pursuant to which the Company (i) sold an aggregate of 980,000 newly issued shares of Common Stock at \$11.25 per share to TCP and TMF for an aggregate purchase price of \$11,025,000.00 and (ii) issued the Notes in the aggregate principal amount of \$13,975,000. The transactions contemplated by the Initial Securities Purchase Agreement were consummated on May 18, 2007. Pursuant to the Initial Securities Purchase Agreement, the Company used the proceeds from the sale of the Common Stock and the issuance of the Notes to TCP and TMF to complete its acquisition of Adorn Holdings, Inc., which was also consummated on May 18, 2007. Under the Initial Securities Purchase Agreement, so long as the Reporting Persons (i) hold between 7.5% and 14.9% of the Common Stock then outstanding, they have the right to appoint one nominee to the Company's Board of Directors and (ii) hold at least 15.0% of the Common Stock then outstanding, they have the right to appoint two nominees to the Company's Board of Directors. The Company agreed to limit, by the date of the Company's 2008 Annual Meeting of Shareholders, the number of directors serving on its Board to no more than nine directors for so long as the Reporting Persons have the right to appoint a director to the Company's Board. Under the terms of the Initial Securities Purchase Agreement, the sale of the Common Stock was subject to certain conditions, including, among others, (i) the execution of the Registration Rights Agreement as described in greater detail in this Item

6 below; (ii) that the Company amend its Rights Agreement; and (iii) that all of the conditions necessary for the acquisition of Adorn Holdings, Inc. were satisfied. In addition, pursuant to the Initial Securities Purchase Agreement, the Company approved the acquisition by the Reporting Persons of up to 40% of its outstanding Common Stock, on a fully diluted basis, such that the Reporting Persons would not be subject to certain restrictions set forth in the Indiana Business Corporation Law (the "IBCL"). The Company also agreed that it would not revoke such approval and that it will use its best efforts to ensure that any future acquisitions by TCP and TMF (up to 40% of the outstanding Common Stock on a fully diluted basis) would not be subject to anti-takeover provisions included in any of the Company's organizational documents or the laws, regulations of any governmental authority. The Initial Securities Purchase Agreement also contained standard representations and warranties, as well as other customary terms and conditions.

B. New Securities Purchase Agreement

On March 10, 2008, the Company, TCP and TMF entered into the New Securities Purchase Agreement, pursuant to which TCP agreed to purchase 900,000 shares of Common Stock from the Company for \$7.00 per share, for a total purchase price of \$6,300,000, and TMF agreed to purchase 225,000 shares of Common Stock from the Company for \$7.00 per share, for a total purchase price of \$1,575,000. Under the New Securities Purchase Agreement, the Company agreed that it would use the proceeds from the sale of the Shares to prepay a portion of the outstanding principal and pay related accrued interest under the Notes. The transactions contemplated by the New Securities Purchase Agreement were consummated on March 12, 2008. Pursuant to the New Securities Purchase Agreement, the parties affirmed certain rights granted to TCP and TMF under the Initial Securities Purchase Agreement related to the right of TCP and TMF to appoint members of the Company's Board of Directors and the Company's obligations to limit the size of its Board of Directors. These rights and obligations are set forth in greater detail in the description of the Initial Securities Purchase Agreement above. The obligations of TCP and TMF under the New Securities Purchase Agreement were subject to certain conditions, including, among others, that as of the closing of the transactions contemplated by the New Securities Purchase Agreement: (i) irrevocable resolutions shall have been adopted by the Company's Board of Directors that opt out of the control share provisions of the IBCL, (ii) that the Company shall have amended its Rights Agreement to accommodate the issuance and sale of Common Stock pursuant to the New Securities Purchase Agreement, (iii) the Company shall not have amended its bylaws to opt in to the control share provisions of the IBCL, and (iv) the parties will have executed the 2008 Standby Purchase Agreement. The Company also agreed that it would use its best efforts to ensure that the acquisition of the Shares would not be subject to anti-takeover provisions included in any of the Company's organizational documents or the laws, regulations of any governmental authority. The New Securities Purchase Agreement also contained standard representations and warranties, as well as other customary terms and conditions. Pursuant to the Registration Rights Agreement, the shares of Common Stock purchased by TCP and TMF pursuant to the New Securities Purchase Agreement will be eligible to be registered for resale.

C. Termination Agreement

On March 10 2008, TCP, TMF and the Company entered into the Termination Agreement, pursuant to which, the parties agreed to terminate the 2007 Standby Purchase Agreement, with the exception of certain provisions relating to the Company's obligations to provide indemnification to TMF and TCP and to reimburse TMF and TCP for the expenses they incurred in connection with the 2007 Standby Purchase Agreement.

D. 2008 Standby Purchase Agreement

On March 10, 2008, TCP, TMF and the Company entered into the 2008 Standby Purchase Agreement, pursuant to which TCP and TMF agreed to certain standby commitments with regard to the Company's planned Rights Offering of 1,125,000 shares of Common Stock. In connection with the Rights Offering, the Company intends to grant each of its shareholders one right to purchase a fraction of a share of Common Stock from the Company for each share of Common Stock owned by the shareholder as of a yet to-be-determined record date at a subscription price of \$7.00 per whole share. Pursuant to the 2008 Standby Purchase Agreement, TCP and TMF have agreed to purchase (i) their pro rata portion of shares of Common Stock being offered by the Company in the Rights Offering, and (ii) any shares of Common Stock that have not been purchased by the Company's other shareholders at the close of the Rights Offering (the "Unsubscribed Shares"). TCP and TMF will pay the same price per share for the Unsubscribed Shares as the subscription price per share offered in the Company's Rights Offering. TCP and TMF have reserved the right to determine the allocation of the Unsubscribed Shares purchased by them so long as they purchase 100% of the Unsubscribed Shares in the aggregate. Pursuant to the Registration Rights Agreement, the shares of Common Stock purchased by TCP and TMF pursuant to the 2008 Standby Purchase Agreement will be eligible to be registered for resale. Under the terms of the 2008 Standby Purchase Agreement, the obligations of TCP and TMF to purchase their pro rata portions of the shares in the Rights Offering or the Unsubscribed Shares is subject to certain conditions, including, among others, that as of the closing of the transactions contemplated by the 2008 Standby Purchase Agreement (i) the Company will have taken all necessary actions such that the purchase of Common Stock by TCP and TMF will not be subject to certain restrictions set forth in Section 18 and 19 of Chapter 43 the IBCL; (ii) the Company will not have amended its bylaws to opt in to the control-share provisions of the IBCL; (iii) the Company will have amended the Rights Agreement to accommodate the issuance and

sale of Common Stock pursuant to the 2008 Standby Purchase Agreement; and (iv) the Company, TCP and TMF shall have entered into the New Securities Purchase Agreement. The 2008 Standby Purchase Agreement also contains standard representations and warranties, as well as other customary terms and conditions. It is intended that the proceeds from the Rights Offering will be used to prepay the remaining principal amount under the Notes and to pay related accrued interest.

E. Amended and Restated Registration Rights Agreement

On May 18, 2007, TCP, TMF and the Company entered into an Amended and Restated Registration Rights Agreement (the "Registration Rights Agreement"). Pursuant to the Registration Rights Agreement, the Company is required to file a shelf registration statement and grant to TCP and TMF (and their qualifying transferees) certain demand and "piggyback" registration rights in connection with shares of Common Stock held by them or acquired in the future. The registration rights granted under the Registration Rights Agreement terminate with respect to TCP and TMF (and any of their qualifying transferees) when such party no longer holds any Registrable Securities (as defined in the Registration Rights Agreement). With the exception of certain expenses, such as underwriting discounts and commissions, the Company has agreed to pay all expenses incident to its performance of or compliance with the Registration Rights Agreement, including the reasonable fees and expenses of counsel retained by the holders of registrable securities requested to be included in a registration statement.

F. Notes

On May 18, 2007, pursuant to the Initial Securities Purchase Agreement, TCP and TMF provided interim debt financing in the aggregate principal amount of \$13,975,000.00 (of which \$2,795,000 was provided by TMF and \$11,180,000 was provided by TCP), in exchange for the Notes issued by the Company in like principal amount. The Notes have a term of three years and provide for repayment as follows: (i) on the first anniversary, 10% of the original principal amount, (ii) on the second anniversary, 40% of the original principal amount and (iii) a final payment of the outstanding principal balance together with any accrued and unpaid interest thereon due at maturity. Interest is payable in cash or in kind at a rate of 9.5% per annum for the first year and 13.5% per annum for the period thereafter. The Notes are unsecured and subordinate to the Company's Senior Debt (as defined in the Notes). Pursuant to the New Securities Purchase Agreement, on March 12, 2008, the Company used the proceeds from the sale of the Shares to (i) prepay \$6,300,000 of principal and pay related accrued interest under the Note held by TCP, and (ii) prepay \$1,575,000 of principal and pay related accrued interest under the Note held by TMF.

The foregoing summaries of the Initial Securities Purchase Agreement, the New Securities Purchase Agreement, the Termination Agreement, the 2008 Standby Purchase Agreement, the Registration Rights Agreement and the Notes do not purport to be complete and are qualified in their entirety by reference to Exhibits 1 through 7, which are incorporated by reference herein.

Except as described in the Schedule 13D, the Reporting Persons do not have any contracts, arrangements, understandings or relationships (legal or otherwise) with any person with respect to any securities of the Company, including but not limited to the transfer or voting of any of the securities, finder's fees, joint ventures, loan or option arrangements, puts or calls, guarantees of profits, division of profits or losses, or the giving or withholding of proxies.

Item 7. Material to be Filed as Exhibits

1. Securities Purchase Agreement dated as of April 10, 2007, by and among Tontine Capital Partners, L.P., Tontine Capital Overseas Master Fund, L.P. and Patrick Industries, Inc. (Previously filed as Exhibit 1 to the Reporting Persons' Schedule 13D filed on April 18, 2007.)
2. Securities Purchase Agreement dated as of March 10, 2008, by and among Tontine Capital Partners, L.P., Tontine Capital Overseas Master Fund, L.P. and Patrick Industries, Inc.
3. Termination of Standby Purchase Agreement dated as of March 10, 2008, by and among Tontine Capital Partners, L.P., Tontine Capital Overseas Master Fund, L.P. and Patrick Industries, Inc.
4. Standby Purchase Agreement dated as of March 10, 2008, by and among Patrick Industries, Inc., Tontine Capital Partners, L.P. and Tontine Capital Overseas Master Fund, L.P.
5. Amended and Restated Registration Rights Agreement dated as of May 18, 2007, by and among Tontine Capital Partners, L.P., Tontine Capital Overseas Master Fund, L.P. and Patrick Industries, Inc. (Previously filed as Exhibit 2 to the Reporting Persons' Schedule 13D filed on May 24, 2007.)
6. Senior Subordinated Promissory Note by Patrick Industries, Inc. in favor of Tontine Capital Partners, L.P. dated as of May 18, 2007, in the amount of \$11,180,000. (Previously filed as Exhibit 3 to the Reporting Persons' Schedule 13D filed

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on May 24, 2007.)

7. Senior Subordinated Promissory Note by Patrick Industries, Inc. in favor of Tontine Capital Overseas Master Fund, L.P. dated as of May 18, 2007, in the amount of \$2,795,000. (Previously filed as Exhibit 4 to the Reporting Persons' Schedule 13D filed on May 24, 2007.)

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Signature

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

March 18, 2008

Date

/s/ Jeffrey L. Gendell

Signature

Jeffrey L. Gendell, individually, as managing member of Tontine Capital Management, L.L.C., general partner of Tontine Capital Partners, L.P., and as managing member of Tontine Capital Overseas GP, L.L.C., general partner of Tontine Capital Overseas Master Fund, L.P.

Name/Title

SECURITIES PURCHASE AGREEMENT
BY AND AMONG
TONTINE CAPITAL PARTNERS, L.P.,
TONTINE CAPITAL OVERSEAS MASTER FUND, L.P.
AND
PATRICK INDUSTRIES, INC.

MARCH 10, 2008

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SECURITIES PURCHASE AGREEMENT

This SECURITIES PURCHASE AGREEMENT, dated as of March 10, 2008, is entered into by and among PATRICK INDUSTRIES, INC., an Indiana corporation (the "**Company**"), and the investors identified on the signature page hereto (each a "**Buyer**" and collectively, the "**Buyers**").

RECITALS:

A. The Buyers desire to provide financing to the Company, and the Company desires to obtain financing from the Buyers, upon the terms and conditions set forth in this Agreement, in connection with the Company's prepayment of a portion of the outstanding principal and accrued interest under the Senior Subordinated Promissory Notes dated as of May 18, 2007, and issued by the Company to the Buyers in connection with financing the Company's acquisition of Adorn Holdings, Inc. (individually, a "**Note**" and collectively, the "**Notes**");

B. The total financing being provided by the Buyers to the Company hereunder shall consist of the purchase by the Buyers of 1,125,000 shares (the "**Shares**") of Common Stock, no par value, of the Company, which constitutes 18.7% of the Common Stock currently outstanding, at \$7.00 per share, for a total purchase price of \$7,875,000;

C. Concurrently with the execution of this Agreement, the Buyers and the Company are entering into a Standby Purchase Agreement (the "**Standby Purchase Agreement**"), pursuant to which the Buyers are agreeing, subject to certain conditions and limitations, to purchase from the Company in a proposed 1,125,000 share rights offering to be initiated after the closing of the transactions contemplated hereunder (i) their pro rata portion of the shares of Common Stock being offered, and (ii) all of the

shares of Common Stock not subscribed for by the Company's shareholders, in each case at a subscription price equal to \$7.00 per whole share;

D. The Company and the Buyers entered into an Amended and Restated Registration Rights Agreement, dated May 18, 2007 (the "**Registration Rights Agreement**") pursuant to which the Company has agreed under certain circumstances to register the resale of shares of Common Stock held by the Buyers and whereby the Shares purchased by the Buyers pursuant to this Agreement and the Standby Purchase Agreement would also be eligible to be registered for resale; and

E. The Company and the Buyers are executing and delivering this Agreement in reliance upon the exemptions from securities registration afforded by Section 4(2) of the 1933 Act and Rule 506.

AGREEMENT

NOW THEREFORE, the Company and the Buyers hereby agree as follows:

ARTICLE 1 DEFINITIONS

"**1933 Act**" means the Securities Act of 1933, as amended.

"**1934 Act**" means the Securities Exchange Act of 1934, as amended.

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"**Action**" means any action, suit claim, inquiry, notice of violation, proceeding (including any partial proceeding such as a deposition) or investigation against or affecting the Company, any of its Subsidiaries or any of their respective properties before or by any court, arbitrator, governmental or administrative agency, regulatory authority (federal, state, county, local or foreign), public board, stock market, stock exchange or trading facility.

"**Agreement**" means this Securities Purchase Agreement.

"**Buyer**" and "**Buyers**" have the meaning set forth in the preamble.

"**Claim**" has the meaning set forth in Section 8.2.

"**Closing**" has the meaning set forth in Section 2.3.

"**Closing Date**" has the meaning set forth in Section 2.3.

"**Code**" has the meaning set forth in Section 4.13.

"**Common Stock**" means the Company's common stock, no par value.

"**Company**" has the meaning set forth in the preamble.

"**Environmental Laws**" has the meaning set forth in Section 4.11.

"**ERISA**" has the meaning set forth in Section 4.21.

"**Reimbursement Agreement**" has the meaning set forth in Section 5.3.

"**GAAP**" has the meaning set forth in Section 4.5(b).

"**Hazardous Materials**" has the meaning set forth in Section 4.11.

"**IBCL**" has the meaning set forth in Section 4.20.

"**Indemnified Party**" has the meaning set forth in Section 8.2.

"**Initial Securities Purchase Agreement**" means that certain Securities Purchase Agreement dated as of April 10, 2007 by and among the Company and the Buyers.

"**Intellectual Property**" has the meaning set forth in Section 4.8.

"**Investment Company**" has the meaning set forth in Section 4.13.

"**Legal Requirement**" means any federal, state, local, municipal, foreign, international, multinational or other law, rule, regulation, order, judgment, decree, ordinance, policy or directive, including those entered, issued, made, rendered or required by any court, administrative or other governmental body, agency or authority, or any arbitrator.

"**Material Adverse Change**" means a material adverse change on the business, condition, financial or otherwise, assets, liabilities, or results of operations of the Company and each of its Subsidiaries, taken as a whole; provided, however, "Material Adverse Change" shall not include (a) changes in business or economic conditions affecting the economy or the Company's and each of its

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Subsidiaries' industries generally, provided that the Company and each of its Subsidiaries are not disproportionately affected thereby; (b) changes in stock markets or credit markets; (c) any event as to which the Buyers have provided written consent hereunder; or (d) except for purposes of Section 4.4, the execution, delivery or performance of this Agreement (including any announcement relating to this Agreement).

"**Material Adverse Effect**" means any material adverse effect on the business, operations, assets, financial condition or prospects of the Company.

"**Note**" and "**Notes**" have the meaning set forth in the Recitals.

“*Per Share Price*” means \$7.00 per Share.

“*Permits*” has the meaning set forth in Section 4.10.

“*Purchase Price*” has the meaning set forth in Section 2.2.

“*Registration Rights Agreement*” has the meaning set forth in the Recitals.

“*Rights Agreement*” has the meaning set forth in Section 4.20.

“*Rule 506*” means Rule 506 of Regulation D promulgated under the 1933 Act.

“*SEC*” means the United States Securities and Exchange Commission.

“*SEC Documents*” has the meaning set forth in Section 4.5.

“*Shares*” has the meaning set forth in the Recitals.

“*Standby Purchase Agreement*” has the meaning set forth in the Recitals.

“*Subsidiaries*” means with respect to the Company, Adorn Holdings, Inc., Adorn, L.L.C., Machinery Inc. and Harlan Machinery Inc.

“*TCP*” means Tontine Capital Partners, L.P.

“*TCOMF*” means Tontine Capital Overseas Master Fund, L.P.

“*Transaction Documents*” means this Agreement and any other documents entered into in connection with the sale of the Shares.

“*Transfer Instructions*” has the meaning set forth in Section 2.2.

ARTICLE 2 PURCHASE AND SALE OF SHARES

2.1 Purchase of Shares. Subject to the terms and conditions of this Agreement, on the Closing Date, the Company shall issue and sell the Shares to each Buyer and each Buyer shall purchase from the Company the number of Shares as is set forth below such Buyer’s name on the signature page hereto.

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2.2 Purchase Price for Shares and Form of Payment; Delivery. On the Closing Date each Buyer shall pay the Per Share Price for the Shares to be issued and sold to it at the Closing, for a total price of \$7,875,000 (the “*Purchase Price*”). The Purchase Price shall be paid by wire transfer of immediately available funds in accordance with the Company’s written instructions. At the Closing, upon payment by the Buyers of the Purchase Price, the Company shall deliver irrevocable written instructions (“*Transfer Instructions*”) to the transfer agent for the Company’s Common Stock to issue certificates representing the Shares registered in the name of each Buyer and to deliver such certificates to or at the direction of each Buyer. The Company shall not have the power to revoke or amend the Transfer Instructions without the written consent of the Buyers.

2.3 Closing Date. Subject to the terms of this Agreement, the closing of the transactions contemplated by this Agreement shall occur on or before the date that is five (5) days after the date that the last of the conditions set forth in Article 6 and Article 7 have been satisfied, or at such other time as may be mutually agreed upon by the parties to this Agreement (the “*Closing Date*”), at the offices of McDermott Will & Emery LLP, 227 West Monroe Street, Chicago, Illinois 60606 or at such other location or by such other method (including exchange of signed documents) as may be mutually agreed upon by the parties to this Agreement (“*Closing*”).

ARTICLE 3 BUYERS’ REPRESENTATIONS AND WARRANTIES

Each Buyer represents and warrants to the Company that:

3.1 Organization and Qualification. Each of the Buyers is an entity of the type identified on the signature page hereto duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, with full power and authority to purchase the Shares and otherwise perform its obligations under this Agreement and the other Transaction Documents.

3.2 Authorization; Enforcement. This Agreement and each of the other Transaction Documents to be executed by the Buyers and the consummation of the transactions contemplated hereby and thereby have been duly and validly authorized by, and duly executed and delivered on behalf of, such Buyer. This Agreement and each of the other Transaction Documents to be executed by the Buyers constitutes the valid and binding agreement of such Buyer enforceable in accordance with its terms, except as such enforceability may be limited by: (i) applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws in effect that limit creditors’ rights generally; (ii) equitable limitations on the availability of specific remedies; and (iii) principles of equity.

3.3 Securities Matters. In connection with the Company’s compliance with applicable securities laws:

a. Such Buyer understands that the Shares are being offered and sold to it in reliance upon specific exemptions from the registration requirements of United States and state securities laws and that the Company is relying upon the truth and accuracy of, and such Buyer’s compliance with, the representations, warranties, agreements, acknowledgments and understandings of such Buyer set forth herein in order to determine the availability of such exemption and the eligibility of such Buyer to acquire the Shares.

b. Such Buyer is purchasing the Shares for its own account, not as a nominee or agent, for investment purposes and not with a present view towards resale, except pursuant to sales exempted from registration under the 1933 Act, or registered under the 1933 Act as contemplated by the Registration Rights Agreement.

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c. Such Buyer is an “accredited investor” as that term is defined in Rule 501(a) of Regulation D under the 1933 Act, and has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of an investment in the Shares. Such Buyer understands that its

investment in the Shares involves a significant degree of risk. Such Buyer understands that no United States federal or state agency or any other government or governmental agency has passed upon or made any recommendation or endorsement of the Shares.

3.4 **Information.** Such Buyer has conducted its own due diligence examination of the Company's business, financial condition, results of operations, and prospects. In connection with such investigation, such Buyer and its representatives (i) have reviewed the Company's Form 10-K for the fiscal years ended December 31, 2005 and December 31, 2006, the Company's quarterly reports on Form 10-Q for the three most recently concluded interim periods and the Company's Current Reports on Form 8-K or Form 8-K/A filed in 2006, 2007, and 2008 and (ii) have been given an opportunity to ask questions, to the extent such Buyer considered necessary, and have received answers from, officers of the Company concerning the business, finances and operations of the Company and information relating to the offer and sale of the Shares, and (iii) have received or had an opportunity to obtain such additional information as it deemed necessary to make an informed investment decision with respect to the purchase of the Shares.

3.5 **Restrictions on Transfer.** Such Buyer understands that except as provided in the Registration Rights Agreement, the issuance of the Shares has not been and is not being registered under the 1933 Act or any applicable state securities laws. Such Buyer may be required to hold the Shares indefinitely and the Shares may not be transferred unless (i) the Shares are sold pursuant to an effective registration statement under the 1933 Act, or (ii) the Shares to be sold or transferred may be sold or transferred pursuant to an exemption from such registration. Such Buyer understands that until such time as the resale of the Shares has been registered under the 1933 Act as contemplated by the Registration Rights Agreement or otherwise may be sold pursuant to an exemption from registration, certificates evidencing the Shares may bear a restrictive legend in substantially the following form (and a stop-transfer order may be placed against transfer of the certificates evidencing such Shares):

"THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE "ACT"). THE SHARES MAY NOT BE OFFERED FOR SALE, SOLD, OR OTHERWISE TRANSFERRED EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT, OR PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE ACT, THE AVAILABILITY OF WHICH IS TO BE ESTABLISHED TO THE SATISFACTION OF THE CORPORATION."

3.6 **Stock Ownership.** The Buyers, in the aggregate, beneficially owned as of the date of this Agreement, 2,343,089 shares of the Company's Common Stock. Except for (i) such shares and the Shares to be issued pursuant to this Agreement, and (ii) the rights of the Buyers set forth in the Standby Purchase Agreement, neither the Buyers nor any of their respective affiliates, has or has a right to acquire any beneficial ownership interest in any capital stock or any other securities of the Company, and no such person has a right to vote any Common Stock of the Company.

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ARTICLE 4 REPRESENTATIONS AND WARRANTIES OF THE COMPANY

Except as set forth in the Company's Disclosure Schedule attached hereto, the Company represents and warrants to Buyers that:

4.1 **Organization and Qualification.** The Company has no subsidiaries other than the Subsidiaries. The Company and each of its Subsidiaries is a corporation, duly organized, validly existing and in good standing under the laws of the jurisdiction in which it is incorporated, with corporate power and authority to own, lease, use and operate its properties and to carry on its business as now operated and conducted. The Company and each of its Subsidiaries is duly qualified as a foreign corporation to do business and is in good standing in each jurisdiction in which its ownership or use of property or the nature of the business conducted by it makes such qualification necessary, except where the failure to be so qualified or in good standing would not have a Material Adverse Effect. Neither the Company nor any Subsidiary is in violation of any provision of its respective certificate or articles of incorporation, partnership agreement, bylaws or other organizational or charter documents, as the same may have been amended.

4.2 **Authorization; Enforcement.** The Company has all requisite corporate power and authority to enter into and perform this Agreement and each of the other Transaction Documents and to consummate the transactions contemplated hereby and thereby and to issue the Shares, in accordance with the terms hereof and thereof. The execution and delivery of this Agreement and each of the other Transaction Documents by the Company and the consummation by it of the transactions contemplated hereby and thereby (including without limitation, the issuance of the Shares) have been duly authorized by the Company's Board of Directors and no further consent or authorization of the Company, its Board of Directors, or its shareholders is required. This Agreement and each of the other Transaction Documents have been duly executed and delivered by the Company. This Agreement and each of the other Transaction Documents will constitute upon execution and delivery by the Company, a legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except as such enforceability may be limited by: (i) applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws in effect that limit creditors' rights generally; (ii) equitable limitations on the availability of specific remedies; (iii) principles of equity (regardless of whether such enforcement is considered in a proceeding in law or in equity); and (iv) to the extent rights to indemnification and contribution may be limited by federal securities laws or the public policy underlying such laws.

4.3 **Capitalization; Valid Issuance of Shares.** As of the date hereof, the authorized capital stock of the Company consists of 20,000,000 shares of Common Stock, of which 6,008,033 shares are issued and outstanding, and no shares are held by the Company as treasury shares, and 1,000,000 shares of preferred stock, of which no shares are issued and outstanding. All of such outstanding shares of Common Stock are duly authorized, validly issued, fully paid and nonassessable. The Shares have been duly authorized and when issued pursuant to the terms hereof will be validly issued, fully paid and nonassessable and will not be subject to any encumbrances, preemptive rights or any other similar contractual rights of the shareholders of the Company or any other person. No shares of capital stock of the Company are subject to preemptive rights or any other similar rights of the shareholders of the Company or any liens or encumbrances imposed through the actions or failure to act of the Company. As of the date of this Agreement, except as set forth on Schedule 4.3 or disclosed in the Company's Proxy Statement filed on October 9, 2007, (i) there are no outstanding options, warrants, scrip, rights to subscribe for, puts, calls, rights of first refusal, agreements, understandings, claims or other commitments or rights of any character whatsoever relating to, or securities or rights convertible into or exchangeable for any shares of capital stock of the Company or any of its Subsidiaries, or arrangements by which the Company or any of its Subsidiaries is or may become bound to issue additional shares of capital stock, (ii)

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there are no agreements or arrangements under which the Company or any of its Subsidiaries is obligated to register the sale of any of its or their securities under the 1933 Act (except the Registration Rights Agreement) and (iii) there are no anti-dilution or price adjustment provisions contained in any security issued by the Company (or in any agreement providing rights to security holders) that will be triggered by the issuance of the Shares. Except as may be described in any documents which have been publicly filed by any of the Company's shareholders, to the Company's knowledge, there are no agreements between the Company's shareholders with respect to the voting or transfer of the Company's capital stock or with respect to any other aspect of the Company's affairs.

4.4 **No Conflicts.** The execution, delivery and performance of this Agreement and each of the other Transaction Documents by the Company and the consummation by the Company of the transactions contemplated hereby and thereby (including, without limitation, the issuance of Shares) will not (i) conflict with or result in a violation of any provision of the Articles of Incorporation, as amended, of the Company or the Bylaws, as amended, of the Company, (ii) violate or conflict with, or result in a breach of any provision of, or constitute a default (or an event which with notice or lapse of time or both could become a default) under, or give to others any rights of termination, amendment, acceleration or cancellation of, any material agreement, indenture, patent, patent license or instrument to which the Company or any of its Subsidiaries is a party, or (iii) result in a violation of any Legal Requirement (including federal and state securities laws and regulations and regulations of any self-regulatory organizations to which the Company or its securities are subject) applicable to the Company or any of its Subsidiaries or by which any property or asset of the Company or

any of its Subsidiaries is bound or affected (except for such conflicts, defaults, terminations, amendments, accelerations, cancellations and violations as would not, individually or in the aggregate, have a Material Adverse Effect). Neither the Company nor any of its Subsidiaries is in violation of its Certificate or Articles of Incorporation, bylaws or other organizational documents and neither the Company nor any of its Subsidiaries is in default (and no event has occurred which with notice or lapse of time would result in a default) under, and neither the Company nor any of its Subsidiaries has taken any action or failed to take any action that would give to others any rights of termination, amendment, acceleration or cancellation of, any agreement or instrument to which the Company or any of its Subsidiaries is a party or by which any property or assets of the Company or any of its Subsidiaries is bound or affected, except for possible defaults as would not, individually or in the aggregate, have a Material Adverse Effect. Except with respect to any filings or notices related to the issuance of the Shares to be filed with Nasdaq, if any, and as required under the 1933 Act and any applicable state securities laws, the Company is not required to obtain any consent, authorization or order of, or make any filing or registration with, any court, governmental agency, regulatory agency, self regulatory organization or stock market or any third party in order for it to execute, deliver or perform any of its obligations under the Transaction Documents. All consents, authorizations, orders, filings and registrations that the Company is required to effect or obtain pursuant to the preceding sentence have been obtained or effected on or prior to the date hereof.

4.5 SEC Documents; Financial Statements.

a. Since December 31, 2005, the Company has timely filed all reports, schedules, forms, statements and other documents required to be filed by it with the SEC pursuant to the reporting requirements of the 1933 Act and the 1934 Act (all of the foregoing filed prior to the date hereof and all exhibits included therein and financial statements and schedules thereto and documents (other than exhibits to such documents) incorporated by reference therein, being hereinafter referred to herein as the “**SEC Documents**”), or has timely filed for a valid extension of such time of filing and has filed any such SEC Documents prior to the expiration of any such extension. As of their respective dates, the SEC Documents complied in all material respects with the requirements of the 1933 Act and the 1934 Act and the rules and regulations of the SEC promulgated thereunder applicable to the SEC Documents, and none of the SEC Documents, at the time they were filed with the SEC, contained any untrue statement of a

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material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

b. As of their respective dates, the financial statements of the Company included in the SEC Documents complied as to form in all material respects with applicable accounting requirements and the published rules and regulations of the SEC with respect thereto. Such financial statements have been prepared in accordance with United States generally accepted accounting principles (“**GAAP**”), consistently applied, during the periods involved (except (i) as may be otherwise indicated in such financial statements or the notes thereto, or (ii) in the case of unaudited interim statements, to the extent they may not include footnotes, year end adjustments or may be condensed or summary statements) and fairly present in all material respects the consolidated financial position of the Company and its consolidated Subsidiaries as of the dates thereof and the consolidated results of their operations and cash flows for the periods then ended (subject, in the case of unaudited statements, to normal year-end audit adjustments). Except as set forth in the financial statements of the Company included in the SEC Documents, the Company has no liabilities, contingent or otherwise, other than (i) liabilities incurred in the ordinary course of business subsequent to December 31, 2006, and (ii) obligations under contracts and commitments incurred in the ordinary course of business and not required under generally accepted accounting principles to be reflected in such financial statements, which, individually or taken in the aggregate would not reasonably be expected to have a Material Adverse Effect.

c. Except as set forth on Schedule 4.5, the Company has established and maintains disclosure controls and procedures (as such term is defined in Rule 13a-15(e) under the 1934 Act).

4.6 Absence of Certain Changes. Except as set forth on Schedule 4.6, since December 31, 2006, other than circumstances affecting the recreational vehicle and manufactured housing industries generally, there has not occurred any event or circumstance that has had, resulted in, or would reasonably be expected to have, a Material Adverse Change. Except with respect to the transactions contemplated hereby and by each of the other Transaction Documents and except as set forth on Schedule 4.6, since December 31, 2006, the Company has not incurred any liabilities (contingent or otherwise) other than (A) trade payables, accrued expenses and other liabilities incurred in the ordinary course of business consistent with past practice, (B) liabilities not required to be reflected on the Company’s financial statements pursuant to GAAP, and (C) liabilities disclosed in filings made with the SEC.

4.7 Absence of Litigation. There is no Action pending or, to the knowledge of the Company or any of its Subsidiaries, threatened against or affecting the Company or any of its Subsidiaries that (i) adversely affects or challenges the legality, validity or enforceability of this Agreement, or (ii) would, if there were an unfavorable decision, have or reasonably be expected to have a Material Adverse Effect. Neither the Company nor any of its Subsidiaries, nor any director or officer thereof (in his or her capacity as such), is or has been the subject of any Action involving a claim of violation of or liability under federal or state securities laws or a claim of breach of fiduciary duty. There has not been, and to the knowledge of the Company, there is not pending any investigation by the SEC involving the Company or any current or former director or officer of the Company (in his or her capacity as such). The SEC has not issued any stop order or other order suspending the effectiveness of any registration statement filed by the Company under the 1934 Act or the 1933 Act.

4.8 Intellectual Property. The Company and each of its Subsidiaries owns or possesses the requisite licenses or rights to use all patents, patent applications, patent rights, inventions, know-how, trade secrets, copyrights, trademarks, trademark applications, service marks, service names, trade names and copyrights (“**Intellectual Property**”) necessary to enable it to conduct its business as now operated (and, to the Company’s knowledge, as presently contemplated to be operated in the future); except as set forth on Schedule 4.8, there is no claim or Action by any person pertaining to, or proceeding pending, or

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to the Company’s knowledge threatened, which challenges the right of the Company or of a Subsidiary with respect to any Intellectual Property necessary to enable it to conduct its business as now operated and to the Company’s knowledge, the Company’s or its Subsidiaries’ current products and processes do not infringe on any Intellectual Property or other rights held by any person, except where any such infringement would not reasonably be expected to have a Material Adverse Effect.

4.9 Tax Status. The Company and each of its Subsidiaries has made or filed all federal, state and foreign income and all other material tax returns, reports and declarations required by any jurisdiction to which it is subject (unless and only to the extent that the Company and each of its Subsidiaries has set aside on its books provisions reasonably adequate for the payment of all unpaid and unreported taxes) and has paid all taxes and other governmental assessments and charges that are material in amount, shown or determined to be due on such returns, reports and declarations, except those being contested in good faith and has set aside on its books provisions reasonably adequate for the payment of all taxes for periods subsequent to the periods to which such returns, reports or declarations apply. There are no unpaid taxes in any material amount claimed to be due by the taxing authority of any jurisdiction, and the officers of the Company know of no basis for any such claim. The Company has not executed a waiver with respect to the statute of limitations relating to the assessment or collection of any foreign, federal, state or local tax.

4.10 Permits; Compliance.

a. The Company and each of its Subsidiaries is in possession of all franchises, grants, authorizations, licenses, permits, easements, variances, exemptions, consents, certificates, approvals and orders necessary to own, lease and operate its properties and to carry on its business as it is now being conducted (collectively, “**Permits**”), and there is no Action pending or, to the knowledge of the Company, threatened regarding suspension or cancellation of any of the Permits. Neither the Company nor any of its Subsidiaries is in conflict with, or in default or violation of, any of the Permits, except for any such conflicts, defaults or violations which,

individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect.

b. Except as set forth on Schedule 4.10(b), since December 31, 2006, no event has occurred or, to the knowledge of the Company, circumstance exists that (with or without notice or lapse of time): (a) would reasonably be expected to constitute or result in a violation by the Company or any of its Subsidiaries, or a failure on the part of the Company or its Subsidiaries to comply with, any Legal Requirement; or (b) would reasonably be expected to give rise to any obligation on the part of the Company or any of its Subsidiaries to undertake, or to bear all or any portion of the cost of, any remedial action of any nature in connection with a failure to comply with any Legal Requirement, except in either case that would not reasonably be expected to have a Material Adverse Effect. Except as set forth on Schedule 4.10(b), neither the Company nor any of its Subsidiaries has received any notice or other communication from any regulatory authority or any other person, nor does the Company have any knowledge regarding: (x) any actual, alleged, possible or potential violation of, or failure to comply with, any Legal Requirement, or (y) any actual, alleged, possible or potential obligation on the part of the Company or any of its Subsidiaries to undertake, or to bear all or any portion of the cost of, any remedial action of any nature in connection with a failure to comply with any Legal Requirement, except in either case that would not reasonably be expected to have a Material Adverse Effect.

c. The Company is in compliance in all material respects with the provisions of the Sarbanes-Oxley Act of 2002 and the rules and regulations promulgated thereunder that are applicable to it and has taken reasonable steps such that the Company expects to be in a position to comply with the requirements of Section 404 of the Sarbanes-Oxley Act of 2002 and the rules and regulations promulgated thereunder at such time as Section 404 becomes applicable to the Company.

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d. The Company is, and has reason to believe that for the foreseeable future it will continue to be, in compliance with all applicable rules of the Nasdaq Global Market. The Company has not received notice from Nasdaq that the Company is not in compliance with the rules or requirements thereof. The issuance and sale of the Shares under this Agreement does not contravene the rules and regulations of the Nasdaq Global Market, and no approval of the shareholders of the Company is required for the Company to issue the Shares as contemplated by this Agreement.

4.11 Environmental Matters. “*Environmental Laws*” shall mean, collectively, all Legal Requirements, including any federal, state, local or foreign statute, laws, rule, regulation, ordinance, code, policy or rule of common law or any judicial or administrative interpretation thereof, including any judicial or administrative order, consent, decree or judgment issued against the Company or its Subsidiaries, relating to pollution or protection of human health, the environment (including, without limitation, ambient air, surface water, groundwater, land surface or subsurface strata) or wildlife, including, without limitation, laws and regulations relating to the release or threatened release of chemicals, pollutants, contaminants, wastes, toxic substances, hazardous substances, petroleum or petroleum products (collectively, “*Hazardous Materials*”) or to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials. Except for such matters as could not, singly or in the aggregate, reasonably be expected to result in a Material Adverse Effect: (i) the Company and its Subsidiaries have complied and are in compliance with all applicable Environmental Laws; (ii) without limiting the generality of the foregoing, the Company and its Subsidiaries have obtained, have complied, and are in compliance with all Permits that are required pursuant to Environmental Laws for the occupation of their respective facilities and the operation of their respective businesses; (iii) none of the Company or its Subsidiaries has received any written notice, report or other information regarding any actual or alleged violation of Environmental Laws, or any liabilities or potential liabilities (including fines, penalties, costs and expenses), including any investigatory, remedial or corrective obligations, relating to any of them or their respective facilities arising under Environmental Laws, nor, to the knowledge of the Company is there any factual basis therefore; (iv) there are no underground storage tanks, polychlorinated biphenyls, urea formaldehyde or other hazardous substances (other than small quantities of hazardous substances for use in the ordinary course of the operation of the Company’s and its Subsidiaries’ respective businesses, which are stored and maintained in accordance and in compliance with all applicable Environmental Laws), in, on, over, under or at any real property owned or operated by the Company and/or its Subsidiaries; (v) there are no conditions existing at any real property or with respect to the Company or any of its Subsidiaries that require remedial or corrective action, removal, monitoring or closure pursuant to the Environmental Laws and (vi) to the knowledge of the Company, neither the Company nor any of its Subsidiaries has contractually, by operation of law, or otherwise amended or succeeded to any liabilities arising under any Environmental Laws of any predecessors or any other Person.

4.12 Title to Property. Except for any lien for current taxes not yet delinquent or which are being contested in good faith and by appropriate proceedings and except as set forth on Schedule 4.12, the Company and its Subsidiaries have good and marketable title to all real property and all personal property owned by them which is material to the business of the Company and its Subsidiaries. Any leases of real property and facilities of the Company and its Subsidiaries are valid and effective in accordance with their respective terms, except as would not have a Material Adverse Effect.

4.13 No Investment Company or Real Property Holding Company. The Company is not, and upon the issuance and sale of the Shares as contemplated by this Agreement will not be, an “investment company” as defined under the Investment Company Act of 1940 (“*Investment Company*”). The Company is not controlled by an Investment Company. The Company is not a United States real property holding company, as defined under the Internal Revenue Code of 1986, as amended (the “*Code*”).

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4.14 No Brokers. The Company has taken no action which would give rise to any claim by any person for brokerage commissions, transaction fees or similar payments relating to this Agreement or the transactions contemplated hereby.

4.15 Registration Rights. Except pursuant to the Registration Rights Agreement, the Standby Purchase Agreement and this Agreement, neither the Company nor any Subsidiary is currently subject to any agreement providing any person or entity any rights (including piggyback registration rights) to have any securities of the Company or any Subsidiary registered with the SEC or registered or qualified with any other governmental authority.

4.16 Exchange Act Registration. The Common Stock is registered pursuant to the 1934 Act, and the Company has taken no action designed to, or which, to the knowledge of the Company, is likely to have the effect of, terminating the registration of the Common Stock.

4.17 Labor Relations. No labor or employment dispute exists or, to the knowledge of the Company, is imminent or threatened, with respect to any of the employees of the Company that has, or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

4.18 Transactions with Affiliates and Employees. Except as set forth in the SEC Documents, none of the officers or directors of the Company, and to the knowledge of the Company, none of the employees of the Company, is presently a party to any transaction or agreement with the Company (other than for services as employees, officers and directors) exceeding \$100,000, including any contract, agreement or other arrangement providing for the furnishing of services to or by, providing for rental of real or personal property to or from, or otherwise requiring payments to or from any officer, director or such employee or, to the knowledge of the Company, any entity in which any officer, director, or any such employee has a substantial interest or is an officer, director, trustee or partner.

4.19 Insurance. The Company and its Subsidiaries have insurance policies in full force and effect of a type, covering such risks and in such amounts, and having such deductibles and exclusions as are customary for conducting businesses and owning assets similar in nature and scope to those of the Company and its Subsidiaries. The amounts of all such insurance policies and the risks covered thereby are in accordance in all material respects with all material contracts and agreements to which the Company and/or its Subsidiaries is a party and with all applicable Legal Requirements. With respect to each such insurance policy: (i) the policy is valid, outstanding and enforceable in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws in effect that limit creditors’ rights generally, equitable limitations on the availability of specific remedies and principles of equity (regardless of whether such enforcement is considered in a proceeding in law or in equity); (ii) neither the Company nor any of its Subsidiaries is in breach or default with respect to its obligations

thereunder in any material respect; and (iii) no party to the policy has repudiated, or given notice of an intent to repudiate, any provision thereof.

4.20 Approved Acquisitions of Shares; No Anti-Takeover Provisions. Prior to Closing, the Company will have taken all necessary action, if any, required under the laws of the State of Indiana or otherwise to allow the Buyers to acquire the Shares pursuant to this Agreement, including the adoption of irrevocable resolutions approving and exempting from the restrictions in Section 18 and Section 19 of Chapter 43 of the ICBL the transactions contemplated by this Agreement. Without limitation of the foregoing, the Company will not have amended its Bylaws to opt in to the provisions of the Indiana Business Corporation Law ("*IBCL*") pertaining to the acquisition of a controlling interest (IBCL 23-1-42-1 through 23-1-42-11) with respect to the acquisition by the Buyers of the Shares. Except for the Rights Agreement, the Company has no control share acquisition, business combination, poison pill (including any distribution under a rights agreement) or other similar anti-takeover provision under the Company's

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Articles of Incorporation or Bylaws, each as amended (or similar charter documents), that is or could become applicable to the Buyers as a result of the Buyers and the Company fulfilling their obligations or exercising their rights under this Agreement, including without limitation the Company's issuance of the Shares and the Buyers' ownership of the Shares. Prior to Closing, the Company will have amended the Rights Agreement, dated March 21, 2006, as amended, by and between the Company and National City Bank, as Rights Agent (the "*Rights Agreement*"), to accommodate the issuance and sale of the Shares to the Buyers, in a form reasonably acceptable to the Buyers.

4.21 ERISA. Based upon the Employee Retirement Income Security Act of 1974, as amended ("*ERISA*"), and the regulations and published interpretations thereunder: (i) neither the Company nor any of its Subsidiaries has engaged in any Prohibited Transactions (as defined in Section 406 of ERISA and Section 4975 of the Code); (ii) the Company and each of its Subsidiaries has met all applicable minimum funding requirements under Section 302 of ERISA in respect to its plans; (iii) neither the Company nor any of its Subsidiaries has any knowledge of any event or occurrence which would cause the Pension Benefit Guaranty Corporation to institute proceedings under Title IV of ERISA to terminate any employee benefit plan(s); neither the Company nor any of its Subsidiaries has any fiduciary responsibility for investments with respect to any plan existing for the benefit of persons other than its or such Subsidiary's employees; and (v) neither the Company nor any of its Subsidiaries has withdrawn, completely or partially, from any multi-employer pension plan so as to incur liability under the Multiemployer Pension Plan Amendments Act of 1980.

4.22 Disclosure. The Company understands and confirms that the Buyers will rely on the representations and covenants contained herein in effecting the transactions contemplated by this Agreement and the other Transaction Documents. All representations and warranties provided to the Buyers including the disclosures in the Company's disclosure schedules attached hereto furnished by or on behalf of the Company, taken as a whole are true and correct and do not contain any untrue statement of material fact or omit to state any material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading. No event or circumstance has occurred or information exists with respect to the Company or its Subsidiaries or its or their businesses, properties, prospects, operations or financial conditions, which, under applicable law, rule or regulation, requires public disclosure or announcement by the Company but which has not been so publicly announced or disclosed.

ARTICLE 5 COVENANTS

5.1 Form D; Blue Sky Laws. Upon completion of the Closing, the Company shall file with the SEC a Form D with respect to the Shares as required under Regulation D and each applicable state securities commission and will provide a copy thereof to the Buyers promptly after such filing.

5.2 Use of Proceeds. The Company shall use the proceeds from the sale of the Shares to prepay principal and pay related accrued interest due under the Notes.

5.3 Expenses. The Company shall pay the fees and expenses incurred by the Buyers in connection with the negotiation, preparation, execution, delivery and performance of this Agreement and the other Transaction Documents and the transactions hereunder and thereunder, including, without limitation, reasonable attorneys' fees and expenses.

5.4 No Integration. The Company shall not make any offers or sales of any security (other than the Shares) under circumstances that would require registration of the Shares being offered or sold

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hereunder under the 1933 Act or cause the offering of the Shares to be integrated with any other offering of securities by the Company in such a manner as would require the Company to seek the approval of its shareholders for the issuance of the Shares under any shareholder approval provision applicable to the Company or its securities.

5.5 Board Designee(s). The parties hereto acknowledge and affirm that the Buyers shall continue to have the rights and the Company shall continue to have the obligations as set forth in Section 5.5 of the Initial Securities Purchase Agreement with respect to the Company's Board of Directors.

5.6 Future Acquisitions. The Company shall not revoke its approval of the acquisition of the Shares by the Buyers. The Company shall use its best efforts to ensure that the acquisition of the Shares by the Buyers shall not be made subject to the provisions of any anti-takeover laws and regulations of any governmental authority, including without limitation, the applicable provisions of the ICBL, and any provisions of an anti-takeover nature adopted by the Company or any of its Subsidiaries, including the Rights Agreement, or contained in the Company's Articles of Incorporation, Bylaws, or the organizational documents of any of its Subsidiaries, each as amended.

5.7 Announcement of Rights Offering. The Company shall publicly announce, concurrent with the announcement of the execution of this Agreement, that the Company has entered into the Standby Purchase Agreement and intends to conduct a registered rights offering to its shareholders at the Per Share Price.

ARTICLE 6 CONDITIONS TO THE COMPANY'S OBLIGATION

The obligation of the Company hereunder to issue and sell the Shares to the Buyers at the Closing is subject to the satisfaction, at or before the Closing Date, of each of the following conditions thereto, provided that these conditions are for the Company's sole benefit and may be waived by the Company at any time in its sole discretion:

6.1 Delivery of Transaction Documents. The Buyers shall have executed and delivered the Transaction Documents to which it is a party to the Company.

6.2 Payment of Purchase Price. The Buyers shall have delivered the Purchase Price in accordance with Section 2.2 above.

6.3 Representations and Warranties. The representations and warranties of the Buyers shall be true and correct in all material respects (provided, however, that such qualification shall only apply to representations or warranties not otherwise qualified by materiality) as of the date when made and as of the Closing Date as though made at that time (except for representations and warranties that speak as of a specific date), and the applicable Buyer shall have performed, satisfied and complied in all material respects with the covenants, agreements and conditions required by this Agreement to be performed, satisfied or complied with by the applicable Buyer at or prior to the

Closing Date.

6.4 Litigation. No litigation, statute, rule, regulation, executive order, decree, ruling or injunction shall have been enacted, entered, promulgated or endorsed by or in any court or governmental authority of competent jurisdiction or any self-regulatory organization having authority over the matters contemplated hereby which prohibits the consummation of any of the transactions contemplated by this Agreement.

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ARTICLE 7 CONDITIONS TO THE BUYERS' OBLIGATION

The obligation of the Buyers hereunder to purchase the Shares at the Closing is subject to the satisfaction, at or before the Closing Date, of each of the following conditions, provided that these conditions are for the Buyers' sole benefit and may be waived by the Buyers at any time in their sole discretion:

7.1 Delivery of Transaction Documents; Issuance of Shares. The Company shall have executed and delivered the Transaction Documents to the Buyers, and shall deliver the Transfer Instructions to the transfer agent for the Company's Common Stock to issue certificates in the name of each Buyer representing the Shares being purchased by such Buyer. The Company shall deliver a copy of the Transfer Instructions to the Buyers at the Closing.

7.2 Representations and Warranties. The representations and warranties of the Company shall be true and correct in all material respects (provided, however, that such qualification shall only apply to representations or warranties not otherwise qualified by materiality) as of the date when made and as of the Closing Date as though made at such time (except for representations and warranties that speak as of a specific date) and the Company shall have performed, satisfied and complied in all material respects with the covenants, agreements and conditions required by this Agreement to be performed, satisfied or complied with by the Company at or prior to the Closing Date.

7.3 Consents. Any consents or approvals required to be secured by the Company for the consummation of the transactions contemplated by the Transaction Documents shall have been obtained and shall be reasonably satisfactory to the Buyers.

7.4 Litigation. No Action shall have been enacted, entered, promulgated or endorsed by or in any court or governmental authority of competent jurisdiction or any self-regulatory organization having authority over the matters contemplated hereby which prohibits the consummation of any of the transactions contemplated by this Agreement.

7.5 Opinion. The Buyers shall have received an opinion of the Company's counsel, dated as of the Closing Date, in form, scope and substance reasonably satisfactory to the Buyers with respect to the matters set forth in Exhibit A attached hereto.

7.6 No Material Adverse Change. There shall not have been a Material Adverse Change or any event or occurrence (including the failure of the representations and warranties of the Company, in the aggregate, to be true and correct as of the Closing Date) which would reasonably be likely to have a Material Adverse Change.

7.7 Board Approval. The board of directors of the Company shall have adopted irrevocable resolutions approving and exempting from the restrictions in Section 18 and Section 19 of Chapter 43 of the ICBL the transactions contemplated by this Agreement.

7.8 Amendment of Rights Plan. As of the Closing Date, the amendment to the Rights Agreement referenced in Section 4.20 shall continue to be in full force and effect to accommodate the issuance and sale of the Shares to the Buyers.

7.9 Control Share Statute. As of the Closing Date, the Company shall not have amended its Bylaws to opt back in to the provisions of the IBCL pertaining to the acquisition of a controlling interest (IBCL 23-1-42-1 through 23-1-42-11); provided, however, that the Company can so amend its Bylaws to

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opt into the provisions of Chapter 42 of the IBCL once the purchase and issuance of the Shares hereunder is complete.

7.10 Standby Purchase Agreement. The Buyers and the Company shall have entered into the Standby Purchase Agreement and the Company shall be taking reasonable action to effectuate the transactions contemplated thereunder.

ARTICLE 8 TERMINATION

8.1 Termination Provisions. This Agreement may be terminated at any time before the Closing Date:

- a. By mutual consent of the Company and the Buyers;
- b. By either the Company or the Buyers as applicable, in the event that any of the conditions precedent to their respective obligations to consummate the transactions contemplated hereby as set forth in Article 6 or Article 7, through no fault of the terminating party, have not been met and satisfied and have become impossible of fulfillment;
- c. By either the Company or the Buyers if the Closing Date does not occur before April 30, 2008, or such later date as the parties may mutually agree upon (provided that the terminating party is not then in material breach of any representation, warranty, covenant or other agreement contained herein);
- d. By the Buyers if there has been any material breach of any representation, warranty, agreement or covenant in this Agreement by the Company, which breach cannot be or has not been cured within thirty (30) days after giving written notice thereof to the Company; and
- e. By the Company if there has been any material breach of any representation, warranty, agreement or covenant in this Agreement by the Buyers, which breach cannot be or has not been cured within thirty (30) days after giving written notice thereof to the Buyers.

8.2 Effect of Termination. Upon the termination of this Agreement pursuant to the terms hereof, this Agreement will be void and neither party will have any further liability obligations with respect hereof, except as otherwise provided in this Agreement, including Section 10.13, or except and to the extent termination results from the intentional breach by a party of any of its representations, warranties or covenants hereunder.

ARTICLE 9 INDEMNIFICATION

9.1 Indemnification by the Company. The Company agrees to indemnify the Buyers and their affiliates and hold the Buyers and their affiliates harmless from and against any and all liabilities, losses, damages, costs and expenses of any kind (including, without limitation, the reasonable fees and disbursements of the Buyers' counsel in connection with any investigative, administrative or judicial proceeding), which may be incurred by the Buyers or their affiliates as a result of any claims made against the Buyers or their affiliates by any person that relate to or arise out of (i) any breach by the Company of any of its representations, warranties or covenants contained in this Agreement or in the Transaction Documents (other than the Registration Rights Agreement, which contains separate

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indemnification provisions), or (ii) any litigation, investigation or proceeding instituted by any person with respect to this Agreement or the performance of the transactions contemplated hereby or the Shares (excluding, however, any such litigation, investigation or proceeding which arises solely from the acts or omissions of the Buyers or their affiliates).

9.2 Notification. Any person entitled to indemnification hereunder ("**Indemnified Party**") will (i) give prompt notice to the Company, of any third party claim, action or suit with respect to which it seeks indemnification (the "**Claim**") (but omission of such notice shall not relieve the Company from liability hereunder except to the extent it is actually prejudiced by such failure to give notice), specifying in reasonable detail the factual basis for the Claim, the amount thereof, estimated in good faith, and the method of computation of the Claim, all with reasonable particularity and containing a reference to the provisions of this Agreement in respect of which such indemnification is sought with respect to the Claim, and (ii) unless in such Indemnified Party's reasonable judgment a conflict of interest may exist between such Indemnified Party and the Company with respect to such claim, permit the Company to assume the defense of the Claim with counsel reasonably satisfactory to the Indemnified Party. The Indemnified Party shall cooperate fully with the Company with respect to the defense of the Claim and, if the Company elects to assume control of the defense of the Claim, the Indemnified Party shall have the right to participate in the defense of the Claim at its own expense. If the Company does not elect to assume control or otherwise participate in the defense of the Claim, then the Indemnified Party may defend through counsel of its own choosing. If such defense is not assumed by the Company, the Company will not be subject to any liability under this Agreement or otherwise for any settlement made without its consent (but such consent will not be unreasonably withheld or delayed). If the Company elects not to or is not entitled to assume the defense of a Claim, it will not be obligated to pay the fees and expenses of more than one counsel for all Indemnified Parties with respect to the Claim, unless an actual conflict of interest exists between such Indemnified Party and any other of such Indemnified Parties with respect to the Claim, in which event the Company will be obligated to pay the fees and expenses of such additional counsel or counsels.

ARTICLE 10 GOVERNING LAW; MISCELLANEOUS

10.1 Governing Law. This Agreement shall be enforced, governed by and construed in accordance with the laws of the State of Indiana applicable to agreements made and to be performed entirely within such state, without regard to the principles of conflict of laws. The parties hereto hereby submit to the exclusive jurisdiction of the United States Federal Courts located in the State of Indiana with respect to any dispute arising under this Agreement, the agreements entered into in connection herewith or the transactions contemplated hereby or thereby. All parties irrevocably waive the defense of an inconvenient forum to the maintenance of such suit or proceeding. All parties further agree that service of process upon a party mailed by first class mail shall be deemed in every respect effective service of process upon the party in any such suit or proceeding. Nothing herein shall affect any party's right to serve process in any other manner permitted by law. All parties agree that a final non-appealable judgment in any such suit or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on such judgment or in any other lawful manner. The party which does not prevail in any dispute arising under this Agreement shall be responsible for all reasonable fees and expenses, including reasonable attorneys' fees, incurred by the prevailing party in connection with such dispute.

10.2 Counterparts; Electronic Signatures. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which shall constitute one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other party. This Agreement, once executed by a party, may be delivered to the other party hereto by

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electronic transmission of a copy of this Agreement bearing the signature of the party so delivering this Agreement.

10.3 Headings. The headings of this Agreement are for convenience of reference only and shall not form part of, or affect the interpretation of, this Agreement.

10.4 Severability. In the event that any provision of this Agreement is invalid or unenforceable under any applicable statute or rule of law, then such provision shall be deemed inoperative to the extent that it may conflict therewith and shall be deemed modified to conform to such statute or rule of law. Any provision hereof which may prove invalid or unenforceable under any law shall not affect the validity or enforceability of any other provision hereof.

10.5 Entire Agreement; Amendments. This Agreement and the instruments referenced herein contain the entire understanding of the parties with respect to the matters covered herein and therein and supersede all previous understandings or agreements between the parties with respect to such matters (other than the Reimbursement Agreement). No provision of this Agreement may be waived other than by an instrument in writing signed by the party to be charged with enforcement. The provisions of this Agreement may be amended only by a written instrument signed by the Company and the Buyers.

10.6 Notices. Any notices required or permitted to be given under the terms of this Agreement shall be delivered personally or by courier (including a recognized, receipted overnight delivery service) or by facsimile (with a copy delivered by receipted overnight delivery service) and shall be effective upon receipt, if delivered personally or by courier (including a recognized, receipted overnight delivery service) or by facsimile, in each case addressed to a party. The addresses for such communications shall be:

If to the Company:

Patrick Industries, Inc.
107 West Franklin Street
Elkhart, Indiana 46516
Telephone: (574) 294-7511
Facsimile: (574) 522-5213
Attention: Andy Nemeth

With copy to:

McDermott Will and Emery LLP
227 West Monroe
Chicago, Illinois 60606-5096
Telephone: (312) 984-7582
Facsimile: (312) 984-7700

Attention: Robert A. Schreck, Jr., Esq.

If to the Buyers:

Tontine Capital Partners, L.P.
55 Railroad Avenue, 1st Floor
Greenwich, Connecticut 06830
Attention: Mr. Jeffrey L. Gendell
Telephone: (203) 769-2000
Facsimile: (203) 769-2010

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With copy to:

Barack Ferrazzano Kirschbaum & Nagelberg LLP
200 W. Madison Street, Suite 3900
Chicago, Illinois 60606
Attention: Sarah M. Bernstein, Esq.
Telephone: (312) 984-3100
Facsimile: (312) 984-3150

Each party shall provide notice to the other party of any change in address.

10.7 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their successors and assigns. The Company shall not assign this Agreement or any rights or obligations hereunder without the prior written consent of the Buyers.

10.8 Third Party Beneficiaries. This Agreement is intended for the benefit of the parties hereto and their respective permitted successors and assigns, and is not for the benefit of, nor may any provision hereof be enforced by, any other person.

10.9 Publicity. The Company and the Buyers shall have the right to review a reasonable period of time before issuing any press releases or any other public statements with respect to the transactions contemplated hereby; provided, however, that the Company shall be entitled, without the prior approval of the Buyers, to make any press release with respect to such transactions as is required by applicable law and regulations (although the Buyers shall be consulted by the Company in connection with any such press release prior to its release and shall be provided with a copy thereof and be given an opportunity to comment thereon). Notwithstanding the foregoing, the Company shall file with the SEC a Form 8-K disclosing the transactions herein within four (4) business days of the Closing Date and attach the relevant agreements and instruments thereto, and the Buyers may make such filings as may be required under Section 13 and Section 16 of the 1934 Act.

10.10 Further Assurances. Each party shall do and perform, or cause to be done and performed, all such further acts and things, and shall execute and deliver all such other agreements, certificates, instruments and documents, as the other party may reasonably request in order to carry out the intent and accomplish the purposes of this Agreement and the consummation of the transactions contemplated hereby.

10.11 No Strict Construction. The language used in this Agreement will be deemed to be the language chosen by the parties to express their mutual intent, and no rules of strict construction will be applied against any party.

10.12 Rights Cumulative. Each and all of the various rights, powers and remedies of the parties shall be considered cumulative with and in addition to any other rights, powers and remedies which such parties may have at law or in equity in the event of the breach of any of the terms of this Agreement or the Transaction Documents. The exercise or partial exercise of any right, power or remedy shall neither constitute the exclusive election thereof nor the waiver of any other right, power or remedy available to such party.

10.13 Survival. Any covenant or agreement in this Agreement required to be performed following the Closing Date, shall survive the Closing Date. Without limitation of the foregoing, the

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respective representations and warranties given by the parties hereto shall survive the Closing Date and the consummation of the transactions contemplated herein, but only for a period of the earlier of (i) three (3) years following the Closing Date and (ii) the applicable statute of limitations with respect to each representation and warranty, and thereafter shall expire and have no further force and effect. Notwithstanding anything to the contrary in this Agreement, Article 9 and Article 10 shall survive the termination of this Agreement.

10.14 Knowledge. The term "knowledge of the Company" or any similar formulation of knowledge shall mean the actual knowledge after due inquiry of the named executive officers of the Company as set forth in its 2007 Proxy Statement.

[Remainder of this page intentionally left blank]

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IN WITNESS WHEREOF, the undersigned have caused this Agreement to be duly executed as of the date first above written.

COMPANY:

PATRICK INDUSTRIES, INC.

By: /s/ Paul E Hassler

Name: Paul E. Hassler
Title: President

BUYER:

TONTINE CAPITAL PARTNERS, L.P.

By: Tontine Capital Management, L.L.C, its general partner

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

Total Number of Shares: 900,000
Total Purchase Price for the Shares: \$6,300,000.00
Form of Entity and Jurisdiction of Organization:
Delaware Limited Partnership

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

Total Number of Shares: 225,000
Total Purchase Price for the Shares: \$1,575,000.00
Form of Entity and Jurisdiction of Organization:
Cayman Islands Limited Partnership

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EXHIBIT A

FORM OF LEGAL OPINION

1. The Company is a corporation, validly existing and in good standing under the laws of the state of the jurisdiction in which it is incorporated.
2. The Company has all necessary corporate power and authority to execute, deliver and perform its obligations under each of the Transaction Documents. The execution, delivery and performance of each of the Transaction Documents have been duly authorized by all necessary corporate action on the part of the Company.
3. Each of the Transaction Documents has been duly executed and delivered by the Company and constitutes the legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms.
4. The issuance, sale and delivery of the Shares and the execution, delivery and performance by the Company of the Transaction Documents and the consummation by the Company of the transactions contemplated thereby do not violate or result in a breach of or default under the Articles of Incorporation, as amended, Bylaws, as amended, or any applicable requirement of law.
5. To our knowledge, there are no actions, suits, proceedings, claims or disputes pending or threatened against, or affecting, the Company, at law, in equity, in arbitration or before any governmental authority that contest the execution, validity or performance of the Transaction Documents.
6. Except for filings, authorizations or approvals contemplated by the Agreement, to our knowledge no authorizations or approvals of, and no filings with, any governmental authority are necessary or required for the execution, delivery or performance by, or enforcement against, the Company of any of the Transaction Documents.
7. The Shares are duly authorized and, when issued and sold to the Buyers after payment therefor in accordance with the terms of the Transaction Documents, will be validly issued, fully paid and non-assessable.
8. There are no statutory, or to our knowledge, contractual preemptive, rights of first refusal or similar rights with respect to the issuance and sale of the Shares.
9. Assuming that the representations made by the Buyers in the Agreement are true and correct and that any required filings are made pursuant to Rule 503 of Regulation D as promulgated under the Securities Act of 1933, the offering, sale and issuance of the Shares pursuant to the Agreement do not require registration under the Securities Act of 1933, as amended and the rules promulgated thereunder as they currently exist or registration or qualification under any state securities laws.

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TERMINATION OF STANDBY PURCHASE AGREEMENT

THIS TERMINATION OF STANDBY PURCHASE AGREEMENT (this "**Agreement**"), dated as of March 10, 2008, is made by and among **PATRICK INDUSTRIES, INC.**, an Indiana corporation (the "**Company**"), **TONTINE CAPITAL PARTNERS, L.P.**, a Delaware limited partnership corporation ("**TCP**") and **TONTINE CAPITAL OVERSEAS MASTER FUND, L.P.**, a Delaware limited partnership ("**TCOMF**," and collectively with TCP, "**Tontine**").

WHEREAS, the Company and Tontine entered into that certain Standby Purchase Agreement dated as of September 17, 2007 (the "**2007 Standby Purchase Agreement**") in connection with a proposed rights offering by the Company, the proceeds of which the Company intended to use to prepay the outstanding principal and accrued interest under the Senior Subordinated Promissory Notes dated as of May 18, 2007, and issued by the Company to Tontine in connection with financing the Company's acquisition of Adorn Holdings, Inc.; and

WHEREAS, the Company, after consultation with Tontine, has elected to change the terms of its rights offering and contemporaneous with this Agreement, Tontine and the Company have agreed to enter into (i) a Securities Purchase Agreement pursuant to which Tontine has agreed to purchase shares of Company common stock in a private placement; and (ii) a new Standby Purchase Agreement which reflects the changed terms of the Company's rights offering;

WHEREAS, the 2007 Standby Purchase Agreement may be terminated at any time by the mutual consent of the Company and Tontine pursuant to Section 8.1(a) of the 2007 Standby Purchase Agreement;

NOW, THEREFORE, in consideration of the foregoing and the mutual promises, covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

Section 1. Termination of the 2007 Standby Purchase Agreement Effective as of the date hereof, the 2007 Standby Purchase Agreement among the Company and Tontine is hereby terminated and cancelled, and is of no further force or effect, except as may be otherwise provided therein. For the avoidance of doubt, the parties agree that the provisions of Section 7(b) and Sections 9 through 15 of the 2007 Standby Purchase Agreement shall survive the termination of the 2007 Standby Purchase Agreement hereunder.

Section 2. Successors and Assigns. This Agreement shall be binding upon, and inure to the benefit of, and be enforceable by, the parties and their respective successors and assigns.

Section 3. Entire Agreement; References. This Agreement constitutes the entire agreement between the parties and supersedes all prior and all other contemporaneous agreements and understandings (oral or written) with respect to the subject matter hereof.

Section 4. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the substantive laws of the State of Indiana, without regard to choice of law principles thereof.

Section 5. Counterparts; Electronic Signatures. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which shall constitute one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other party. This Agreement, once executed by a party, may be delivered to the other party hereto by electronic transmission of a copy of this Agreement bearing the signature of the party so delivering this Agreement.

Section 6. Headings. The headings of this Agreement are for convenience of reference only and shall not form part of, or affect the interpretation of, this Agreement.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

PATRICK INDUSTRIES, INC.

By: /s/s Paul E. Hassler
Name: Paul E. Hassler
Title: President

TONTINE CAPITAL PARTNERS, L.P.

By: Tontine Capital Management, L.L.C., its general partner

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

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

STANDBY PURCHASE AGREEMENT

This STANDBY PURCHASE AGREEMENT (this "**Agreement**") dated as of March 10, 2008, by and among Patrick Industries, Inc., an Indiana corporation (the "**Company**"), Tontine Capital Partners, L.P., a Delaware limited partnership ("**TCP**"), and Tontine Capital Overseas Master Fund, L.P., a Cayman Islands limited partnership ("**TCO**" and collectively with TCP, the "**Standby Purchasers**");

WITNESSETH:

WHEREAS, the Standby Purchasers and the Company entered into that certain Standby Purchase Agreement dated as of September 17, 2007 (the "**Original Agreement**"), which provided for the purchase by the Standby Purchasers of shares of the Company's common stock (the "**Common Stock**") in a rights offering proposed under the terms set forth in the Original Agreement (the "**Original Rights Offering**"); and

WHEREAS, the Standby Purchasers and the Company have terminated the Original Agreement and the Company has terminated the Original Rights Offering, each effective as of the date hereof; and

WHEREAS, in connection with the termination of the Original Agreement and the Original Rights Offering and concurrently with the execution of this Agreement, the Standby Purchasers have entered into a Securities Purchase Agreement (the "**Securities Purchase Agreement**") pursuant to which the Standby Purchasers have agreed to purchase 1,125,000 shares of Common Stock at a purchase price of \$7.00 per share, or an aggregate purchase price of \$7,875,000; and

WHEREAS, the Company proposes, as soon as practicable after the Rights Offering Registration Statement (as defined herein) becomes effective, to commence a new rights offering and distribute to holders of the Common Stock of record as of the close of business on the record date of such rights offering (the "**Record Date**"), non-transferable rights (the "**Rights**") to subscribe for and purchase additional shares of Common Stock (the "**New Shares**") at a subscription price (the "**Subscription Price**") in accordance with the term sheet attached hereto as Annex A and incorporated herein by reference (such term sheet, the "**Term Sheet**" and such offering, the "**Rights Offering**"); and

WHEREAS, pursuant to the Rights Offering, shareholders of record will receive one Right, as determined in accordance with the Term Sheet, for each share of Common Stock held by them as of the Record Date, and each whole Right will entitle the holder to purchase a fraction of one New Share, at the Subscription Price (the "**Basic Subscription Privilege**"); and

WHEREAS, the Company has requested the Standby Purchasers to agree to purchase from the Company upon expiration of the Rights Offering, and the Standby Purchasers are willing to so purchase, New Shares, at the Subscription Price, to the extent such New Shares are not purchased by shareholders pursuant to the exercise of Rights;

WHEREAS, the Company and the Standby Purchasers entered into an Amended and Restated Registration Rights Agreement, dated May 18, 2007 (the "**Registration Rights Agreement**") pursuant to which the Company has agreed under certain circumstances to register the resale of shares of Common Stock held by the Standby Purchasers and whereby the Securities (as defined herein) purchased by the Standby Purchasers pursuant to this Agreement would also be eligible to be registered for resale; and

WHEREAS, the Company shall use the proceeds obtained in connection with the Rights Offering and the transactions contemplated under the Securities Purchase Agreement to prepay in full the outstanding principal and pay related accrued interest under the Senior Subordinated Promissory Notes

dated as of May 18, 2007, issued by the Company to the Standby Purchasers in connection with financing the Company's acquisition of Adorn Holdings, Inc.;

NOW THEREFORE, in consideration of the foregoing and the mutual covenants herein contained, the parties hereto hereby agree as follows:

Section 1. Certain Other Definitions. The following terms used herein shall have the meanings set forth below:

"**Action**" shall mean any action, suit, claim, inquiry, notice of violation, proceeding (including any partial proceeding such as a deposition) or investigation against or affecting the Company, any of its Subsidiaries or any of their respective properties before or by any court, arbitrator, governmental or administrative agency, regulatory authority (federal, state, county, local or foreign), public board, stock market, stock exchange or trading facility.

"**Affiliate**" shall have the meaning set forth in Rule 12b-2 under the Exchange Act.

"**Agreement**" shall have the meaning set forth in the preamble hereof.

"**Basic Subscription Privilege**" shall have the meaning set forth in the recitals hereof.

"**Board**" shall mean the board of directors of the Company.

"**Business Day**" shall mean any day that is not a Saturday, a Sunday or a day on which banks are required or permitted to be closed in the State of Indiana.

"**Closing**" shall mean the closing of the purchases described in Section 2 hereof, which shall be held at 10:00 a.m. (Chicago time) on the Closing Date at the offices of Barack Ferrazzano Kirschbaum and Nagelberg LLP located at 200 West Madison Street, Suite 3900, Chicago, Illinois 60606, or such other time and place as may be agreed to by the parties hereto.

"**Closing Date**" shall mean the date that is three (3) Business Days after the Rights Offering Expiration Date, or such other date as may be agreed to by the parties hereto.

"**Code**" shall have the meaning set forth in Section 3(q) hereof.

"**Commission**" shall mean the United States Securities and Exchange Commission, or any successor agency thereto.

"**Common Stock**" shall have the meaning set forth in the recitals hereof.

“**Company**” shall have the meaning set forth in the preamble hereof.

“**Company Indemnified Persons**” shall have the meaning set forth in Section 9(b) hereof.

“**Company Shareholder Approval**” shall have the meaning set forth in Section 3(h) hereof.

“**Environmental Laws**” shall have the meaning set forth in Section 3(o) hereof.

“**ERISA**” shall have the meaning set forth in Section 3(y) hereof.

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“**Exchange Act**” shall mean the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated by the Commission thereunder.

“**Expenses**” shall have the meaning set forth in Section 6(b) hereof.

“**Hazardous Materials**” shall have the meaning set forth in Section 3(o) hereof.

“**GAAP**” shall have the meaning set forth in Section 3(e) hereof.

“**IBCL**” shall mean the Indiana Business Corporation Law; as amended.

“**Indemnified Persons**” shall have the meaning set forth in Section 9(b) hereof.

“**Intellectual Property**” shall have the meaning set forth in Section 3(l) hereof.

“**Investment Company**” shall have the meaning set forth in Section 3(q) hereof.

“**Legal Requirement**” means any federal, state, local, municipal, foreign, international, multinational or other law, rule, regulation, order, judgment, decree, ordinance, policy or directive, including those entered, issued, made, rendered or required by any court, administrative or other governmental body, agency or authority, or any arbitrator.

“**Market Adverse Effect**” shall have the meaning set forth in Section 7(a)(iii) hereof.

“**Material Adverse Effect**” shall mean a material adverse effect on the financial condition, or on the earnings, financial position, operations, assets, results of operation, business or prospects of the Company and its Subsidiaries taken as a whole.

“**New Shares**” shall have the meaning set forth in the recitals hereof.

“**Original Agreement**” shall have the meaning set forth in the recitals hereof.

“**Original Rights Offering**” shall have the meaning set forth in the recitals hereof.

“**Permits**” shall have the meaning set forth in Section 3(n) hereof.

“**Person**” shall mean an individual, corporation, partnership, association, joint stock company, limited liability company, joint venture, trust, governmental entity, unincorporated organization or other legal entity.

“**Prospectus**” shall mean a prospectus, as defined in Section 2(10) of the Securities Act, that meets the requirements of Section 10 of the Securities Act and is current with respect to the securities covered thereby.

“**Proxy Statement**” shall mean a definitive proxy statement filed with the Commission relating to the Rights Offering and the transactions contemplated hereunder, together with all amendments, supplements and exhibits thereto.

“**Registration Rights Agreement**” shall have the meaning set forth in the recitals hereof.

“**Record Date**” shall have the meaning set forth in the recitals hereof.

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“**Rights**” shall have the meaning set forth in the recitals hereof.

“**Rights Agreement**” shall have the meaning set forth in Section 3(x) hereof.

“**Rights Offering**” shall have the meaning set forth in the recitals hereof.

“**Rights Offering Expiration Date**” shall mean the date on which the subscription period under the Rights Offering expires.

“**Rights Offering Prospectus**” shall mean the final Prospectus included in the Rights Offering Registration Statement for use in connection with the issuance of the Rights.

“**Rights Offering Registration Statement**” shall mean the Company’s Registration Statement on Form S-1 under the Securities Act or such other appropriate form under the Securities Act, pursuant to which the Rights and underlying shares of Common Stock will be registered pursuant to the Securities Act.

“**SEC Documents**” shall have the meaning set forth in Section 3(e) hereof.

“**Securities**” shall mean those of the New Shares and Unsubscribed Shares that are purchased by the Standby Purchasers pursuant to Section 2 hereof.

“**Securities Act**” shall mean the Securities Act of 1933, as amended, and the rules and regulations promulgated by the Commission thereunder.

“**Securities Purchase Agreement**” shall have the meaning set forth in the recitals hereof.

“**Standby Indemnified Persons**” shall have the meaning set forth in Section 9(a) hereof.

“**Standby Purchasers**” shall have the meaning set forth in the preamble hereof.

“**Subscription Agent**” shall have the meaning set forth in Section 6(a)(vii) hereof.

“**Subscription Price**” shall have the meaning set forth in the recitals hereof.

“**Subsidiaries**” shall mean with respect to the Company, Machinery Inc., Harlan Machinery Inc., Adorn Holdings Inc. and Adorn, L.L.C.

“**Term Sheet**” shall have the meaning set forth in the recitals hereof.

“**Unsubscribed Shares**” shall have the meaning set forth in Section 2(b) hereof.

Section 2. Standby Purchase Commitment.

(a) The Standby Purchasers hereby agree to purchase from the Company, and the Company hereby agrees to sell to the Standby Purchasers, at the Subscription Price, all of the New Shares that will be available for purchase by the Standby Purchasers pursuant to their Basic Subscription Privilege.

(b) Standby Purchasers hereby agree to purchase from the Company, and the Company hereby agrees to sell to the Standby Purchasers, at the Subscription Price, any and all New Shares if and to the extent such New Shares are not purchased by the Company’s shareholders (the “**Unsubscribed Shares**”) pursuant to the exercise of Rights. It is understood and agreed that if, and to the extent that the

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Standby Purchasers are required to purchase Unsubscribed Shares pursuant to this subsection (b), the Standby Purchasers reserve the right to determine the allocation of Unsubscribed Shares to be purchased by each of them, so long as they purchase 100% of the Unsubscribed Shares in the aggregate.

(c) Payment of the Subscription Price for the Securities shall be made, on the Closing Date, against delivery of certificates evidencing the Securities, in United States dollars by means of certified or cashier’s checks, bank drafts, money orders or wire transfers.

Section 3. Representations and Warranties of the Company. Except as set forth in the Company’s Disclosure Schedule attached hereto, the Company represents and warrants to the Standby Purchasers that:

(a) **Organization and Qualification.** The Company has no subsidiaries other than the Subsidiaries. The Company and each of its Subsidiaries is a corporation or limited liability company, duly organized, validly existing and in good standing under the laws of the jurisdiction in which it is incorporated or organized, with corporate power and authority to own, lease, use and operate its properties and to carry on its business as now operated and conducted. The Company and each of its Subsidiaries is duly qualified as a foreign corporation or limited liability company to do business and is in good standing in each jurisdiction in which its ownership or use of property or the nature of the business conducted by it makes such qualification necessary, except where the failure to be so qualified or in good standing would not have a Material Adverse Effect. Neither the Company nor any Subsidiary is in violation of any provision of its respective certificate or articles of incorporation, articles of organization, partnership agreement, bylaws or other organizational or charter documents, as the same may have been amended.

(b) **Authorization; Enforcement.** This Agreement has been duly and validly authorized, executed and delivered by the Company and, subject to approval by the Company’s shareholders, constitutes a binding obligation of the Company enforceable against it in accordance with its terms, subject to applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and similar laws affecting creditors’ rights and remedies generally, and subject, as to enforceability, to general principles of equity, including principles of commercial reasonableness, good faith and fair dealing (regardless of whether enforcement is sought in a proceeding at law or in equity).

(c) **Capitalization.** The authorized capital stock of the Company consists of (i) 20,000,000 shares of Common Stock, of which 6,008,033 shares are issued and outstanding; and (ii) 1,000,000 shares of Preferred Stock, of which no shares are issued and outstanding, as of the date hereof. As of the date of this Agreement, except as set forth on Schedule 3(c) or disclosed in the Company’s Proxy Statement filed on October 9, 2007, (A) there are no outstanding options, warrants, scrip, rights to subscribe for, puts, calls, rights of first refusal, agreements, understandings, claims or other commitments or rights of any character whatsoever relating to, or securities or rights convertible into or exchangeable for any shares of capital stock of the Company or any of its Subsidiaries, or arrangements by which the Company or any of its Subsidiaries is or may become bound to issue additional shares of capital stock and (B) there are no agreements or arrangements under which the Company or any of its Subsidiaries is obligated to register the sale of any of its or their securities under the 1933 Act (except the Registration Rights Agreement). All of the outstanding shares of Common Stock have been duly authorized, are validly issued, fully paid and nonassessable and were offered, sold and issued in compliance with all applicable federal and state securities laws and without violating any contractual obligation or any other preemptive or similar rights.

(d) **No Conflicts.** The execution, delivery and performance of this Agreement by the Company and the consummation by the Company of the transactions contemplated hereby will not (i) conflict with or result in a violation of any provision of the Articles of Incorporation, as amended, of the Company or the Bylaws, as amended, of the Company, (ii) violate or conflict with, or result in a breach of

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any provision of, or constitute a default (or an event which with notice or lapse of time or both could become a default) under, or give to others any rights of termination, amendment, acceleration or cancellation of, any material agreement, indenture, patent, patent license or instrument to which the Company or any of its Subsidiaries is a party, or (iii) result in a violation of any Legal Requirement (including federal and state securities laws and regulations and regulations of any self-regulatory organizations to which the Company or its securities are subject) applicable to the Company or any of its Subsidiaries or by which any property or asset of the Company or any of its Subsidiaries is bound or affected (except for such conflicts, defaults, terminations, amendments, accelerations, cancellations and violations as would not, individually or in the aggregate, have a Material Adverse Effect). Neither the Company nor any of its Subsidiaries is in violation of its Certificate or Articles of Incorporation, bylaws or other organizational documents and neither the Company nor any of its Subsidiaries is in default (and no event has occurred which with notice or lapse of time would result in a default) under, and

neither the Company nor any of its Subsidiaries has taken any action or failed to take any action that would give to others any rights of termination, amendment, acceleration or cancellation of, any agreement or instrument to which the Company or any of its Subsidiaries is a party or by which any property or assets of the Company or any of its Subsidiaries is bound or affected, except for possible defaults as would not, individually or in the aggregate, have a Material Adverse Effect. Except with respect to any filings or notices related to the issuance of the New Shares and the Securities to be filed with Nasdaq, if any, and as required under the Securities Act and any applicable state securities laws, the Company is not required to obtain any consent, authorization or order of, or make any filing or registration with, any court, governmental agency, regulatory agency, self regulatory organization or stock market or any third party in order for it to execute, deliver or perform any of its obligations under this Agreement. All consents, authorizations, orders, filings and registrations that the Company is required to effect or obtain pursuant to the preceding sentence have been obtained or effected on or prior to the date hereof.

(c) **SEC Documents; Financial Statements**

(i) Since December 31, 2005, the Company has timely filed all reports, schedules, forms, statements and other documents required to be filed by it with the Commission pursuant to the reporting requirements of the Securities Act and the Exchange Act (all of the foregoing filed prior to the date hereof and all exhibits included therein and financial statements and schedules thereto and documents (other than exhibits to such documents) incorporated by reference therein, being hereinafter referred to herein as the “**SEC Documents**”), or has timely filed for a valid extension of such time of filing and has filed any such SEC Documents prior to the expiration of any such extension. As of their respective dates, the SEC Documents complied in all material respects with the requirements of the Securities Act and the Exchange Act and the rules and regulations of the Commission promulgated thereunder applicable to the SEC Documents, and none of the SEC Documents, at the time they were filed with the Commission, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

(ii) As of their respective dates, the financial statements of the Company included in the SEC Documents complied as to form in all material respects with applicable accounting requirements and the published rules and regulations of the Commission with respect thereto. Such financial statements have been prepared in accordance with United States generally accepted accounting principles (“**GAAP**”), consistently applied, during the periods involved (except (i) as may be otherwise indicated in such financial statements or the notes thereto, or (ii) in the case of unaudited interim statements, to the extent they may not include footnotes, year end adjustments or may be condensed or summary statements) and fairly present in all material respects the consolidated financial position of the Company and its consolidated Subsidiaries as of the dates thereof and the consolidated results of their operations and cash flows for the periods then ended (subject, in the case of unaudited statements, to normal year-

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end audit adjustments). Except as set forth in the financial statements of the Company included in the SEC Documents, the Company has no liabilities, contingent or otherwise, other than (i) liabilities incurred in the ordinary course of business subsequent to December 31, 2006, and (ii) obligations under contracts and commitments incurred in the ordinary course of business and not required under generally accepted accounting principles to be reflected in such financial statements, which, individually or taken in the aggregate would not reasonably be expected to have a Material Adverse Effect.

(iii) Except as set forth on Schedule 3(e), the Company has established and maintains disclosure controls and procedures (as such term is defined in Rule 13a-15(e) under the Exchange Act).

(f) **Absence of Certain Changes**. Except as set forth on Schedule 3(f), since December 31, 2006, other than circumstances affecting the recreational vehicle and manufactured housing industries generally, there has not occurred any event or circumstance that has had, resulted in, or would reasonably be expected to have, a Material Adverse Effect. Except with respect to the transactions contemplated hereby and except as set forth on Schedule 3(f), since December 31, 2006, the Company has not incurred any liabilities (contingent or otherwise) other than (A) trade payables, accrued expenses and other liabilities incurred in the ordinary course of business consistent with past practice, (B) liabilities not required to be reflected on the Company’s financial statements pursuant to GAAP, and (C) liabilities disclosed in filings made with the Commission.

(g) **Rights Offering Registration Statement**. At the time the Rights Offering Registration Statement becomes effective, the Rights Offering Registration Statement will comply in all material respects with the requirements of the Securities Act and will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading. The Prospectus, at the time the Rights Offering Registration Statement becomes effective and at the Closing Date, will not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading; provided, however, that the representations and warranties in this subsection shall not apply to statements in or omissions from the Rights Offering Registration Statement or the Prospectus made in reliance upon and in conformity with the information furnished to the Company in writing by the Standby Purchasers for use in the Rights Offering Registration Statement or in the Prospectus.

(h) **Proxy Statement**. The Proxy Statement will not, on the date it is first mailed to shareholders of the Company, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading and will not, at the time the shareholders of the Company vote at a meeting of the shareholders of the Company, to approve (i) the Rights Offering and (ii) this Agreement and the transactions hereunder (the “**Company Shareholder Approval**”) omit to state any material fact necessary to correct any statement in any earlier communication from the Company with respect to the solicitation of proxies for the Company Shareholder Approval which shall have become false or misleading in any material respect. The Proxy Statement will comply as to form in all material respects with the applicable requirements of the Exchange Act. Notwithstanding the foregoing, the Company makes no representation or warranty with respect to information furnished to the Company in writing by the Standby Purchasers for inclusion or incorporation by reference in any of the foregoing documents.

(i) **Prospectus**. The documents incorporated by reference into the Prospectus, when they become effective or at the time they are filed with the Commission, as the case may be, will comply in all material respects with the applicable provisions of the Exchange Act.

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(j) **Valid Issuance**. All of the Securities and New Shares will have been duly authorized for issuance prior to the Closing (assuming Company Shareholder Approval has been obtained), and, when issued and distributed as set forth in the Prospectus, will be validly issued, fully paid and non-assessable; and none of the Securities or New Shares will have been issued in violation of the preemptive rights of any security holders of the Company arising as a matter of law or under or pursuant to the Company’s Articles of Incorporation, as amended, the Company’s Bylaws, as amended, or any agreement or instrument to which the Company is a party or by which it is bound.

(k) **Absence of Litigation**. There is no Action pending or, to the knowledge of the Company or any of its Subsidiaries, threatened against or affecting the Company or any of its Subsidiaries that (i) adversely affects or challenges the legality, validity or enforceability of this Agreement, or (ii) would, if there were an unfavorable decision, have or reasonably be expected to have a Material Adverse Effect. Neither the Company nor any of its Subsidiaries, nor any director or officer thereof (in his or her

capacity as such), is or has been the subject of any Action involving a claim of violation of or liability under federal or state securities laws or a claim of breach of fiduciary duty. There has not been, and to the knowledge of the Company, there is not pending any investigation by the Commission involving the Company or any current or former director or officer of the Company (in his or her capacity as such). The Commission has not issued any stop order or other order suspending the effectiveness of any registration statement filed by the Company under the Exchange Act or the Securities Act.

(l) **Intellectual Property.** The Company and each of its Subsidiaries owns or possesses the requisite licenses or rights to use all patents, patent applications, patent rights, inventions, know-how, trade secrets, copyrights, trademarks, trademark applications, service marks, service names, trade names and copyrights (“**Intellectual Property**”) necessary to enable it to conduct its business as now operated (and, to the Company’s knowledge, as presently contemplated to be operated in the future); except as set forth on Schedule 3(l), there is no claim or Action by any person pertaining to, or proceeding pending, or to the Company’s knowledge threatened, which challenges the right of the Company or of a Subsidiary with respect to any Intellectual Property necessary to enable it to conduct its business as now operated and to the Company’s knowledge, the Company’s or its Subsidiaries’ current products and processes do not infringe on any Intellectual Property or other rights held by any person, except where any such infringement would not reasonably be expected to have a Material Adverse Effect.

(m) **Tax Status.** The Company and each of its Subsidiaries has made or filed all federal, state and foreign income and all other material tax returns, reports and declarations required by any jurisdiction to which it is subject (unless and only to the extent that the Company and each of its Subsidiaries has set aside on its books provisions reasonably adequate for the payment of all unpaid and unreported taxes) and has paid all taxes and other governmental assessments and charges that are material in amount, shown or determined to be due on such returns, reports and declarations, except those being contested in good faith and has set aside on its books provisions reasonably adequate for the payment of all taxes for periods subsequent to the periods to which such returns, reports or declarations apply. There are no unpaid taxes in any material amount claimed to be due by the taxing authority of any jurisdiction, and the officers of the Company know of no basis for any such claim. The Company has not executed a waiver with respect to the statute of limitations relating to the assessment or collection of any foreign, federal, state or local tax.

(n) **Permits; Compliance.**

(i) The Company and each of its Subsidiaries is in possession of all franchises, grants, authorizations, licenses, permits, easements, variances, exemptions, consents, certificates, approvals and orders necessary to own, lease and operate its properties and to carry on its business as it is now being conducted (collectively, “**Permits**”), and there is no Action pending or, to the knowledge of the Company, threatened regarding suspension or cancellation of any of the Permits. Neither the

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Company nor any of its Subsidiaries is in conflict with, or in default or violation of, any of the Permits, except for any such conflicts, defaults or violations which, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect.

(ii) Except as set forth on Schedule 3(n), since December 31, 2006, no event has occurred or, to the knowledge of the Company, circumstance exists that (with or without notice or lapse of time): (a) would reasonably be expected to constitute or result in a violation by the Company or any of its Subsidiaries, or a failure on the part of the Company or its Subsidiaries to comply with, any Legal Requirement; or (b) would reasonably be expected to give rise to any obligation on the part of the Company or any of its Subsidiaries to undertake, or to bear all or any portion of the cost of, any remedial action of any nature in connection with a failure to comply with any Legal Requirement, except in either case that would not reasonably be expected to have a Material Adverse Effect. Except as set forth on Schedule 3(n), neither the Company nor any of its Subsidiaries has received any notice or other communication from any regulatory authority or any other person, nor does the Company have any knowledge regarding: (x) any actual, alleged, possible or potential violation of, or failure to comply with, any Legal Requirement, or (y) any actual, alleged, possible or potential obligation on the part of the Company or any of its Subsidiaries to undertake, or to bear all or any portion of the cost of, any remedial action of any nature in connection with a failure to comply with any Legal Requirement, except in either case that would not reasonably be expected to have a Material Adverse Effect.

(iii) The Company is in compliance in all material respects with the provisions of the Sarbanes-Oxley Act of 2002 and the rules and regulations promulgated thereunder that are applicable to it and has taken reasonable steps such that the Company expects to be in a position to comply with the requirements of Section 404 of the Sarbanes-Oxley Act of 2002 and the rules and regulations promulgated thereunder at such time as Section 404 becomes applicable to the Company.

(iv) The Company is, and has reason to believe that for the foreseeable future it will continue to be, in compliance with all applicable rules of the Nasdaq Stock Market. The Company has not received notice from Nasdaq that the Company is not in compliance with the rules or requirements thereof. The issuance and sale of the Securities under this Agreement does not contravene the rules and regulations of the Nasdaq Stock Market.

(o) **Environmental Matters.** “**Environmental Laws**” shall mean, collectively, all Legal Requirements, including any federal, state, local or foreign statute, laws, rule, regulation, ordinance, code, policy or rule of common law or any judicial or administrative interpretation thereof, including any judicial or administrative order, consent, decree or judgment issued against the Company or its Subsidiaries, relating to pollution or protection of human health, the environment (including, without limitation, ambient air, surface water, groundwater, land surface or subsurface strata) or wildlife, including, without limitation, laws and regulations relating to the release or threatened release of chemicals, pollutants, contaminants, wastes, toxic substances, hazardous substances, petroleum or petroleum products (collectively, “**Hazardous Materials**”) or to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials. Except for such matters as could not, singly or in the aggregate, reasonably be expected to result in a Material Adverse Effect: (i) the Company and its Subsidiaries have complied and are in compliance with all applicable Environmental Laws; (ii) without limiting the generality of the foregoing, the Company and its Subsidiaries have obtained, have complied, and are in compliance with all Permits that are required pursuant to Environmental Laws for the occupation of their respective facilities and the operation of their respective businesses; (iii) none of the Company or its Subsidiaries has received any written notice, report or other information regarding any actual or alleged violation of Environmental Laws, or any liabilities or potential liabilities (including fines, penalties, costs and expenses), including any investigatory, remedial or corrective obligations, relating to any of them or their respective facilities arising under Environmental

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Laws, nor, to the knowledge of the Company is there any factual basis therefore; (iv) there are no underground storage tanks, polychlorinated biphenyls, urea formaldehyde or other hazardous substances (other than small quantities of hazardous substances for use in the ordinary course of the operation of the Company’s and its Subsidiaries’ respective businesses, which are stored and maintained in accordance and in compliance with all applicable Environmental Laws), in, on, over, under or at any real property owned or operated by the Company and/or its Subsidiaries; (v) there are no conditions existing at any real property or with respect to the Company or any of its Subsidiaries that require remedial or corrective action, removal, monitoring or closure pursuant to the Environmental Laws and (vi) to the knowledge of the Company, neither the Company nor any of its Subsidiaries has contractually, by operation of law, or otherwise amended or succeeded to any liabilities arising under any Environmental Laws of any predecessors or any other Person.

(p) **Title to Property.** Except for any lien for current taxes not yet delinquent or which are being contested in good faith and by appropriate proceedings and except as set forth on Schedule 3(p), the Company and its Subsidiaries have good and marketable title to all real property and all personal property owned by them which is

material to the business of the Company and its Subsidiaries. Any leases of real property and facilities of the Company and its Subsidiaries are valid and effective in accordance with their respective terms, except as would not have a Material Adverse Effect.

(q) **No Investment Company or Real Property Holding Company.** The Company is not, and upon the issuance and following the transactions contemplated by this Agreement will not be, an “investment company” as defined under the Investment Company Act of 1940 (“**Investment Company**”). The Company is not controlled by an Investment Company. The Company is not a United States real property holding company, as defined under the Internal Revenue Code of 1986, as amended (the “**Code**”).

(r) **No Brokers.** The Company has taken no action which would give rise to any claim by any person for brokerage commissions, transaction fees or similar payments relating to this Agreement or the transactions contemplated hereby.

(s) **Registration Rights.** Except pursuant to the Registration Rights Agreement and this Agreement, neither the Company nor any Subsidiary is currently subject to any agreement providing any person or entity any rights (including piggyback registration rights) to have any securities of the Company or any Subsidiary registered with the Commission or registered or qualified with any other governmental authority.

(t) **Exchange Act Registration.** The Common Stock is registered pursuant to the Exchange Act, and the Company has taken no action designed to, or which, to the knowledge of the Company, is likely to have the effect of, terminating the registration of the Common Stock.

(u) **Labor Relations.** No labor or employment dispute exists or, to the knowledge of the Company, is imminent or threatened, with respect to any of the employees of the Company that has, or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(v) **Transactions with Affiliates and Employees.** Except as set forth in the SEC Documents, none of the officers or directors of the Company, and to the knowledge of the Company, none of the employees of the Company, is presently a party to any transaction or agreement with the Company (other than for services as employees, officers and directors) exceeding \$100,000, including any contract, agreement or other arrangement providing for the furnishing of services to or by, providing for rental of real or personal property to or from, or otherwise requiring payments to or from any officer, director or such employee or, to the knowledge of the Company, any entity in which any officer, director, or any such employee has a substantial interest or is an officer, director, trustee or partner.

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(w) **Insurance.** The Company and its Subsidiaries have insurance policies in full force and effect of a type, covering such risks and in such amounts, and having such deductibles and exclusions as are customary for conducting businesses and owning assets similar in nature and scope to those of the Company and its Subsidiaries. The amounts of all such insurance policies and the risks covered thereby are in accordance in all material respects with all material contracts and agreements to which the Company and/or its Subsidiaries is a party and with all applicable Legal Requirements. With respect to each such insurance policy: (i) the policy is valid, outstanding and enforceable in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws in effect that limit creditors’ rights generally, equitable limitations on the availability of specific remedies and principles of equity (regardless of whether such enforcement is considered in a proceeding in law or in equity); (ii) neither the Company nor any of its Subsidiaries is in breach or default with respect to its obligations thereunder in any material respect; and (iii) no party to the policy has repudiated, or given notice of an intent to repudiate, any provision thereof.

(x) **Approved Acquisitions of Securities; No Anti-Takeover Provisions.** Prior to Closing, the Company will have taken all necessary action, if any, required under the laws of the State of Indiana or otherwise to allow the Standby Purchasers to acquire the Securities pursuant to this Agreement, including the adoption of irrevocable resolutions approving and exempting from the restrictions in Section 18 and Section 19 of Chapter 43 of the IBCL the transactions contemplated by this Agreement. Without limitation of the foregoing, the Company will have not amended its Bylaws to opt in to the provisions of the IBCL pertaining to the acquisition of a controlling interest (IBCL 23-1-42-1 through 23-1-42-11) with respect to the acquisition by the Standby Purchasers of the Securities. Except for the Rights Agreement, the Company has no control share acquisition, business combination, poison pill (including any distribution under a rights agreement) or other similar anti-takeover provision under the Company’s Articles of Incorporation or Bylaws, each as amended (or similar charter documents), that is or could become applicable to the Standby Purchasers as a result of the Standby Purchasers and the Company fulfilling their obligations or exercising their rights under this Agreement, including without limitation the Company’s issuance of the Securities and the Standby Purchasers’ ownership of the Securities. Prior to Closing, the Company will have amended the Rights Agreement, dated March 21, 2006, as amended, by and between the Company and National City Bank, as Rights Agent (the “**Rights Agreement**”), to accommodate the issuance and sale of the Securities to the Standby Purchasers, in a form reasonably acceptable to the Standby Purchasers.

(y) **ERISA.** Based upon the Employee Retirement Income Security Act of 1974, as amended (“**ERISA**”), and the regulations and published interpretations thereunder: (i) neither the Company nor any of its Subsidiaries has engaged in any Prohibited Transactions (as defined in Section 406 of ERISA and Section 4975 of the Code); (ii) the Company and each of its Subsidiaries has met all applicable minimum funding requirements under Section 302 of ERISA in respect to its plans; (iii) neither the Company nor any of its Subsidiaries has any knowledge of any event or occurrence which would cause the Pension Benefit Guaranty Corporation to institute proceedings under Title IV of ERISA to terminate any employee benefit plan(s); neither the Company nor any of its Subsidiaries has any fiduciary responsibility for investments with respect to any plan existing for the benefit of persons other than its or such Subsidiary’s employees; and (v) neither the Company nor any of its Subsidiaries has withdrawn, completely or partially, from any multi-employer pension plan so as to incur liability under the Multiemployer Pension Plan Amendments Act of 1980.

(z) **Disclosure.** The Company understands and confirms that the Standby Purchasers will rely on the representations and covenants contained herein in effecting the transactions contemplated by this Agreement. All representations and warranties provided to the Standby Purchasers including the disclosures in the Company’s disclosure schedules attached hereto furnished by or on behalf of the Company, taken as a whole are true and correct and do not contain any untrue statement of material fact or omit to state any material fact necessary in order to make the statements made therein, in the light of

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the circumstances under which they were made, not misleading. No event or circumstance has occurred or information exists with respect to the Company or its Subsidiaries or its or their businesses, properties, prospects, operations or financial conditions, which, under applicable law, rule or regulation, requires public disclosure or announcement by the Company but which has not been so publicly announced or disclosed.

Section 4. Representations and Warranties of Standby Purchasers. Each Standby Purchaser, severally and not jointly, represents and warrants to the Company, as to itself only, as follows:

(a) **Organization.** Such Standby Purchaser is a partnership duly organized, validly existing and in good standing under the laws of its jurisdiction of organization.

(b) **Authorization.** This Agreement has been duly and validly authorized, executed and delivered by such Standby Purchaser and constitutes a binding obligation of such Standby Purchaser enforceable against it in accordance with its terms, subject to applicable bankruptcy, insolvency, fraudulent conveyance, reorganization,

moratorium and similar laws affecting creditors' rights and remedies generally, and subject, as to enforceability, to general principles of equity, including principles of commercial reasonableness, good faith and fair dealing (regardless of whether enforcement is sought in a proceeding at law or in equity).

(c) **Accredited Investor.** Such Standby Purchaser is an "accredited investor" within the meaning of Rule 501(a) under the Securities Act and is acquiring the Securities for investment for its own account, with no present intention of dividing its participation with others (other than in accordance with Section 12 hereof) or reselling or otherwise distributing the same in violation of the Securities Act or any applicable state securities laws.

(d) **Resale of Securities.** Such Standby Purchaser understands that: (i) other than pursuant to the Registration Rights Agreement, the resale of the Securities has not been and is not being registered under the Securities Act or any applicable state securities laws, and the Securities may not be sold or otherwise transferred unless (a) the Securities are sold or transferred pursuant to an effective registration statement under the Securities Act, (b) at the Company's request, such Standby Purchaser shall have delivered to the Company an opinion of counsel (which opinion shall be in form, substance and scope reasonably satisfactory to the Company's counsel) to the effect that the Securities to be sold or transferred may be sold or transferred pursuant to an exemption from such registration, or (c) the Securities are sold pursuant to Rule 144 promulgated under the Securities Act; (ii) any sale of such Securities made in reliance on Rule 144 under the Securities Act may be made only in accordance with the terms of such Rule; and (iii) except as set forth in the Registration Rights Agreement, neither the Company nor any other Person is under any obligation to register such Securities under the Securities Act or any state securities laws or to comply with the terms and conditions of any exemption thereunder. Such Standby Purchaser acknowledges that an appropriate restrictive legend will be placed on the certificate or certificates representing the Securities that may be issued pursuant to this Agreement in a form substantially similar to the legend set forth below (and a stop-transfer order may be placed against transfers of the certificates evidencing such Securities). The legend shall be removed upon the effectiveness of a registration statement filed pursuant to the Registration Rights Agreement.

"THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE "ACT"). THE SHARES MAY NOT BE OFFERED FOR SALE, SOLD, OR OTHERWISE TRANSFERRED EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT, OR PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE ACT, THE AVAILABILITY OF WHICH IS TO BE ESTABLISHED TO THE SATISFACTION OF THE CORPORATION."

Section 5. Deliveries at Closing.

(a) At the Closing, the Company shall deliver to each Standby Purchaser the following:

(i) A certificate or certificates representing the number of shares of Common Stock issued to such Standby Purchaser pursuant to Section 2 hereof; and

(ii) A certificate of an officer of the Company on its behalf to the effect that the representations and warranties of the Company contained in this Agreement are true and correct in all material respects on and as of the Closing Date, with the same effect as if made on the Closing Date.

(b) At the Closing, each Standby Purchaser shall deliver to the Company the following:

(i) Payment of the Subscription Price of the Securities purchased by such Standby Purchaser, as set forth in Section 2(c) hereof; and

(ii) A certificate of such Standby Purchaser to the effect that the representations and warranties of such Standby Purchaser contained in this Agreement are true and correct in all material respects on and as of the Closing Date with the same effect as if made on the Closing Date.

Section 6. Covenants.

(a) Covenants. The Company agrees as follows between the date hereof and the Closing Date:

(i) To use its reasonable best efforts to have the Board recommend to the shareholders of the Company to approve this Agreement and the transactions contemplated hereunder;

(ii) To as soon as reasonably practicable (A) seek the Company Shareholder Approval and (B) file with the Commission the Rights Offering Registration Statement and the Proxy Statement;

(iii) To use reasonable best efforts to cause the Rights Offering Registration Statement, and any amendments thereto to become effective as promptly as possible, and to cause the Proxy Statement to be cleared by the Commission as promptly as practicable;

(iv) To use reasonable best efforts to effectuate the Rights Offering;

(v) As soon as reasonably practicable after the Company is advised or obtains knowledge thereof, to advise the Standby Purchasers with a confirmation in writing, of (A) the time when the Rights Offering Registration Statement, or any amendment thereto has been filed or declared effective or the Prospectus or any amendment or supplement thereto has been filed, (B) the issuance by the Commission of any stop order, or of the initiation or threatening of any proceeding, suspending the effectiveness of the Rights Offering Registration Statement, or any amendment thereto or any order preventing or suspending the use of any preliminary prospectus or the Prospectus or any amendment or supplement thereto, (C) the issuance by any state securities commission of any notice of any proceedings for the suspension of the qualification of the New Shares for offering or sale in any jurisdiction or of the initiation, or the threatening, of any proceeding for that purpose, (D) the receipt of any comments from the Commission, and (E) any request by the Commission for any amendment to the Rights Offering Registration Statement, or any amendment or supplement to the Prospectus or for additional information. The Company will use its reasonable best efforts to prevent the issuance of any such order or the

imposition of any such suspension and, if any such order is issued or suspension is imposed, to obtain the withdrawal thereof as promptly as possible;

(vi) To operate the Company's business in the ordinary course of business consistent with past practice;

(vii) To notify, or to cause the subscription agent for the Rights Offering (the "Subscription Agent") to notify the Standby Purchasers, on each Friday during the exercise period of the Rights, or more frequently if reasonably requested by the Standby Purchasers, of the aggregate number of Rights known by the Company or the Subscription Agent to have been exercised pursuant to the Rights Offering as of the close of business on the preceding Business Day or the most recent practicable time before such request, as the case may be;

(viii) Not to issue any shares of capital stock of the Company, or options, warrants, purchase rights, subscription rights, conversion rights, exchange rights, securities convertible into or exchangeable for capital stock of the Company, or other agreements or rights to purchase or otherwise acquire capital stock of the Company, except for (A) shares of Common Stock issuable upon exercise of stock options existing on the date hereof, and (B) an additional 30,108 shares of Common Stock in connection with a stock bonus program established by the Company for the benefit for certain Company employees in connection with integration activities relating to the Company's acquisition of Adorn Holdings, Inc.

(ix) Not to authorize any stock split, stock dividend, stock combination or similar transaction affecting the number of issued and outstanding shares of Common Stock;

(x) Not to declare or pay any dividends or repurchase any shares of Common Stock; and

(xi) Not to incur any indebtedness or guarantees thereof, other than borrowings in the ordinary course of business and consistent with past practice.

(b) **Expense Reimbursement.** The Company agrees to promptly reimburse the Standby Purchasers for all of their reasonable out-of-pocket costs and expenses and reasonable attorneys' fees (collectively, "**Expenses**") incurred by the Standby Purchasers in connection with this Agreement, the drafting and negotiation of documentation in connection with the transactions contemplated hereunder and all other activities relating to the transactions contemplated hereunder upon the Company's receipt of all reasonably requested documentation to support the incurrence by the Standby Purchasers of such Expenses.

(c) **Public Statements.** Neither the Company nor the Standby Purchasers shall issue any public announcement, statement or other disclosure with respect to this Agreement or the transactions contemplated hereby without the prior consent of the other party hereto, which consent shall not be unreasonably withheld or delayed, except (i) if such public announcement, statement or other disclosure is required by applicable law or applicable stock market regulations, in which case the disclosing party shall consult in advance with respect to such disclosure with the other parties to the extent reasonably practicable, or (ii) the filing of an amendment or amendments to Schedule 13D of the Standby Purchasers, to which a copy of this Agreement may be attached as an exhibit thereto.

(d) **Rights Agreement.** As soon as practicable after the date hereof, the Company shall amend the Rights Agreement to permit the acquisition by the Standby Purchasers and their respective Affiliates of the shares of Common Stock contemplated by Section 2 of this Agreement.

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(e) **Access to Information.** Between the date hereof and the Closing Date, the Company will afford, to the officers, accountants, attorneys and authorized representatives of the Standby Purchasers, reasonable access during normal business hours to the corporate and other offices, personnel, advisors, consultants, properties, contracts, commitments, books and records of the Company and its Subsidiaries, whether such documents are located on the premises of the Company or elsewhere. The Company shall furnish the Standby Purchasers with all such statements (financial and otherwise), records and documents or copies thereof, and other information concerning the business and affairs of the Company and its Subsidiaries as the Standby Purchasers shall from time to time reasonably request. The Company further agrees to cause its accountants, attorneys and other representatives to fully cooperate with Standby Purchasers and their representatives in connection with the right of access granted herein.

Section 7. Conditions to Closing.

(a) The obligations of each Standby Purchaser to consummate the transactions contemplated hereunder are subject to the fulfillment, prior to or on the Closing Date, of the following conditions:

(i) The representations and warranties of the Company in Section 3 shall be true and correct in all material respects as of the date hereof and at and as of the Closing Date as if made on such date (except for representations and warranties made as of a specified date, which shall be true and correct in all material respects as of such specified date);

(ii) Subsequent to the execution and delivery of this Agreement and prior to the Closing Date, there shall not have been any Material Adverse Effect and no event shall have occurred or circumstance shall exist which would reasonably likely result in a Material Adverse Effect;

(iii) As of the Closing Date, none of the following events shall have occurred and be continuing: (A) trading in the Common Stock shall have been suspended by the Commission or the Nasdaq Stock Market or trading in securities generally on the Nasdaq Stock Market, the New York Stock Exchange or the American Stock Exchange shall have been suspended or limited or minimum prices shall have been established on either such exchange or the Nasdaq Stock Market, (B) a banking moratorium shall have been declared either by U.S. federal or New York State authorities, or (C) there shall have occurred any material new outbreak or material escalation of hostilities, declaration by the United States of a national emergency or war or other calamity or crisis which has a material adverse effect on the U.S. financial markets (collectively, a "**Market Adverse Effect**");

(iv) As of the Closing Date, the Company shall not have amended its Bylaws to opt back in to the provisions of the IBCL pertaining to the acquisition of a controlling interest (IBCL 23-1-42-1 through 23-1-42-11); provided, however, that the Company may so amend its Bylaws to opt into the provisions of Chapter 42 of the IBCL once the purchase and issuance of the Securities hereunder is complete;

(v) The Board shall have adopted irrevocable resolutions approving and exempting from the restrictions in Section 18 and Section 19 of Chapter 43 of the IBCL the transactions contemplated by this Agreement.

(vi) As of the Closing Date, the amendment to the Rights Agreement referenced in Section 6(d) shall continue to be in full force and effect to accommodate the issuance and sale of the Securities to the Standby Purchasers and to allow the Standby Purchasers to purchase all of the Securities issued pursuant to this Agreement; and

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(b) The obligations of the Company to consummate the transactions contemplated hereunder are subject to the representations and warranties of the Standby Purchasers in Section 4 being true and correct in all material respects as of the date hereof and at and as of the Closing Date as if made as of such date (except for representations and warranties made as of a specified date, which shall be true and correct in all material respects as of such specified date).

(c) The obligations of each of the Company and the Standby Purchasers to consummate the transactions contemplated hereunder in connection with the Rights Offering are subject to the fulfillment, prior to or on the Closing Date, of the following conditions:

(i) No judgment, injunction, decree or other legal restraint shall prohibit, or have the effect of rendering unachievable, the consummation of the

Rights Offering or the transactions contemplated by this Agreement;

(ii) The Standby Purchasers and the Company shall have entered into the Securities Purchase Agreement and the Standby Purchasers and the Company shall have consummated the purchase and sale of Common Stock provided for thereunder.

(iii) The Rights Offering Registration Statement shall have been filed with the Commission and declared effective; no stop order suspending the effectiveness of the Rights Offering Registration Statement or any part thereof shall have been issued and no proceeding for that purpose shall have been initiated or threatened by the Commission; and any request of the Commission for inclusion of additional information in the Registration Statement or otherwise shall have been complied with;

(iv) The Rights Offering and the transactions contemplated hereunder shall have been approved by the affirmative vote of a majority of the shares of the Company's securities present in person or by proxy at the meeting of shareholders and entitled to vote on the matter; and

(v) The New Shares and the Securities shall have been authorized for listing on the Nasdaq Stock Market.

Section 8. Termination.

(a) This Agreement may be terminated at any time prior to the Closing Date, by either Standby Purchaser by written notice to the other parties hereto if there is a Material Adverse Effect or a Market Adverse Effect, in either case that is not cured within fifteen (15) days after the occurrence thereof.

(b) This Agreement may be terminated at any time prior to the Closing Date, by the Company on one hand or by either of the Standby Purchasers on the other hand by written notice to the other parties hereto:

(i) if there is a material breach of this Agreement by the other party that is not cured within fifteen (15) days after receipt of written notice by such breaching party; or

(ii) if the Closing has not occurred on or prior to July 31, 2008 for any reason whatsoever, other than a material breach hereunder by such terminating party or failure of the closing condition specified in Section 7(a)(iii).

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Section 9. Indemnification and Contribution.

(a) The Company shall indemnify and hold harmless the Standby Purchasers and each other Person who participated in the offering of any Securities hereunder and each other Person, if any, who controls either Standby Purchaser or such participating Person within the meaning of the Securities Act (all such Persons being hereinafter referred to, collectively, as the "**Standby Indemnified Persons**"), against any losses, claims, damages or liabilities, joint or several, to which any of the Standby Indemnified Persons may become subject as a result of (i) any breach by the Company of any of its representations or warranties contained herein or in any certificate delivered hereunder or (ii) this Agreement or the performance of the transactions contemplated hereby, including under the Securities Act or any other statute or at common law, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon (A) any alleged untrue statement of any material fact contained, on the effective date thereof, in any registration statement under which such securities were registered under the Securities Act, any preliminary prospectus or final prospectus contained therein, or any amendment or supplement thereto, or (B) any alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and shall reimburse each such Standby Indemnified Person for any reasonable legal or any other expenses reasonably incurred by such Standby Indemnified Person in connection with investigating or defending any such loss, claim, damage, liability or action; provided, however, that the Company shall not be liable in any such case to any Standby Indemnified Person to the extent that any such loss, claim, damage or liability arises out of or is based upon any actual or alleged untrue statement or actual or alleged omission made in such registration statement, preliminary prospectus, prospectus or amendment or supplement in reliance upon and in conformity with written information furnished to the Company by such Standby Indemnified Person specifically for use therein. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of such Standby Indemnified Person, and shall survive the transfer of such Securities or New Shares by such Standby Indemnified Person.

(b) Each Standby Purchaser, severally, and not jointly, agrees to indemnify and hold harmless the Company, its directors and officers and each other Person, if any, who controls the Company within the meaning of the Securities Act (all such Persons being hereinafter referred to, collectively, as the "**Company Indemnified Persons**") and together with the Standby Indemnified Persons, the "**Indemnified Persons**") against any losses, claims, damages or liabilities to which any of the Company Indemnified Persons may become subject (i) as a result of any breach by such Standby Purchaser of any of its representations or warranties contained herein or in any certificate delivered hereunder or (ii) under the Securities Act or any other statute or at common law, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon information provided in writing to the Company by such Standby Purchaser specifically for use in any registration statement under which Securities are registered under the Securities Act at the request of such Standby Purchaser, any preliminary prospectus or final prospectus contained therein, or any amendment or supplement thereto.

(c) Any Person entitled to indemnification hereunder will (i) give prompt written notice to the indemnifying party of any claim with respect to which it seeks indemnification (provided that the failure to give such notice shall not limit the rights of such Person, except to the extent the indemnifying party is actually prejudiced thereby) and (ii) unless in such indemnified party's reasonable judgment a conflict of interest between such indemnified and indemnifying parties may exist with respect to such claim, permit such indemnifying party to assume the defense of such claim with counsel reasonably satisfactory to the indemnified party; provided, however, that any person entitled to indemnification hereunder shall have the right to employ separate counsel and to participate in the defense of such claim, but the fees and expenses of such counsel shall be at the expense of such Person unless (A) the indemnifying party has agreed to pay such fees or expenses or (B) the indemnifying party shall have failed to assume the defense of such claim and employ counsel reasonably satisfactory to such Person. If such defense is not assumed by the indemnifying party as permitted hereunder, the indemnifying party

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will not be subject to any liability for any settlement made by the indemnified party without its consent (but such consent will not be unreasonably withheld or delayed). If such defense is assumed by the indemnifying party pursuant to the provisions hereof, such indemnifying party shall not settle or otherwise compromise the applicable claim unless (i) such settlement or compromise contains a full and unconditional release of the indemnified party or (ii) the indemnified party otherwise consents in writing, which consent shall not be unreasonably withheld or delayed. An indemnifying party who is not entitled to, or elects not to, assume the defense of a claim will not be obligated to pay the fees and expenses of more than one counsel for all parties indemnified by such indemnifying party with respect to such claim, unless in the reasonable judgment of any indemnified party, a conflict of interest may exist between such indemnified party and any other of such indemnified parties with respect to such claim, in which event the indemnifying party shall be obligated to pay the reasonable fees and disbursements of such additional counsel or counsels.

(d)

(i) If the indemnification provided for in this Section 9 is unavailable to an Indemnified Person hereunder in respect of any losses, claims, damages, liabilities or expenses referred to therein, then the indemnifying party, in lieu of indemnifying such Indemnified Person, shall contribute to the amount paid or payable by such Indemnified Person as a result of such losses, claims, damages, liabilities or expenses in such proportion as is appropriate to reflect the relative fault of the indemnifying party and Indemnified Person in connection with the actions which resulted in such losses, claims, damages, liabilities or expenses, as well as any other relevant equitable considerations. The relative fault of such indemnifying party and Indemnified Persons shall be determined by reference to, among other things, whether any action in question, including any untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact, has been made by, or relates to information supplied by, the indemnifying party or the Indemnified Persons, and their relative intent, knowledge, access to information and opportunity to correct or prevent such action. The amount paid or payable by a party as a result of the losses, claims, damages, liabilities and expenses referred to above shall be deemed to include any legal or other fees or expenses reasonably incurred by such party in connection with any investigation or proceeding.

(ii) The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 9(d) were determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to in the immediately preceding paragraph. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation.

Section 10. Survival. The representations and warranties of the Company and the Standby Purchasers contained in this Agreement or in any certificate delivered hereunder shall survive the Closing hereunder. Notwithstanding anything to the contrary contained in this Agreement, the provisions of Sections 9 through 15 shall survive the termination of this Agreement.

Section 11. Notices. Any notices required or permitted to be given under the terms of this Agreement shall be delivered personally or by courier (including a recognized, receipted overnight delivery service) or by facsimile (with a copy delivered by receipted overnight delivery service) and shall be effective upon receipt, if delivered personally or by courier (including a recognized, receipted overnight delivery service) or by facsimile, in each case addressed to a party. The addresses for such communications shall be:

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If to the Company:

Patrick Industries, Inc.
107 West Franklin Street
Elkhart, Indiana 46516
Attention: Andy Nemeth
Telephone: (574) 294-7511
Facsimile: (574) 522-5213

With copy to:

McDermott Will & Emery LLP
227 West Monroe Street
Chicago, Illinois 60606-5096
Attention: Robert A. Schreck, Jr., Esq.
Telephone: (312) 984-7582
Facsimile: (312) 984-7700

If to the Standby Purchasers:

Tontine Capital Partners, L.P.
55 Railroad Avenue, 1st Floor
Greenwich, Connecticut 06830
Attention: Mr. Joseph V. Lash
Telephone: (203) 769-2000
Facsimile: (203) 769-2010

Tontine Capital Overseas Master Fund, L.P.
55 Railroad Avenue, 1st Floor
Greenwich, Connecticut 06830
Attention: Mr. Joseph V. Lash
Telephone: (203) 769-2000
Facsimile: (203) 769-2010

With copy to:

Barack Ferrazzano Kirschbaum & Nagelberg LLP
200 W. Madison Street, Suite 3900
Chicago, Illinois 60606
Attention: Sarah M. Bernstein, Esq.
Telephone: (312) 984-3100
Facsimile: (312) 984-3150

Each party shall provide notice to the other parties of any change in address.

Section 12. Assignment. This Agreement will be binding upon, and will inure to the benefit of and be enforceable by, the parties hereto and their respective successors and assigns, including any person to whom Securities are transferred in accordance herewith. This Agreement, or the Standby Purchasers' obligations and rights hereunder, may be assigned, delegated or transferred, in whole or in part, by either Standby Purchaser to any Affiliate of such Standby Purchaser over which such Standby Purchaser or any of its Affiliates exercises investment authority, including, without limitation, with respect to voting and dispositive rights, provided that any such assignee assumes the obligations of such Standby Purchaser

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hereunder and agrees to be bound by the terms of this Agreement in the same manner as such Standby Purchaser. Either Standby Purchaser or any of such Standby

Purchaser's Affiliates may assign, delegate or transfer, in whole or in part, its Basic Subscription Privilege to any other Affiliate or to the Standby Purchasers. Notwithstanding the foregoing or any other provisions herein, no such assignment will relieve such Standby Purchaser of its obligations hereunder if such assignee fails to perform such obligations.

Section 13. Entire Agreement. This Agreement embodies the entire agreement and understanding between the parties hereto in respect of the subject matter contained herein. This Agreement supersedes all prior agreements and understandings between the parties with respect to the subject matter of this Agreement.

Section 14. Governing Law. This Agreement shall be governed by, construed and enforced in accordance with the laws of the State of Indiana, without giving effect to the conflict of laws provisions thereof.

Section 15. Severability. If any provision of this Agreement or the application thereof to any person or circumstances is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof, or the application of such provision to persons or circumstances other than those as to which it has been held invalid or unenforceable, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby, so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner adverse to any party. Upon such determination, the parties shall negotiate in good faith in an effort to agree upon a suitable and equitable substitute provision to effect the original intent of the parties.

Section 16. Extension or Modification of Rights Offering. Without the prior written consent of the Standby Purchasers, the Company may (i) waive irregularities in the manner of exercise of the Rights, and (ii) waive conditions relating to the method (but not the timing) of the exercise of the Rights to the extent that such waiver does not materially adversely affect the interests of the Standby Purchasers.

Section 17. Miscellaneous.

(a) The Company shall not after the date of this Agreement enter into any agreement with respect to its securities which is inconsistent with or violates the rights granted to holders of Securities in this Agreement.

(b) The headings in this Agreement are for purposes of reference only and shall not limit or otherwise affect the meaning of this Agreement.

(c) This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which, when taken together, shall constitute one and the same instrument. This Agreement, once executed by a party, may be delivered to the other party hereto by electronic transmission of a copy of this Agreement bearing the signature of the party so delivering this Agreement.

[Remainder of this page intentionally left blank.]

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

PATRICK INDUSTRIES, INC.

By: /s/ Paul E. Hassler
Paul E. Hassler, President

TONTINE CAPITAL PARTNERS, L.P.

By: TONTINE CAPITAL MANAGEMENT, L.L.C., its general partner

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

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, its managing member

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ANNEX A

PATRICK INDUSTRIES, INC.

Term Sheet

Issuer: Patrick Industries, Inc. (the "Company")
Offering Size: Common equity rights offering of approximately \$7,875,000 million
Authorization: Prior approval of the Company's Board of Directors and subject to shareholder approval

Rights Offering:	The Company will distribute to holders of its common stock (the "Eligible Participants"), at no charge, one subscription right for each share of the Company's common stock that Eligible Participants own as of the Record Date
Basic Subscription Privilege:	Each subscription right will entitle Eligible Participants to purchase 0.157717 of a share of common stock, upon payment of the Subscription Price in cash
Subscription Commitment:	Tontine Capital Partners, L.P. ("TCP") and Tontine Capital Overseas Master Fund, L.P. ("TCO," and collectively with TCP, "Tontine") and/or their affiliates will act as standby purchasers in the rights offering for all of the unsubscribed shares
Launch Date:	To be determined
Record Date:	The Record Date is to be the Launch Date at 5:00 p.m. Chicago time
Expiration Date:	The rights would expire no later than 30 days after the Launch Date. Rights not exercised by the Expiration Date will be null and void
Subscription Price:	The Subscription Price shall be \$7.00 per share and will be paid in cash. All payments must be cleared on or before the Expiration Date
Transferability of Rights:	The subscription rights may not be sold, transferred or assigned
Use of Proceeds:	To prepay the 9.5% Senior Subordinated Promissory Notes in the original aggregate principal amount of \$13,975,000 issued to Tontine and to pay related accrued interest.
Subscription Agent:	National City Bank
Registration Rights:	Pursuant to the Amended and Restated Registration Rights Agreement

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Other Conditions:	Subject to the following conditions: (i) satisfactory negotiation and execution of definitive documentation; (ii) amendment of the Company's Shareholder Rights Plan to accommodate Tontine's potential pro forma ownership after giving effect to the rights offering and the purchase of any unsubscribed shares; and (iii) irrevocable resolutions adopted by the Company's board approving and exempting from the restrictions in Section 18 and Section 19 of Chapter 43 of the IBCL the transactions contemplated hereby
Expenses:	All of the expenses incurred by Tontine are to be reimbursed by the Company

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