

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

OMB APPROVAL	
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Expires:	February 28, 2009
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SCHEDULE 13D

Under the Securities Exchange Act of 1934
(Amendment No. 14)*

Patrick Industries, Inc.

(Name of Issuer)

Common Stock

(Title of Class of Securities)

703343103

(CUSIP Number)

Jeffrey L. Gendell
55 Railroad Avenue
Greenwich, Connecticut 06830

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

March 31, 2011

(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 §240.13d-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. I.R.S. Identification Nos. of above persons (entities only)
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

	7.	Sole Voting Power -0-	<hr/>
Number of Shares Beneficially Owned by Each Reporting Person With	8.	Shared Voting Power 4,221,155	<hr/>
	9.	Sole Dispositive Power -0-	<hr/>
	10.	Shared Dispositive Power 4,221,155	<hr/>
	11.	Aggregate Amount Beneficially Owned by Each Reporting Person: 4,221,155	<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) 44.6%		<hr/>
14.	Type of Reporting Person (See Instructions) PN		<hr/>

CUSIP No. 703343103

1.	Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only) 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-	<hr/>
Number of Shares Beneficially Owned by Each Reporting Person With	8.	Shared Voting Power 4,221,155	<hr/>
	9.	Sole Dispositive Power -0-	<hr/>
	10.	Shared Dispositive Power 4,221,155	<hr/>
	11.	Aggregate Amount Beneficially Owned by Each Reporting Person 4,221,155	<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) 44.6%		<hr/>
14.	Type of Reporting Person (See Instructions) OO		<hr/>

CUSIP No. 703343103

1.	Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only) Tontine Capital Overseas Master Fund, L.P.		<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 Cayman Islands		<hr/>

	7.	Sole Voting Power -0-	<hr/>
Number of Shares Beneficially Owned by Each Reporting Person With	8.	Shared Voting Power 729,399	<hr/>
	9.	Sole Dispositive Power -0-	<hr/>
	10.	Shared Dispositive Power 729,399	<hr/>
	11.	Aggregate Amount Beneficially Owned by Each Reporting Person 729,399	<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) 7.7%		<hr/>
14.	Type of Reporting Person (See Instructions) IA, PN		<hr/>

CUSIP No. 703343103

1.	Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only) 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 729,399
	9.	Sole Dispositive Power -0-
	10.	Shared Dispositive Power 729,399
	11.	Aggregate Amount Beneficially Owned by Each Reporting Person 729,399
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) 7.7%	
14.	Type of Reporting Person (See Instructions) OO	

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CUSIP No. 703343103

1.	Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only) Tontine Capital Overseas Master Fund II, 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 349,409	<hr/>
	9.	Sole Dispositive Power -0-	<hr/>
	10.	Shared Dispositive Power 349,409	<hr/>
	11.	Aggregate Amount Beneficially Owned by Each Reporting Person: 349,409	<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) 3.6%		<hr/>
14.	Type of Reporting Person (See Instructions) PN		<hr/>

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CUSIP No. 703343103

1.	Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only) Tontine Asset Associates, 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-	<hr/>
Number of Shares Beneficially Owned by Each Reporting Person With	8.	Shared Voting Power 349,409	<hr/>
	9.	Sole Dispositive Power -0-	<hr/>
	10.	Shared Dispositive Power 349,409	<hr/>
	11.	Aggregate Amount Beneficially Owned by Each Reporting Person: 349,409	<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) 3.6%		<hr/>
14.	Type of Reporting Person (See Instructions) OO		<hr/>

CUSIP No. 703343103

1.	Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only) Jeffrey L. Gendell		<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) OO		<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 United States		<hr/>

	7.	Sole Voting Power -0-
Number of Shares Beneficially Owned by Each Reporting Person With	8.	Shared Voting Power 5,299,963
	9.	Sole Dispositive Power -0-
	10.	Shared Dispositive Power 5,299,963
	11.	Aggregate Amount Beneficially Owned by Each Reporting Person 5,299,963
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) 55.3%	
14.	Type of Reporting Person (See Instructions) IN	

Item 1. Security and Issuer

This Amendment No. 14 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, September 25, 2007, March 18, 2008, April 16, 2008, June 27, 2008, August 1, 2008, November 10, 2008, December 16, 2008, October 23, 2009, February 3, 2010, March 10, 2010 and March 4, 2011 (the Original 13D, together with the amendments, the "Schedule 13D"), relating 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;
 - (v) Tontine Capital Overseas Master Fund II, L.P. a Cayman Islands limited partnership (“TCP 2”) with respect to shares of Common Stock directly owned by it;
 - (vi) Tontine Asset Associates, L.L.C., a Delaware limited liability company (“TAA”), with respect to the shares of Common Stock directly owned by TCP 2; and
 - (vii) Jeffrey L. Gendell with respect to the shares of Common Stock directly owned by each of TCP, TMF and TCP2.

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, TCO, TCP 2 and TAA is 55 Railroad Avenue, Greenwich, Connecticut 06830. The business address of Mr. Gendell is 55 Railroad Avenue, Greenwich, Connecticut 06830.
- (c) The principal business of each of TMF, TCP and TCP 2 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. The principal business of TAA is serving as the general partner of TCP 2. Mr. Gendell serves as the managing member of TCM, TCO and TAA.
- (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, TCM and TAA is a limited liability company organized under the laws of the State of Delaware. Each of TMF and TCP 2 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

Except as set forth in Item 4, shares of Common Stock owned by the Reporting Persons were purchased with working capital and on margin. The Reporting Persons’ margin transactions are 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.

The Note and the Warrants (each as defined below) were purchased with working capital.

Item 4. Purpose of Transaction

On March 31, 2011, TCP 2 entered into a Secured Senior Subordinated Note and Warrant Purchase Agreement (the "Purchase Agreement") with the Company and Northcreek Mezzanine Fund I, L.P. ("Northcreek"). Pursuant to the Purchase Agreement, on March 31, 2011, TCP 2 purchased in a private placement a Secured Senior Subordinated Note of the Company with a principal amount of \$2,500,000 (the "Note") and warrants to purchase 125,000 shares of Common Stock (the "Warrants"). Northcreek also purchased on March 31, 2011 a Secured Senior Subordinated Note of the Company with a principal amount of \$2,500,000 and warrants to purchase 125,000 shares of Common Stock pursuant to the Purchase Agreement. Northcreek is not an affiliate of any of the Reporting Persons, and TCP 2 and Northcreek do not have any agreement, written or otherwise, with respect to exercising the warrants held by either party, or with respect to voting or disposing of the shares of Common Stock underlying such warrants.

The Note has a five-year maturity, with interest-only payments due over the term and the entire principal amount due at maturity. The Note pays interest quarterly at a rate of (i) 10% per annum for the first two years after issuance and (ii) 13% per annum thereafter. Subject to certain minimum cash interest payments as described in the Purchase Agreement, the Company may pay a portion of each interest payment in kind by increasing the outstanding principal amount of the Note. The Company may prepay the Note prior to maturity, subject to the payment of a prepayment premium if the Company prepays the Note prior to March 31, 2014.

Pursuant to a Security Agreement among the Company, TCP 2 and Northcreek, dated as of March 31, 2011 (the "Security Agreement"), the Note is secured by a security interest (the "Subordinated Security Interest") in all of the assets of the Company that secure the Company's four-year \$50.0 million revolving secured senior credit facility (the "Senior Credit Facility") that the Company entered into on March 31, 2011 with Wells Fargo Capital Finance, LLC ("Wells") as the lender and agent. The Subordinated Security Interest is held by Northcreek, as collateral agent, for the benefit of TCP 2 and Northcreek. Pursuant to a Subordination and Intercreditor Agreement among the Company, Wells, TCP 2 and Northcreek, dated as of March 31, 2011 (the "Subordination Agreement"), the Subordinated Security Interest is junior in priority and subordinated to the security interest securing the Senior Credit Facility.

The Warrants have an exercise price of \$0.01 per share and may be exercised, in whole or in part, at any time before March 31, 2016. TCP 2 does not have any current plans or intentions with respect to the exercise of the Warrants. The Warrants are governed by a Warrant Agreement among the Company, TCP 2 and Northcreek, dated as of March 31, 2011 (the "Warrant Agreement"). The exercise price for the Warrants may be paid in cash or, at the election of TCP 2, through a cashless net exercise. The number of shares of Common Stock for which the Warrants are exercisable are subject to certain anti-dilution provisions.

Also on March 31, 2011, the Company, TCP, TMF, TCP 2 and Northcreek entered into an Amendment (the "RRA Amendment") to the December 2008 Registration Rights Agreement (as defined below) primarily to include TCP 2 and Northcreek as parties to the December 2008 Registration Rights Agreement and to provide registration rights with respect to the shares of Common Stock issuable upon exercise of the Warrants and the warrants acquired by Northcreek, as well as other warrants acquired by TCP 2 and Northcreek in the future in connection with the Purchase Agreement. Pursuant to the RRA Amendment, the Company is obligated, among other things, to file a shelf registration statement prior to June 30, 2011 to register the resale of the shares of Common Stock underlying the Warrants and the warrants acquired by Northcreek on March 31, 2011 under the Purchase Agreement, and to use its reasonable best efforts to cause the registration statement to be declared effective no later than 60 days after filing. Further, the Company agreed to supplement the Tontine Registration Statement (as defined below) prior to May 15, 2011 to cover the resale of all Common Stock held by TCP 2.

As discussed in this Schedule 13D, the Reporting Persons own approximately 55.3% of the Company's outstanding Common Stock and can control the Company's affairs, including (i) the election of directors who in turn appoint management, (ii) any action requiring the approval of the holders of Common Stock, including adoption of amendments to the Company's corporate charter, and (iii) approval of a merger or sale of all or substantially all assets. The Reporting Persons can also control certain decisions affecting the Company's capital structure. As discussed in Item 6, the Reporting Persons have certain rights to nominate directors and to require the Company to limit the size of the Board which rights are dependent on the Reporting Persons' ownership of a certain aggregate percentage of Common Stock.

Accordingly, the disposition of the Reporting Persons' holdings in the Company may result in changes to the size and/or composition of the Company's Board of Directors.

The Reporting Persons acquired their shares of Common Stock, the Note and the Warrants for investment purposes and in the ordinary course of business. All of the Reporting Persons may dispose of securities of the Company at any time and from time to time in the open market, through dispositions in kind to parties holding an ownership interest in TCP, TMF and/or TCP 2, or otherwise. In addition, TCP 2 may obtain securities of the Company through open market purchases, exercise of all or a portion of the Warrants, purchasing additional notes or warrants from the Company, transfers from other Reporting Persons or otherwise.

Although the forgoing represents the range of activities presently contemplated by the Reporting Persons with respect to the Company, it should be noted that the possible activities of the Reporting Persons are subject to change at any time. Accordingly, 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 in the Schedule 13D, 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 registration pursuant to Section 12(g)(4) of the Securities Act, or (j) any action similar to any of those enumerated in items (a) through (i) above.

Item 5. Interest in Securities of the Issuer

The following disclosure of share ownership by the Reporting Persons is as of the date of this Amendment No. 14 to Schedule 13D.

A. Tontine Capital Partners, L.P.

- (a) Aggregate number of shares beneficially owned: 4,221,155. Percentage: 44.6%. The percentages used herein and in the rest of Item 5 are calculated based upon 9,460,189 shares of Common Stock issued and outstanding as of March 11, 2011, as reflected in the Annual Report on Form 10-K filed by the Company on March 30, 2011. For TCP 2, TAA and Mr. Gendell, each of whom is or may be deemed to be a beneficial owner of the Common Stock underlying the Warrants, the ownership percentages used herein are calculated as if 125,000 shares of Common Stock had been issued upon exercise of the Warrants. The shares of Common Stock underlying the Warrants are not included in the calculations of the ownership percentages for the other Reporting Persons.
- (b) 1. Sole power to vote or direct vote: -0-
 - 2. Shared power to vote or direct vote: 4,221,155
 - 3. Sole power to dispose or direct the disposition: -0-
 - 4. Shared power to dispose or direct the disposition: 4,221,155
- (c) TCP has not engaged in any transactions in Common Stock since the Reporting Persons filed Amendment No. 13 to this Schedule 13D on March 4, 2011.
- (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: 4,221,155. Percentage: 44.6%.

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- (b) 1. Sole power to vote or direct vote: -0-
 - 2. Shared power to vote or direct vote: 4,221,155
 - 3. Sole power to dispose or direct the disposition: -0-
 - 4. Shared power to dispose or direct the disposition: 4,221,155
- (c) TCM has not engaged in any transactions in Common Stock since the Reporting Persons filed Amendment No. 13 to this Schedule 13D on March 4, 2011.
- (d) Mr. Gendell is the Managing Member of TCM and in that capacity directs its operations.
- (e) Not applicable.

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

- (a) Aggregate number of shares beneficially owned: 729,399. Percentage: 7.7%.
- (b) 1. Sole power to vote or direct vote: -0-
 - 2. Shared power to vote or direct vote: 729,399
 - 3. Sole power to dispose or direct the disposition: -0-
 - 4. Shared power to dispose or direct the disposition: 729,399
- (c) TMF has not engaged in any transactions in Common Stock since the Reporting Persons filed Amendment No. 13 to this Schedule 13D on March 4, 2011.
- (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: 729,399. Percentage: 7.7%.
- (b) 1. Sole power to vote or direct vote: -0-
 - 2. Shared power to vote or direct vote: 729,399
 - 3. Sole power to dispose or direct the disposition: -0-
 - 4. Shared power to dispose or direct the disposition: 729,399
- (c) TCO has not engaged in any transactions in Common Stock since the Reporting Persons filed Amendment No. 13 to this Schedule 13D on March 4, 2011.
- (d) Mr. Gendell is the Managing Member of TCO and in that capacity directs its operations.
- (e) Not applicable.

E. Tontine Capital Overseas Master Fund II, L.P.

- (a) Aggregate number of shares beneficially owned: 349,409. Percentage: 3.6%.
- (b) 1. Sole power to vote or direct vote: -0-
 - 2. Shared power to vote or direct vote: 349,409
 - 3. Sole power to dispose or direct the disposition: -0-
 - 4. Shared power to dispose or direct the disposition: 349,409
- (c) On March 31, 2011, TCP 2 acquired the Warrants from the Company in a private placement. Pursuant to the Purchase Agreement, TCP 2 was issued the Note and the Warrants in exchange for aggregate consideration of \$2,500,000.

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(d) TAA, the general partner of TCP 2, has the power to direct the affairs of TCP 2, 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 TAA and in that capacity directs its operations.

(e) Not applicable.

F. Tontine Asset Associates, L.L.C.

- (a) Aggregate number of shares beneficially owned: 349,409. Percentage: 3.6%.
- (b) 1. Sole power to vote or direct vote: -0-
 - 2. Shared power to vote or direct vote: 349,409
 - 3. Sole power to dispose or direct the disposition: -0-
 - 4. Shared power to dispose or direct the disposition: 349,409
- (c) TAA has not engaged in any transactions in Common Stock since the Reporting Persons filed Amendment No. 13 to this Schedule 13D on March 4, 2011. On March 31, 2011, TCP 2 acquired the Warrants from the Company in a private placement. Pursuant to the Purchase Agreement, TCP 2 was issued the Note and the Warrants in exchange for aggregate consideration of \$2,500,000.
- (d) Mr. Gendell is the Managing Member of TAA and in that capacity directs its operations.
- (e) Not applicable.

G. Jeffrey L. Gendell

- (a) Aggregate number of shares beneficially owned: 5,299,963. Percentage: 55.3%.
- (b) 1. Sole power to vote or direct vote: -0-
 - 2. Shared power to vote or direct vote: 5,299,963
 - 3. Sole power to dispose or direct the disposition: -0-
 - 4. Shared power to dispose or direct the disposition: 5,299,963
- (c) Mr. Gendell has not engaged in any transactions in Common Stock since the Reporting Persons filed Amendment No. 13 to this Schedule 13D on March 4, 2011. On March 31, 2011, TCP 2 acquired the Warrants from the Company in a private placement. Pursuant to the Purchase Agreement, TCP 2 was issued the Note and the Warrants in exchange for aggregate consideration of \$2,500,000.
- (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 a Securities Purchase Agreement (the "Initial Securities Purchase Agreement") which, among other things, provided for the purchase by TCP and TMF of shares of Common Stock and Senior Subordinated Promissory Notes of the Company. The closing of the transactions contemplated by the Initial Securities Purchase Agreement occurred 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. On July 21, 2008, an affiliate of the Reporting Persons was appointed to the Company's Board of Directors. As of the date hereof, the Company has not appointed a second nominee of the Reporting Persons to the Company's Board of Directors. Under the Initial Securities Purchase Agreement, the Company agreed to limit, by the date of the Company's 2008 Annual Meeting

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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. 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 and regulations of any governmental authority. The Initial Securities Purchase Agreement also contained standard representations and warranties that survive until the earlier of (i) three years following the closing date of the transactions contemplated by the Initial Securities Purchase Agreement and (ii) the applicable statute of limitations with respect to each representation and warranty.

B. Second Amended and Restated Registration Rights Agreement; RRA Amendment

On December 11, 2008, TCP, TMF, the Company and the holders of warrants (the "Original Warrant Holders") issued pursuant to a certain Warrant Agreement, dated December 11, 2008, among the Company and the Original Warrant Holders, entered into that certain Second Amended and Restated Registration Rights Agreement (the "December 2008 Registration Rights Agreement"), which restated the Amended and Restated Registration Rights Agreement entered into by TCP, TMF and the Company on May 18, 2007. The Original Warrant Holders, all of whom were lenders under a Credit Agreement dated May 18, 2007, among the Company, the lenders party thereto and JP Morgan Chase Bank, N.A., as administrative agent (the "Previous Credit Facility"), acquired their warrants in connection with the execution of a Second Amendment and Waiver to the Previous Credit Facility on December 11, 2008. Pursuant to the December 2008 Registration Rights Agreement, the Company filed a registration statement on Form S-3 registering the resale of 5,174,963 shares of Common Stock held by the Reporting Persons (the "Tontine Registration Statement"). The Tontine Registration Statement was declared effective on December 30, 2008. Pursuant to the December 2008 Registration Rights Agreement, the Company filed a registration statement on Form S-3 registering the resale of 424,049 shares of Common Stock issuable to the Original Warrant Holders upon the exercise of their warrants (the "Lender Registration Statement"). The Lender Registration Statement was declared effective on July 29, 2009. On March 31, 2011, the Company, TCP, TMF, TCP 2 and Northcreek entered into the RRA Amendment. Pursuant to the RRA Amendment, the Company is obligated, among other things, to file a shelf registration statement prior to June 30, 2011 to register the resale of the shares of Common Stock underlying the Warrants and the warrants acquired by Northcreek on March 31, 2011 under the Purchase Agreement, and to use its reasonable best efforts to cause the registration statement to be declared effective no later than 60 days after filing. Further, the Company agreed to supplement the Tontine Registration Statement prior to May 15, 2011 to cover the resale of all Common Stock held by TCP 2. In addition, pursuant to the December 2008 Registration Rights Agreement, as amended by the RRA Amendment, the Company granted to TCP, TMF, TCP 2, Northcreek and the Original Warrant Holders (and their respective 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 December 2008 Registration Rights Agreement, as amended by the RRA Amendment, terminate with respect to TCP, TMF, TCP 2, Northcreek and the Original Warrant Holders (and any of their respective qualifying transferees) when such party no longer holds any Registrable Securities (as defined in the December 2008 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 December 2008 Registration Rights Agreement, including the reasonable fees and expenses of counsel retained by the

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holders of Registrable Securities requested to be included in a registration statement.

C. Secured Senior Subordinated Note and Warrant Purchase Agreement. As discussed in more detail in Item 4, on March 31, 2011, TCP 2, the Company and Northcreek entered into the Purchase Agreement, pursuant to which TCP 2 purchased the Note and the Warrants on March 31, 2011. The Purchase Agreement contains standard representations and warranties, as well as other customary terms and conditions.

D. Warrant Agreement. As discussed in more detail in Item 4, on March 31, 2011, TCP 2, the Company and Northcreek entered into the Warrant Agreement in connection with the purchase by TCP 2 and Northcreek of warrants from the Company. The Warrant Agreement sets forth certain provisions affecting the Warrants, including provisions related to exercise of the Warrants and anti-dilution provisions.

E. Security Agreement. As discussed in more detail in Item 4, on March 31, 2011, TCP 2, the Company and Northcreek entered into the Security Agreement, pursuant to which the Company granted Northcreek, as collateral agent for TCP 2 and Northcreek, the Subordinated Security Interest in all of the assets of the Company that secure the Senior Credit Facility to secure the repayment of the Note and the Secured Senior Subordinated Note purchased by Northcreek on March 31, 2011 pursuant to the Purchase Agreement.

F. Subordination and Intercreditor Agreement. As discussed in more detail in Item 4, on March 31, 2011, the Company, Wells, TCP 2 and Northcreek, entered into the Subordination Agreement, pursuant to which the Subordinated Security Interest is junior in priority and subordinated to the security interest securing the Senior Credit Facility.

The foregoing summaries of the Initial Securities Purchase Agreement, the December 2008 Registration Rights Agreement, the RRA Amendment, the Purchase Agreement, the Warrant Agreement, the Security Agreement and the Subordination Agreement do not purport to be complete and are qualified in their entirety by reference to Exhibits 99.1 through 99.7, 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

99.1. Securities Purchase Agreement dated 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 Amendment No. 1 to this Schedule 13D filed on April 18, 2007).

99.2. Second Amended and Restated Registration Rights Agreement dated December 11, 2008, by and among Tontine Capital Partners, L.P., Tontine Capital Overseas Master Fund, L.P., Patrick Industries, Inc. and JPMorgan Chase Bank, N.A., Fifth Third Bank, Bank of America, N.A., Key Bank, National Association, RBS Citizens, National Association, Associated Bank, National City Bank and 1st Source Bank (previously filed as Exhibit 3 to Amendment No. 9 to this Schedule 13D on December 11, 2008).

99.3. Amendment to Second Amended and Restated Registration Rights Agreement dated March 31, 2011, by and among Tontine Capital Partners, L.P., Tontine Capital Overseas Master Fund, L.P., Tontine Capital Overseas Master Fund II, L.P., Northcreek Mezzanine Fund I, L.P. and Patrick Industries, Inc.

99.4. Secured Senior Subordinated Note and Warrant Purchase Agreement dated March 31, 2011, by and among Patrick Industries, Inc., Tontine Capital Overseas Master Fund II, L.P., and Northcreek Mezzanine Fund I, L.P., on its behalf and as collateral agent.

99.5. Warrant Agreement dated March 31, 2011, by and among Patrick Industries, Inc., Tontine Capital Overseas Master Fund II, L.P., and Northcreek Mezzanine Fund I, L.P.

99.6. Security Agreement dated March 31, 2011, by and among Patrick Industries, Inc., Tontine Capital Overseas Master

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Fund II, L.P., and Northcreek Mezzanine Fund I, L.P.

99.7. Subordination and Intercreditor Agreement dated March 31, 2011, by and among Patrick Industries, Inc., Wells Fargo Capital Finance, LLC, Tontine Capital Overseas Master Fund II, L.P., and Northcreek Mezzanine Fund I, L.P.

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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.

April 6, 2011

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., as managing member of Tontine Capital Overseas GP, L.L.C., general partner of Tontine Capital Overseas Master Fund, L.P., and as managing member of Tontine Asset Associates, L.L.C., general partner of Tontine Capital Overseas Master Fund II, L.P.

Name/Title

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**AMENDMENT NO. 1 TO SECOND AMENDED AND RESTATED
REGISTRATION RIGHTS AGREEMENT**

This **AMENDMENT NO. 1 TO SECOND AMENDED AND RESTATED REGISTRATION RIGHTS AGREEMENT** (this "Amendment"), dated as of March 31, 2011, is entered into by and among Patrick Industries, Inc. (the "Company"), Tontine Capital Partners, L.P. ("TCP"), Tontine Capital Overseas Master Fund, L.P. ("TMF"), Tontine Capital Overseas Master Fund II, L.P. ("TCP 2") and Northcreek Mezzanine Fund I, L.P. ("Northcreek"). Capitalized terms used and not defined in this Amendment are defined in the Registration Rights Agreement (as defined below).

RECITALS

- A. On December 11, 2008, the Company, TCP, TMF and the holders of warrants issued pursuant to a certain Warrant Agreement, dated December 11, 2008, among the Company and such holders, entered into that certain Second Amended and Restated Registration Rights Agreement (the "Registration Rights Agreement").
- B. Since the date of the Registration Rights Agreement, TCP 2 has acquired certain shares of Common Stock, and on March 31, 2011, TCP 2, Northcreek and the Company entered into a Secured Senior Subordinated Note and Warrant Purchase Agreement that provides for the issuance of warrants to TCP 2 and Northcreek on the date hereof to purchase up to an aggregate of 250,000 shares of Common Stock and the possible issuance to TCP 2 and Northcreek, after the date hereof, of additional warrants to purchase up to an additional 150,000 shares of Common Stock (collectively, the "2011 Warrant Shares").
- C. TCP, TMF and the Company desire to amend the Registration Rights Agreement to add TCP 2 and Northcreek as parties to the Registration Rights Agreement and to provide certain registration rights with respect to the 2011 Warrant Shares.
- D. Pursuant to Section 3.2 of the Registration Rights Agreement, this Amendment may be effected with the consent of (i) TCP and TMF, which entities together constitute the Majority Holders of the Registrable Securities, and (ii) the Company.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing premises and the mutual covenants and agreements hereinafter contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, intending to be legally bound, the parties hereto hereby agree as follows:

1. Amendments to Registration Rights Agreement.

(a) From and after the date of this Amendment, the parties agree that the terms "Stockholder" and "Stockholders" used in the Registration Rights Agreement shall mean (i) the stockholders or warrant holders of the Company identified on the signature page to the Registration Rights Agreement and the signature page to this Amendment, (ii) any person or entity that is assigned rights, or becomes a party to the Registration Rights Agreement, pursuant to Section 1.11 of the Registration Rights Agreement.

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(b) From and after the date of this Amendment, the parties agree that the term "Tontine Stockholders" used in the Registration Rights Agreement shall mean, collectively, (i) Tontine Capital, Tontine Overseas and TCP 2 and (ii) any person or entity that directly or indirectly controls, is controlled by, or is under common control with, Tontine Capital, Tontine Overseas or TCP 2 that is assigned rights, or becomes a party to the Registration Rights Agreement, pursuant to Section 1.11 of the Registration Rights Agreement.

(c) The definition of "Registrable Securities" set forth in Section 1.1(h) of the Registration Rights Agreement is amended and restated in its entirety as follows: "The term "Registrable Securities" means (i) the shares of Common Stock acquired by the Tontine Stockholders (A) pursuant to a certain Stock Purchase Agreement dated September 13, 2005, between the Company and Tontine Capital, (B) pursuant to a certain Securities Purchase Agreement, dated April 10, 2007, among the Company, Tontine Capital and TMF, (C) pursuant to a certain Securities Purchase Agreement, dated March 10, 2008, among the Company, Tontine Capital and TMF, (D) in connection with the registered rights offering completed by the Company on June 26, 2008, (E) from other Tontine Stockholders in connection with reallocations of ownership of shares among such Tontine Stockholders, (F) in open-market transactions by the Tontine Stockholders prior to the date of the Amended and Restated Registration Rights Agreement, and (G) in any manner on and after the date of the Amended and Restated Registration Rights Agreement, (ii) any securities of the Company acquired by the holders from time to time upon exercise of the warrants (the "Warrants") to purchase shares of Common Stock (the "Warrant Shares") issued pursuant to a certain Warrant Agreement, dated December 11, 2008, among the Company and such holders, (iii) any securities of the Company acquired by the holders from time to time upon exercise of warrants issued on the date hereof or at any time hereafter pursuant to a certain Secured Senior Subordinated Note and Warrant Purchase Agreement (the "Warrant Purchase Agreement"), dated March 31, 2011, among the Company, TCP 2 and Northcreek Mezzanine Fund I, L.P. ("Northcreek") (the "2011 Warrant Shares"), and (iv) any other shares of the Company's Common Stock issued as a dividend or other distribution with respect to, or in exchange for or in replacement of, the shares listed in (i), (ii), or (iii) (because of stock splits, stock dividends, reclassifications, recapitalizations or similar events); provided, however, that the foregoing definition shall exclude in all cases any Registrable Securities (x) which are effectively registered under the Securities Act and disposed of in accordance with a Registration Statement covering such shares, (y) which have been transferred pursuant to Rule 144 under the Securities Act or any similar rule or regulation hereafter adopted by the SEC ("Rule 144"), or (z) which are no longer beneficially owned by any Holder;"

(d) Section 1.2(a)(iii) of the Registration Rights Agreement is amended by adding the following sentence to the end of such section: "Prior to May 15, 2011, the Company agrees to amend or supplement such Registration Statement to register the resale by TCP 2 from time to time of all shares of Common Stock then held by TCP 2."

(e) A new section 1.2(a)(iv) is added which reads as follows: "Prior to June 30, 2011, the Company shall file a Registration Statement on Form S-3 (the "Initial 2011 Warrant Shares Registration Statement") under the Securities Act registering the resale under Rule 415 under the Securities Act of the portion of the 2011 Warrant Shares underlying the warrants issued pursuant to the Warrant Purchase Agreement on March 31, 2011 or otherwise prior to the effective date of the Initial 2011 Warrant Shares Registration Statement (the "Initial 2011 Warrant Shares"). The Initial 2011 Warrant Shares Registration Statement shall provide for the resale from time to time, and pursuant to any method or combination of methods legally available on Form S-3, by TCP 2 and Northcreek of any and all of the Initial 2011 Warrant Shares, such methods of distribution to be provided in writing to the Company no later than seven (7) days prior to the effective date of the Initial 2011 Warrant Shares Registration Statement. The Company shall use its reasonable best efforts to cause the Initial 2011 Warrant Shares Registration Statement to be declared effective under the Securities Act as soon as

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possible, but in any event, no later than sixty (60) days from the date of filing, and shall use its reasonable best efforts to keep the Registration Statement continuously effective for a period of five (5) years after such Registration Statement first becomes effective, subject to the terms of this Agreement."

(f) Section 1.11 of the Registration Rights Agreement is amended and restated in its entirety as follows: **Assignment of Registration Rights; Joinder.** The rights to cause the Company to register Registrable Securities pursuant to this Section 1 may be transferred or assigned by a Holder provided that (i) the Company is furnished with written notice of the name and address of such transferee or assignee and the securities with respect to which such registration rights are being assigned; (ii) such transferee agrees in writing to be subject to all restrictions set forth in this Agreement as though it were a Holder and shall thereafter be deemed to be a Holder for all purposes of this Agreement; and (iii) such assignment shall be effective only if and to the extent immediately following such transfer the further disposition of such securities by the transferee or assignee is not eligible to be made without any conditions under Rule 144. Further, any person or entity that directly or indirectly controls, is controlled by, or is under common control with, Tontine Capital, Tontine Overseas or TCP 2 (a "Tontine Affiliate") that acquires shares of Common Stock or other securities of the Company shall become a party to this Agreement if (x) the Company is furnished with written notice of the name and address of such Tontine Affiliate and the securities of the Company held by such Tontine Affiliate, (y) the disposition of such securities of the Company held by the Tontine Affiliate is not eligible to be made without any conditions under Rule 144, and (z) such Tontine Affiliate agrees in writing to be subject to all restrictions set forth in this Agreement as though it were a Holder, and shall thereafter be deemed to be a Holder, Stockholder and Tontine Stockholder for all purposes of this Agreement."

2. **Joinder of New Stockholders.** By execution of this Amendment, each of TCP 2 and Northcreek hereby confirms its agreement to be bound as a "Stockholder" under the Registration Rights Agreement, as amended hereby, and as may be subsequently amended, restated, revised, supplemented or otherwise modified from time to time.

3. **Miscellaneous.**

(a) **Effectiveness.** This Amendment shall be deemed effective as of the date first written above, as if executed by all parties hereto on such date. Except as specifically modified by the terms set forth herein, the parties hereto acknowledge and agree that the Registration Rights Agreement is in full force and effect. All references in the Registration Rights Agreement to the "Agreement" shall be deemed to refer to the Registration Rights Agreement as amended by this Amendment.

(b) **Further Assurances.** Each party agrees that, from time to time upon the written request of any other party, it will execute and deliver such further documents and do such other acts and things as the other party may reasonably request to effect the purposes of this Amendment.

(c) **Severability.** Whenever possible, each provision of this Amendment shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Amendment shall be held to be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Amendment.

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

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(e) **Governing Law.** This Amendment shall be governed by and construed in accordance with the laws of the State of Indiana, without regard to the conflicts of laws rules or provisions.

(f) **Captions.** The captions, headings and arrangements used in this Amendment are for convenience only and do not in any way limit or amplify the terms and provisions hereof.

(g) **No Prejudice.** The terms of this Amendment shall not be construed in favor of or against any party on account of its participation in the preparation hereof.

[Signature pages follow]

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IN WITNESS WHEREOF, the parties hereto have duly executed this Assignment and Registration Agreement on this 3rd day of March, 2011.

PATRICK INDUSTRIES, INC.

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

TONTINE CAPITAL PARTNERS, L.P.

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

By: /s/ Jeffrey L. Gendell
Name: Jeffrey L. Gendell
Title: 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
Name: Jeffrey L. Gendell
Title: Managing Member

TONTINE CAPITAL OVERSEAS MASTER FUND II, L.P.

By: Tontine Asset Associates, L.L.C., its general partner

By: /s/ Jeffrey L. Gendell
Name: Jeffrey L. Gendell
Title: Managing Member

[Signature page to Amendment to Second Amended and Restated Registration Rights Agreement]

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NORTHCREEK MEZZANINE FUND I, L.P.

By: NMF GP, LLC, its general partner

By: Northcreek Management, Inc., its manager

By: /s/ Barry Peterson
Name: Barry Peterson
Title: Vice President

[Signature page to Amendment to Second Amended and Restated Registration Rights Agreement]

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THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS EVIDENCED HEREBY ARE SUBORDINATE IN THE MANNER AND TO THE EXTENT SET FORTH IN THAT CERTAIN SUBORDINATION AND INTERCREDITOR AGREEMENT (AS THE SAME MAY BE AMENDED OR OTHERWISE MODIFIED FROM TIME TO TIME PURSUANT TO THE TERMS THEREOF, THE “**SUBORDINATION AGREEMENT**”) DATED AS OF MARCH 31, 2011 AMONG PATRICK INDUSTRIES, INC., AN INDIANA CORPORATION (THE “**COMPANY**”), TONTINE CAPITAL OVERSEAS MASTER FUND II, L.P., A CAYMAN ISLANDS LIMITED PARTNERSHIP, NORTHCREEK MEZZANINE FUND I, L.P., A DELAWARE LIMITED PARTNERSHIP, ON ITS BEHALF AND IN ITS CAPACITY AS COLLATERAL AGENT, AND WELLS FARGO CAPITAL FINANCE, LLC (“**WFCF**”), TO THE INDEBTEDNESS (INCLUDING INTEREST) OWED BY THE CREDIT PARTIES (AS DEFINED IN THE SUBORDINATION AGREEMENT) PURSUANT TO THAT CERTAIN CREDIT AGREEMENT DATED AS OF MARCH 31, 2011 AMONG THE COMPANY, WFCF AND THE LENDERS FROM TIME TO TIME PARTY THERETO (THE “**SENIOR CREDIT AGREEMENT**”), AND THE OTHER SENIOR DEBT DOCUMENTS (AS DEFINED IN THE SUBORDINATION AGREEMENT), AS SUCH SENIOR CREDIT AGREEMENT, AND SUCH OTHER SENIOR DEBT DOCUMENTS HAVE BEEN AND HEREAFTER MAY BE AMENDED, RESTATED, SUPPLEMENTED OR OTHERWISE MODIFIED FROM TIME TO TIME AND TO INDEBTEDNESS REFINANCING THE INDEBTEDNESS UNDER SUCH AGREEMENTS AS PERMITTED BY THE SUBORDINATION AGREEMENT; AND EACH HOLDER OF THE NOTES ISSUED HEREUNDER, BY ITS ACCEPTANCE HEREOF, IRREVOCABLY AGREES TO BE BOUND BY THE PROVISIONS OF THE SUBORDINATION AGREEMENT.

**SECURED SENIOR SUBORDINATED NOTE AND
WARRANT PURCHASE AGREEMENT**

This **SECURED SENIOR SUBORDINATED NOTE AND WARRANT PURCHASE AGREEMENT** (this “**Agreement**”), dated as of March 31, 2011, is entered into by and among Patrick Industries, Inc., an Indiana corporation (the “**Company**”), Tontine Capital Overseas Master Fund II, L.P., a Cayman Islands limited partnership (“**Tontine**”), and Northcreek Mezzanine Fund I, L.P., a Delaware limited partnership, on its behalf (“**Northcreek**”, and each of Tontine and Northcreek individually, a “**Buyer**” and collectively, the “**Buyers**”) and in its capacity as collateral agent (“**Collateral Agent**”). Certain of the capitalized terms used but not defined herein have the meanings assigned to them in Exhibit A (which is incorporated herein by reference).

WHEREAS:

A. The Company has requested that each Buyer purchase from the Company the Subordinated Debt, to be secured by liens on all of the Company’s assets.

B. Each Buyer acknowledges that, contemporaneously herewith, the Company is consummating a senior secured debt transaction (the “**Senior Debt Transaction**”) with Wells

Fargo Capital Finance, LLC (“**WFCF**”), pursuant to which WFCF, among others, will extend the Senior Debt to the Company.

C. Each Buyer is willing to purchase from the Company the principal amount of subordinated notes evidencing the Subordinated Debt in the form attached as Exhibit B (each a “**Note**” and, collectively, the “**Notes**”) as is set forth opposite such Buyer’s name in column (3) on the Schedule of Buyers attached hereto, in each case in accordance with the terms, subject to the conditions and in reliance on, the recitals, representations, warranties, covenants and agreements set forth herein and in the Note attached.

D. In connection with its purchase of a Note, each Buyer will receive a detachable warrant in the form attached as Exhibit C (each a “**Warrant**” and, collectively, the “**Warrants**” and, together with the Note, the “**Offered Securities**”) to acquire shares of common stock of the Company, no par value (the “**Common Stock**”), at \$0.01 per share (the “**Warrant Shares**”). The Warrant is transferable separate from the Note, subject to the terms, conditions, limitations and restrictions on transfer set forth in the Warrant.

NOW, THEREFORE, in consideration of the foregoing and the mutual representations, warranties, covenants and agreements set forth herein, the Company and each Buyer hereby agree as follows:

1. PURCHASE AND SALE OF THE OFFERED SECURITIES.

(a) Notes. Subject to the satisfaction (or waiver) of the conditions set forth in **Section 7** below, the Company shall sell and issue to each Buyer, and each Buyer severally, but not jointly, agrees to purchase from the Company on the Closing Date (as defined below) the dollar amount of Notes as is set forth opposite such Buyer’s name in column (3) on the Schedule of Buyers, all on the terms set forth herein.

(b) Warrants. Subject to the satisfaction (or waiver) of the conditions set forth in **Section 7** below, on the Closing Date (as defined below) each Buyer shall receive a Warrant to acquire the number of shares of Common Stock as is set forth opposite such Buyer’s name in column (4) on the Schedule of Buyers, all on the terms set forth herein.

(c) Closing. The closing (the “**Closing**”) of the acquisition of the Offered Securities by the Buyers shall occur at the offices of Barack Ferrazzano Kirschbaum & Nagelberg LLP, 200 West Madison Street, Chicago, Illinois 60606. The date and time of the Closing (the “**Closing Date**”) shall be on the date and at the time immediately following the satisfaction (or waiver) of the conditions to the Closing set forth in **Section 7** below or such other date and time as is mutually agreed to by the Company and each Buyer. At the Closing, the Company and the Buyers shall make certain deliveries, as specified herein, and all such deliveries, regardless of chronological sequence, shall be deemed to occur contemporaneously and simultaneously on the occurrence of the last delivery and none of such deliveries shall be effective until the last of the same has occurred.

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(d) Purchase Price. The aggregate purchase price for the Offered Securities to be purchased by each Buyer (the “**Purchase Price**”) shall be the amount set forth opposite such Buyer’s name in column (5) on the Schedule of Buyers.

(e) Purchase and Sale of Offered Securities. On the Closing Date, against payment therefor in accordance with **Section 1(f)** hereof, the Company shall deliver to each Buyer (i) a Note in the principal amount set forth opposite such Buyer’s name in column (3) on the Schedule of Buyers, each duly executed on behalf of the Company and registered in the name of such Buyer or its designees and (ii) a Warrant to purchase the number of shares of Common Stock set forth opposite such Buyer’s name in column (4) on the Schedule of Buyers, each duly executed on behalf of the Company and registered in the name of such Buyer or its designees.

(f) Payment of Purchase Price; Expenses. On the Closing Date, each Buyer shall pay to the Company, by wire transfer of immediately available funds pursuant to wire transfer instructions set forth on Schedule 1(f) attached hereto, cash in the amount necessary for the payment of its portion of the Purchase Price as set forth on the Schedule of Buyers. The Company shall pay to Northcreek, on the Closing Date, its Reimbursable Expenses.

2. SUBORDINATED DEBT.

(a) General. The Subordinated Debt shall be evidenced by the Notes. The unpaid principal balance plus all accrued but unpaid interest on the Subordinated Debt shall be due and payable on the Maturity Date or such earlier date on which such amount shall become due and payable on account of acceleration by the Buyers in accordance with the terms of the Note or this Agreement.

(b) Use of Proceeds. The Company shall use the proceeds of the Offered Securities for the purpose of facilitating the refinancing of the Company's existing credit facility and for other working capital purposes. The Company will supply to each Buyer such additional information and documents as such Buyer reasonably requests with respect to its use of proceeds and will provide Northcreek and the SBA with such information and access to the Company's records and information and personnel as Northcreek deems reasonably necessary to verify that the proceeds have been used for the purposes specified herein.

(c) Subordination. Each Note shall be subordinated in accordance with the provisions of that certain Subordination and Intercreditor Agreement (the "**Subordination Agreement**") among Tontine, Northcreek, on its behalf and in its capacity as collateral agent, the Company and WFCF, of even date herewith.

(d) Maturity Date. On the Maturity Date, all sums due and owing under this Agreement and the other Transaction Documents with respect to each Note shall be repaid in full. The Company acknowledges and agrees that no Buyer has made any commitments, either express or implied, to extend the terms of the Subordinated Debt past the Maturity Date, unless the Company and each Buyer hereafter specifically otherwise agrees in writing.

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(e) Secured Facility. The obligations of the Company to the Buyers under the Notes shall be secured by a lien on all of the Company's assets in accordance with the Security Documents.

(f) Interest Rate Matters. The Company agrees that matters concerning the payment, application, accrual and computation of interest and interest rates shall be in accordance with this Agreement and the other Transaction Documents.

(i) Applicable Interest Rate. In accordance with this **Section 2(f)** and any other conditions and limitations set forth in this Agreement, the Subordinated Debt shall bear interest per annum at a rate equal to (a) 10.0% per annum for the period until the second anniversary of the Closing Date, and (b) 13.0% per annum thereafter.

(ii) Interest Payments. In accordance with this **Section 2(f)** and except as otherwise expressly provided in the Notes, interest accrued on the Notes shall be payable by the Company in arrears quarterly on the last day of each March, June, September and December (commencing on June 30, 2011) and on the Maturity Date. Interest will be payable in cash or, at the Company's option (upon not less than ten Business Days' notice to each Buyer), a combination of cash and in kind by increasing the principal amount by the amount of interest paid in kind; provided, however, that at each interest payment date, the Company must pay interest in cash at a rate of at least (a) 7.0% per annum during the period until the second anniversary of the Closing Date, and (b) 10.0% per annum thereafter.

(iii) Default Interest. Notwithstanding the rates of interest and the payment dates specified in this **Section 2(f)**, but subject to the immediately following sentence, effective immediately upon the occurrence and during the continuance of any Event of Default, the principal balance of the Subordinated Debt then outstanding and, to the extent not expressly prohibited by applicable law, any interest payments not paid when the same becomes due shall bear interest payable upon demand by Buyers at a rate which is 2.0% per annum in excess of the rate of interest otherwise payable under this Agreement (the "**Default Rate**"). In addition, all other amounts due to any Buyer (whether directly or for reimbursement) under this Agreement or any of the other Transaction Documents, if not paid when due or, in the event no time period is expressed, if not paid within five days after written notice from such Buyer that the same has become due, shall thereafter bear interest at the foregoing Default Rate. Finally, any amount due on the Maturity Date which is not then paid shall also bear interest thereafter at the Default Rate.

(iv) Computation of Interest. Interest shall be computed on the basis of the actual number of days elapsed based on a 360-day year, consisting of twelve (12) 30-day months. The parties hereto intend to conform strictly to applicable usury laws as in effect from time to time during the term of the Notes. Accordingly, if the transaction contemplated hereby would be usurious under applicable law (including the laws of the United States of America, or of any other jurisdiction whose laws may be mandatorily applicable), then, in that event, notwithstanding anything to the contrary in this Agreement or the Notes, the parties hereto agree that the aggregate of all consideration that constitutes interest under applicable law that is contracted for, charged or received under or in connection with this Agreement shall under no circumstances exceed the maximum amount of interest allowed by applicable law, and any

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excess shall be credited to the Company by each Buyer (or if such consideration shall have been paid in full, such excess refunded to Company by each Buyer).

(g) Payments. The Company agrees that matters concerning prepayments, payments and application of payments shall be in accordance with this Agreement and the other Transaction Documents.

(i) Prepayment. The Company may prepay all or any portion of the Notes at any time; provided, however, that: (a) if such prepayment occurs on or prior to the first anniversary of the Closing Date, such prepayment will be at 105% of the principal amount of the Notes being prepaid; (b) if such prepayment occurs after the first anniversary of the Closing Date, but on or prior to the second anniversary of the Closing Date, such prepayment will be at 104% of the principal amount of the Notes being prepaid; (c) if such prepayment occurs after the second anniversary of the Closing Date, but on or prior to the third anniversary of the Closing Date, such prepayment will be at 103% of the principal amount of the Notes being prepaid; (d) if such prepayment occurs thereafter, such prepayment will be at 100% of the principal amount of the Note being prepaid. Notwithstanding the foregoing sentence, the Company may prepay up to 10% of the original principal amount of the Notes at a price of 101% of the principal amount of the Notes being prepaid in each of the first three years following the Closing Date. Any prepayment pursuant to this **Section 2(g)** shall be subject to the following terms and conditions: (x) the Company shall give each Buyer at least three Business Days' prior written notice of its intent to make each prepayment; (y) each prepayment shall be made in immediately available funds and shall be made by paying the principal amount to be prepaid, together with unpaid accrued interest thereon through the date of prepayment; and (z) each prepayment shall be distributed to the Buyers on a pro rata basis based on the principal amount of the Notes held by each Buyer.

(ii) Manner and Time of Payment. All payments of principal and interest hereunder payable to the Buyers shall be made, without condition or reservation of right and free of set-off or counterclaim, in U.S. dollars and by wire transfer (pursuant to each Buyer's written wire transfer instructions) of immediately available funds delivered to each Buyer not later than 11:00 a.m. (Eastern time) on the date due. Funds received by any Buyer after that time and date shall be deemed to have been paid on the next succeeding Business Day.

(iii) Payments on Non-Business Days. Whenever any payment to be made by the Company hereunder shall be stated to be due on a day which is not a Business Day, payments shall be made on the next succeeding Business Day, and such extension of time shall be included in the computation of the payment of interest hereunder.

(iv) Application of Payments. All payments received by a Buyer from or on behalf of the Company shall be applied first to amounts due to the Buyer to reimburse Reimbursable Expenses, if applicable, second to accrued interest under the Note held by such Buyer, and third to principal amounts outstanding under

the Note. No amount paid or prepaid under the Notes may be reborrowed.

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(v) All Payments to be Made Pro Rata. All amounts paid or prepaid under the Notes shall be distributed pro rata among the Buyers on a pro rata basis based on the principal amount of the Notes held by each Buyer.

(vi) Payments Free of Taxes. Any and all payments by or on account of any obligation of the Company hereunder or under any other Note shall be made free and clear of and without reduction or withholding for any Taxes; provided that if the Company shall be required by applicable law to deduct any Taxes from such payments, then (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section) to the Buyers, each Buyer receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Company shall make such deductions, and (iii) the Company shall timely pay the full amount deducted to the relevant Governmental Authority in accordance with applicable law.

(h) Transfer of Notes. Any Note or portion thereof may be transferred to any Person (provided that such Person is an “accredited investor” as that term is defined in Rule 501(a) of Regulation D or a “qualified institutional buyer” as that term is defined in Rule 144A) without the consent of the Company or any other Buyer; provided, however, that any transfer of a portion of a Note must be in increments of Five Hundred Thousand Dollars (\$500,000.00); and provided further, that notwithstanding the immediately foregoing proviso, any Buyer may transfer all or any portion of a Note (including a portion of such Note that is not in increments of Five Hundred Thousand Dollars (\$500,000.00)) to any of its Affiliates.

3. BUYERS' REPRESENTATIONS AND WARRANTIES. Each Buyer represents and warrants with respect to itself only that:

(a) Organization; Authority; Legal Capacity. Such Buyer is an entity duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization with the requisite power and authority to enter into and to consummate the transactions contemplated by the Transaction Documents (as defined below) to which it is a party and otherwise to carry out its obligations hereunder and thereunder.

(b) Validity; Enforcement. This Agreement and the other Transaction Documents to which such Buyer is or will be a party have been duly and validly authorized on behalf of such Buyer. This Agreement has been duly executed and delivered by such Buyer, and each other Transaction Document to which such Buyer is a party, when executed and delivered as contemplated herein, will have been duly executed and delivered by such Buyer, and this Agreement constitutes, and each other Transaction Document to which such Buyer is a party upon execution and delivery thereof by such Buyer will constitute, the legal, valid and binding obligation of such Buyer, enforceable against such Buyer in accordance with its respective terms, except as such enforceability may be limited by general principles of equity or to applicable bankruptcy, fraudulent conveyance, insolvency, reorganization, moratorium, liquidation and other similar laws relating to, or affecting generally, the enforcement of applicable creditors' rights and remedies or as may be limited by the federal securities or banking laws or any public policy relating thereto.

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(c) No Conflicts. The execution, delivery and performance by such Buyer of this Agreement and the other Transaction Documents to which such Buyer is a party and the consummation by such Buyer of the Transactions will not (i) result in a violation of the Governing Documents of such Buyer or (ii) conflict with, or constitute a default (or an event which with notice or lapse of time or both would become a default) under, or give to others any rights of termination, amendment, acceleration or cancellation of, any agreement, indenture or instrument to which such Buyer is a party, or (iii) result in a violation of any Requirement of Law applicable to such Buyer, except in the case of clauses (ii) and (iii) above, for such for such defaults, terminations, amendments, accelerations, cancellations, or violations which would not, individually or in the aggregate, reasonably be expected to have a material adverse effect on the Transactions or the authority or ability of such Buyer to perform its obligations under the Transaction Documents.

(d) No Public Sale or Distribution. Such Buyer is (i) acquiring the Offered Securities and (ii) upon exercise of the Warrants will acquire the Warrant Shares, in each case, for its own account and not with a view towards, or for resale in connection with, the public sale or distribution thereof, except pursuant to sales registered or exempt from registration under the Securities Act. Such Buyer does not presently have any agreement or understanding, directly or indirectly, with any Person to resell or distribute any of the Offered Securities or the Warrant Shares. Such Buyer is not a broker-dealer (registered or otherwise) or an Affiliate of a broker-dealer.

(e) Accredited Investor Status. Such Buyer is an “accredited investor” as that term is defined in Rule 501(a) of Regulation D and a “qualified institutional buyer” as that term is defined in Rule 144A. Such Buyer has such knowledge and experience in financial and business matters that such Buyer is capable of evaluating the merits and risks of its investment in the Offered Securities.

(f) Reliance on Exemptions. Such Buyer understands that the Offered Securities are being offered and sold to it in reliance on specific exemptions from the registration requirements of United States federal and state securities laws and that the Company is relying in part 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 exemptions and the eligibility of such Buyer to acquire the Offered Securities.

(g) Information. Such Buyer has been furnished with materials relating to the business, finances and operations of the Company and materials relating to the offer and sale of the Offered Securities that have been requested by such Buyer. Such Buyer has been afforded the opportunity to ask questions of the Company, and has reviewed and considered carefully all information it deems relevant in making an informed decision to purchase the Offered Securities. Such Buyer has sought such accounting, legal and tax advice as it has considered necessary to make an informed investment decision with respect to its acquisition of the Offered Securities. Such Buyer understands that its investment in the Offered Securities involves a high degree of risk.

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(h) Transfer or Resale. Such Buyer understands that the Offered Securities and the Warrant Shares have not been and are not being registered under the Securities Act or any state securities laws, and may not be offered for sale, sold, assigned or transferred unless: (A) subsequently registered thereunder; or (B) such Offered Securities and/or Warrant Shares to be sold, assigned or transferred are being sold, assigned or transferred pursuant to Rule 144 or Rule 144A promulgated under the Securities Act (or a successor rule thereto) (collectively, “**Rule 144**”), or any other exemption from such registration.

(i) Domicile. Such Buyer is domiciled in that jurisdiction set forth opposite such Buyer's name in column (2) on the Schedule of Buyers.

4. REPRESENTATIONS AND WARRANTIES OF THE COMPANY.

In order to induce the Buyers to enter into this Agreement, the Company makes the following representations and warranties to each Buyer which shall be true and correct, in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof), as of the Closing Date, and such representations and warranties shall survive the execution and delivery of this Agreement:

(a) Due Organization and Qualification; Subsidiaries.

(i) The Company (i) is duly organized and existing and in good standing under the laws of the jurisdiction of its organization, (ii) is qualified to do business in any state where the failure to be so qualified would reasonably be expected to result in a Material Adverse Change, and (iii) has all requisite power and authority to own and operate its properties, to carry on its business as now conducted and as proposed to be conducted, to enter into the Transaction Documents to which it is a party and to carry out the transactions contemplated thereby.

(ii) Set forth on Schedule 4(a)(ii) is a complete and accurate description of the authorized capital Stock of the Company by class, and, as of the Closing Date, a description of the number of shares of each such class that are issued and outstanding. Other than as described on Schedule 4(a)(ii), there are no subscriptions, options, warrants, or calls relating to any shares of the Company's capital Stock, including any right of conversion or exchange under any outstanding security or other instrument. The Company is not subject to any obligation (contingent or otherwise) to repurchase or otherwise acquire or retire any shares of its capital Stock or any security convertible into or exchangeable for any of its capital Stock.

(iii) Set forth on Schedule 4(a)(iii) (as such Schedule may be updated from time to time to reflect changes resulting from transactions permitted under this Agreement), is a complete and accurate list of the Company's direct and indirect Subsidiaries, showing: (i) the number of shares of each class of common and preferred Stock authorized for each of such Subsidiaries, and (ii) the number and the percentage of the outstanding shares of each such class owned directly or indirectly by the Company. All of the outstanding capital Stock of each such Subsidiary has been validly issued and is fully paid and non-assessable.

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(iv) Except as set forth on Schedule 4(a)(ii), there are no subscriptions, options, warrants, or calls relating to any shares of the Company's Subsidiaries' capital Stock, including any right of conversion or exchange under any outstanding security or other instrument. Neither the Company nor any of its Subsidiaries is subject to any obligation (contingent or otherwise) to repurchase or otherwise acquire or retire any shares of the Company's Subsidiaries' capital Stock or any security convertible into or exchangeable for any such capital Stock.

(b) Due Authorization; No Conflict.

(i) The execution, delivery, and performance by the Company of the Transaction Documents to which it is a party have been duly authorized by all necessary action.

(ii) The execution, delivery, and performance by the Company of the Transaction Documents to which it is a party do not and will not (A) violate any material provision of federal, state, or local law or regulation applicable to the Company or its Subsidiaries, the Governing Documents of the Company or its Subsidiaries, or any order, judgment, or decree of any court or other Governmental Authority binding on the Company or its Subsidiaries, (B) conflict with, result in a breach of, or constitute (with due notice or lapse of time or both) a default under any Material Contract of the Company or its Subsidiaries except to the extent that any such conflict, breach or default could not individually or in the aggregate reasonably be expected to have a Material Adverse Change, (C) result in or require the creation or imposition of any Lien of any nature whatsoever upon any assets of the Company, other than Permitted Liens, or (D) require any approval of any of the Company's interestholders or any approval or consent of any Person under any Material Contract of the Company or any of its Subsidiaries, other than consents or approvals that have been obtained and that are still in force and effect and except, in the case of Material Contracts, for consents or approvals, the failure to obtain could not individually or in the aggregate reasonably be expected to cause a Material Adverse Change.

(iii) The execution and delivery and performance of the Transaction Documents by the Company and the consummation by the Company of the Transactions including, without limitation, the issuance of the Offered Securities and the reservation for issuance and the issuance of the Warrant Shares issuable upon exercise of the Warrants, have been duly authorized by the board of directors of the Company and no further corporate action on the part of the Company is required in connection therewith.

(c) Governmental Consents. The execution, delivery, and performance by the Company of the Transaction Documents to which the Company a party and the consummation of the transactions contemplated by the Transaction Documents do not and will not require any registration with, consent, or approval of, or notice to, or other action with or by, any Governmental Authority, other than registrations, consents, approvals, notices, or other actions that have been obtained and that are still in force and effect and except for filings and recordings with respect to the Collateral to be made, or otherwise delivered to Collateral Agent for filing or recordation, as of the Closing Date.

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(d) Binding Obligations; Perfected Liens.

(i) Each Transaction Document has been duly executed and delivered by the Company and is the legally valid and binding obligation of the Company, enforceable against the Company in accordance with its respective terms, except as enforcement may be limited by equitable principles or by bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or limiting creditors' rights generally.

(ii) Collateral Agent's Liens are validly created, perfected (other than (A) in respect of motor vehicles that are subject to a certificate of title and as to which Collateral Agent has not caused its Lien to be noted on the applicable certificate of title, and (B) any Deposit Accounts and Securities Accounts not subject to a Control Agreement as permitted by **Section 5(b)(xi)**, and subject only to the filing of financing statements and the recordation of the Mortgages, in each case, in the appropriate filing offices), and first priority Liens, subject only to Liens granted in connection with the Senior Debt and Permitted Liens which are either permitted purchase money Liens or the interests of lessors under Capital Leases.

(e) Title to Assets; No Encumbrances. Each of the Company and its Subsidiaries has (i) good, sufficient and legal title to (in the case of fee interests in Real Property), (ii) valid leasehold interests in (in the case of leasehold interests in real or personal property), and (iii) good and marketable title to (in the case of all other personal property), all of their respective assets reflected in their most recent financial statements delivered pursuant to **Section 5(a)(i)**, in each case except for assets disposed of since the date of such financial statements to the extent permitted hereby. All of such assets are free and clear of Liens except for Permitted Liens.

(f) Jurisdiction of Organization; Location of Chief Executive Office; Organizational Identification Number; Commercial Tort Claims

(i) The name of (within the meaning of Section 9-503 of the Code) and jurisdiction of organization of the Company and each of its Subsidiaries is set forth on Schedule 4(f)(i) (as such Schedule may be updated from time to time to reflect changes resulting from transactions permitted under this Agreement).

(ii) The chief executive office of the Company and each of its Subsidiaries is located at the address indicated on Schedule 4(f)(ii) (as such Schedule may be updated from time to time to reflect changes resulting from transactions permitted under this Agreement).

(iii) The Company's and each of its Subsidiaries' tax identification numbers and organizational identification numbers, if any, are identified on Schedule 4(f)(iii) (as such Schedule may be updated from time to time to reflect changes resulting from transactions permitted under this Agreement).

(iv) As of the Closing Date, neither the Company nor any Subsidiary of the Company holds any commercial tort claims that exceed \$250,000 in amount, except as set forth on Schedule 4(f)(iv).

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(g) Litigation.

(i) There are no actions, suits, or proceedings pending or, to the knowledge of the Company, after due inquiry, threatened in writing against the Company or any of its Subsidiaries that either individually or in the aggregate would reasonably be expected to result in a Material Adverse Change.

(ii) Schedule 4(g)(ii) sets forth a complete and accurate description, with respect to each of the actions, suits, or proceedings with asserted liabilities in excess of, or that would reasonably be expected to result in liabilities in excess of \$500,000 that, as of the Closing Date, is pending or, to the knowledge of the Company, after due inquiry, threatened against the Company or any of its Subsidiaries, of (A) the parties to such actions, suits, or proceedings, (B) the nature of the dispute that is the subject of such actions, suits, or proceedings, (C) the status, as of the Closing Date, with respect to such actions, suits, or proceedings, and (D) whether any liability of the Company and its Subsidiaries in connection with such actions, suits, or proceedings is covered by insurance.

(h) Compliance with Laws. Neither the Company nor any of its Subsidiaries (i) is in violation of any applicable laws, rules, regulations, executive orders, or codes (including Environmental Laws) that, individually or in the aggregate, would reasonably be expected to result in a Material Adverse Change, or (ii) is subject to or in default with respect to any final judgments, writs, injunctions, decrees, rules or regulations of any court or any federal, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, that, individually or in the aggregate, would reasonably be expected to result in a Material Adverse Change.

(i) No Material Adverse Change. All historical financial statements relating to the Company and its Subsidiaries that have been delivered by the Company to the Buyers have been prepared in accordance with GAAP (except, in the case of unaudited financial statements, for the lack of footnotes and being subject to year-end audit adjustments) and present fairly in all material respects, the Company's and its Subsidiaries' consolidated financial condition as of the date thereof and results of operations for the period then ended. Since December 31, 2009, no event, circumstance, or change has occurred that has or would reasonably be expected to result in a Material Adverse Change with respect to the Company and its Subsidiaries.

(j) Fraudulent Transfer.

(i) The Company and each of its Subsidiaries is Solvent.

(ii) No transfer of property is being made by the Company or any of its Subsidiaries, and no obligation is being incurred by the Company or any of its Subsidiaries in connection with the transactions contemplated by this Agreement or the other Transaction Documents with the intent to hinder, delay, or defraud either present or future creditors of the Company or any of its Subsidiaries.

(k) Employee Benefits. Except as set forth on Schedule 4(k) (as such Schedule may be updated from time to time), neither the Company, its Subsidiaries, nor any of their ERISA Affiliates maintains or contributes to any Benefit Plan.

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(l) Environmental Condition. Except as set forth on Schedule 4(l), (i) to the Company's knowledge, neither the Company's nor any of its Subsidiaries' properties or assets has ever been used by the Company, its Subsidiaries, or by previous owners or operators for the disposal of, or to produce, store, handle, treat, release, or transport, any Hazardous Materials, where such disposal, production, storage, handling, treatment, release or transport was in violation, in any material respect, of any applicable Environmental Law, (ii) to the Company's knowledge, neither the Company's nor any of its Subsidiaries' properties or assets is designated or identified in any manner pursuant to any Environmental Law as a Hazardous Materials disposal site, (iii) neither the Company nor any of its Subsidiaries has received notice that a Lien arising under any Environmental Law has attached to any revenues or to any Real Property owned or operated by the Company or its Subsidiaries, and (iv) neither the Company nor any of its Subsidiaries nor any of their respective facilities or operations is subject to any outstanding written order, consent decree, or settlement agreement with any Person relating to any Environmental Law or Environmental Liability that, individually or in the aggregate, would reasonably be expected to result in a Material Adverse Change.

(m) Intellectual Property. The Company and its Subsidiaries own, or hold licenses in, all trademarks, trade names, copyrights, patents, and licenses that are material and necessary to the conduct of its business as currently conducted, and attached hereto as Schedule 4(m) (as updated from time to time) is a true, correct, and complete listing of all material trademarks, trade names, copyrights, patents, and licenses as to which the Company or one of its Subsidiaries is the owner or is an exclusive licensee; provided, however, that the Company may amend Schedule 4(m) to add additional intellectual property so long as such amendment occurs by written notice to Collateral Agent at the time that the Company provides its Compliance Certificate pursuant to **Section 5(a)(i)**.

(n) Leases. The Company and its Subsidiaries enjoy peaceful and undisturbed possession under all leases material to their business and to which they are parties or under which they are operating, and, subject to Permitted Protests, all of such material leases are valid and subsisting and no material default by the Company or its Subsidiaries exists under any of them.

(o) Deposit Accounts and Securities Accounts. Set forth on Schedule 4(o) (as updated pursuant to the provisions of the Security Agreement from time to time) is a listing of all of the Company's Deposit Accounts and Securities Accounts, including, with respect to each bank or securities intermediary (i) the name and address of such Person, and (ii) the account numbers of the Deposit Accounts or Securities Accounts maintained with such Person.

(p) Complete Disclosure. All factual information taken as a whole (other than forward-looking information and projections and information of a general economic nature and general information about the Company's industry) furnished by or on behalf of the Company or its Subsidiaries in writing to Collateral Agent or any Buyer (including all information contained in the Schedules hereto or in the other Transaction Documents) for purposes of or in connection with this Agreement or the other Transaction Documents, and all other such factual information taken as a whole (other than forward-looking information and projections and information of a general economic nature and general information about the Company's industry) hereafter furnished by or on behalf of the Company or its Subsidiaries in writing to Collateral Agent or

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any Buyer will be, true and accurate, in all material respects, on the date as of which such information is dated or certified and not incomplete by omitting to state any fact necessary to make such information (taken as a whole) not misleading in any material respect at such time in light of the circumstances under which such information was provided. The Projections delivered to Collateral Agent and Northcreek on February 1, 2011 and to Tontine on March 30, 2011 represent, and as of the date on which any other Projections are delivered to Collateral Agent and each Buyer, such additional Projections represent, the Company's good faith estimate, on the date such Projections are delivered, of the Company's and its Subsidiaries' future performance for the periods covered thereby based upon assumptions believed by the Company to be reasonable at the time of the delivery thereof to Collateral Agent and each Buyer (it being understood that such Projections are subject to uncertainties and contingencies, many of which are beyond the control of the Company and its Subsidiaries, that no assurances can be given that such Projections will be realized, and that actual results may differ in a material manner from such Projections).

(q) Material Contracts. Set forth on Schedule 4(q) (as such Schedule may be updated from time to time in accordance herewith) is a reasonably detailed description of the Material Contracts of the Company and each of its Subsidiaries as of the most recent date on which the Company provided its Compliance Certificate pursuant to **Section 5(a)(i)**; provided, however, that the Company may amend Schedule 4(q) to add additional Material Contracts so long as such amendment occurs by written notice to Collateral Agent on the date that the Company provides its Compliance Certificate. Except for matters which, either individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Change, each Material Contract (other than those that have expired at the end of their normal terms) (i) is in full force and effect and is binding upon and enforceable against the Company or its applicable Subsidiary and, to the Company's knowledge, after due inquiry, each other Person that is a party thereto in accordance with its terms and (ii) is not in default due to the action or inaction of the Company or its applicable Subsidiary.

(r) Indebtedness. Set forth on Schedule 4(r) is a true and complete list of all Indebtedness (other than Indebtedness described in clause (k) of the definition of Permitted Indebtedness to the extent such Indebtedness does not exceed \$250,000 in the aggregate) of the Company and each of its Subsidiaries outstanding immediately prior to the Closing Date that is to remain outstanding immediately after giving effect to the closing hereunder on the Closing Date and such Schedule accurately sets forth the aggregate principal amount of such Indebtedness as of the Closing Date.

(s) Payment of Taxes. Except as otherwise permitted under **Section 5(a)(iv)**, all federal, state and other material tax returns and reports of the Company and its Subsidiaries required to be filed by any of them have been timely filed, and all taxes shown on such tax returns to be due and payable and all assessments, fees and other governmental charges upon the Company and its Subsidiaries and upon their respective assets, income, businesses and franchises that are due and payable have been paid when due and payable (other than filings for which the aggregate liability would not exceed \$100,000). The Company and each of its Subsidiaries have made adequate provision in accordance with GAAP for all taxes not yet due and payable.

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(t) Governmental Regulation. Neither the Company nor any of its Subsidiaries is subject to regulation under the Federal Power Act or the Investment Company Act of 1940 or under any other federal or state statute or regulation which may limit its ability to incur Indebtedness or which may otherwise render all or any portion of the Obligations unenforceable. Neither the Company nor any of its Subsidiaries is a "registered investment company" or a company "controlled" by a "registered investment company" or a "principal underwriter" of a "registered investment company" as such terms are defined in the Investment Company Act of 1940.

(u) Employee and Labor Matters. There is (i) no unfair labor practice complaint pending or, to the knowledge of the Company, threatened against the Company or its Subsidiaries before any Governmental Authority and no grievance or arbitration proceeding pending or threatened against the Company or its Subsidiaries which arises out of or under any collective bargaining agreement and that would reasonably be expected to result in a material liability, (ii) no strike, labor dispute, slowdown, stoppage or similar action or grievance pending or threatened in writing against the Company or its Subsidiaries that would reasonably be expected to result in a material liability, or (iii) to the knowledge of the Company, after due inquiry, no union representation question existing with respect to the employees of the Company or its Subsidiaries and no union organizing activity taking place with respect to any of the employees of the Company or its Subsidiaries. None of the Company or its Subsidiaries has incurred any liability or obligation under the Worker Adjustment and Retraining Notification Act or similar state law, which remains unpaid or unsatisfied. The hours worked and payments made to employees of the Company or its Subsidiaries have not been in violation of the Fair Labor Standards Act or any other applicable legal requirements, except to the extent such violations could not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Change. All material payments due from the Company or its Subsidiaries on account of wages and employee health and welfare insurance and other benefits have been paid or accrued as a liability on the books of the Company, except where the failure to do so could not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Change.

(v) Senior Debt Documents. The Company has delivered to Collateral Agent a complete and correct copy of the Senior Debt Documents, including all schedules and exhibits thereto. The execution, delivery and performance of each of the Senior Debt Documents has been duly authorized by all necessary action on the part of the Company. Each Senior Debt Document is the legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, in each case, except (i) as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to or affecting generally the enforcement of creditors' rights and (ii) the availability of the remedy of specific performance or injunctive or other equitable relief is subject to the discretion of the court before which any proceeding therefor may be brought. The Company is not in default in the performance or compliance with any provisions thereof. All representations and warranties made by the Company in the Senior Debt Documents and in the certificates delivered in connection therewith are true and correct in all material respects.

(w) Representations Regarding Collateral. As to each Account of the Company as to which the Collateral Agent holds a Lien, such Account is (i) a bona fide existing

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payment obligation of the applicable Account Debtor created by the sale and delivery of Inventory or the rendition of services to such Account Debtor in the ordinary course of the Company's business, and (ii) owed to the Company. As to each item of Inventory or Equipment as to which the Collateral Agent holds a Lien, such Inventory is of good and merchantable quality, free from known defects. As to each parcel of Real Property as to which the Collateral Agent holds a Lien, the Company has good, sufficient and legal title to such parcel of Real Property.

(x) Locations of Inventory and Equipment. The Inventory and Equipment (other than vehicles or Equipment out for repair and Inventory and Equipment with an aggregate fair market value of less than \$250,000) of the Company are not stored with a bailee, warehouseman, or similar party and are located only at, or in-transit between or to, the locations identified on Schedule 4(x) (as such Schedule may be updated pursuant to **Section 5(a)(xiii)**).

(y) Inventory Records. The Company keeps correct and accurate records in all material respects itemizing and describing the type, quality, and quantity of its and its Subsidiaries' Inventory and the book value thereof.

(z) Inactive Subsidiary. The Inactive Subsidiary does not (i) have any liabilities, (ii) own any assets, or (iii) engage in any operations or business.

(aa) Harlan Machinery Company. Harlan Machinery Company, Inc., a Nevada corporation has been revoked pursuant to Section 78.175 of the Nevada Revised Statutes and is not in existence.

(bb) SBIC Status. The Company hereby acknowledges that Northcreek has informed the Company that Northcreek has received a license from the SBA to operate as an SBIC pursuant to the SBIC Act. The Company acknowledges that compliance by the Company with the terms of this Agreement and the

representations, warranties and covenants contained herein and in the SBIC Side Letter are necessary for Northcreek to be in compliance under the SBIC Act, and the Company agrees to comply with the terms of this Agreement for such purpose.

(cc) Issuance of Offered Securities. Upon issuance to the Buyers, the Notes and the Warrants will have been duly authorized and validly issued without violation of the preemptive rights of any Person and will be free and clear of any Liens, taxes or charges. As of the Closing, a number of shares of Common Stock shall have been duly authorized and reserved for issuance as Warrant Shares which equals at least the maximum number of shares of Common Stock then issuable upon exercise of the Warrants purchased by the Buyers pursuant to this Agreement. Upon issuance in accordance with the Warrant, the Warrant Shares will be validly issued, fully paid and nonassessable and free from all preemptive or similar rights, taxes, Liens or charges with respect to the issue thereof, with the holders being entitled to all rights accorded to a holder of Common Stock. Subject to the accuracy of the representations and warranties of the Buyers in this Agreement, the offer, sale and issuance of the Offered Securities and the Warrant Shares hereunder is exempt from registration under the Securities Act and all applicable state securities laws.

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5. COVENANTS.

(a) Affirmative Covenants. The Company covenants and agrees that it shall and shall cause each of its Subsidiaries to comply with each of the following:

(i) Financial Statements, Reports, Certificates. Deliver to each Buyer each of the financial statements, reports, and other items set forth on Schedule 5(a)(i) no later than the times specified therein. In addition, the Company agrees that no Subsidiary of the Company will have a fiscal year different from that of the Company. In addition, the Company agrees to maintain a system of accounting that enables the Company to produce financial statements in accordance with GAAP. The Company shall also (A) keep a reporting system that shows all additions, sales, claims, returns, and allowances with respect to its and its Subsidiaries' sales, and (B) maintain its billing systems/practices substantially as in effect as of the Closing Date and shall only make material modifications thereto with notice to, and with the consent of, each Buyer.

(ii) Existence. Except as otherwise permitted under **Section 5(b)(iii)** or **Section 5(b)(iv)**, at all times maintain and preserve in full force and effect its existence (including being in good standing in its jurisdiction of organization) and all rights and franchises, licenses and permits material to its business.

(iii) Maintenance of Properties. Maintain and preserve all of its assets that are material and necessary in the proper conduct of its business in good working order and condition, ordinary wear, tear, and casualty excepted and Permitted Dispositions excepted, and comply in all material respects with all leases to which it is a party as lessee that are material and necessary in the proper conduct of its business, so as to prevent the loss or forfeiture thereof, unless such provisions are the subject of a Permitted Protest.

(iv) Taxes. Cause all assessments and taxes imposed, levied, or assessed against the Company or its Subsidiaries, or any of their respective assets or in respect of any of its income, businesses, or franchises to be paid in full, before delinquency or before the expiration of any extension period, except to the extent that in the case of state assessments and state taxes, the aggregate liabilities from such state assessments or state taxes would not exceed \$250,000 or that the validity of such assessment or tax shall be the subject of a Permitted Protest and so long as, in the case of an assessment or tax that has or may become a Lien against any of the Collateral, such contest proceedings conclusively operate to stay the sale of any portion of the Collateral to satisfy such assessment or tax. The Company will and will cause each of its Subsidiaries to make timely payment or deposit of all tax payments and withholding taxes required of it and them by applicable laws, including those laws concerning F.I.C.A., F.U.T.A., state disability, and local, state, and federal income taxes, and will, upon request, furnish Agent with proof reasonably satisfactory to Collateral Agent indicating that the Company and its Subsidiaries have made such payments or deposits.

(v) Insurance. At the Company's expense, maintain insurance respecting each of the Company's and its Subsidiaries' assets wherever located, covering loss or damage by fire, theft, explosion, and all other hazards and risks as ordinarily are insured against by other Persons engaged in the same or similar businesses. The Company also shall maintain

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(with respect to each of the Company and its Subsidiaries) business interruption insurance for any location where a material portion of the Company's business is conducted, general liability insurance, product liability insurance, director's and officer's liability insurance, fiduciary liability insurance, and employment practices liability insurance, as well as insurance against larceny, embezzlement, and criminal misappropriation, environmental liability insurance, and if any Real Property is in a flood zone, flood insurance. All such policies of insurance shall be with responsible and reputable insurance companies and in such amounts as is carried generally in accordance with sound business practice by companies in similar businesses similarly situated and located. All property insurance policies covering the Collateral are to be made payable to Collateral Agent for the benefit of Collateral Agent and the Buyers, as their interests may appear, in case of loss, pursuant to a standard loss payable endorsement with a standard non contributory "lender" or "secured party" clause and are to contain such other provisions as Collateral Agent may reasonably require to fully protect the Buyers' interest in the Collateral and to any payments to be made under such policies. All certificates of property and general liability insurance are to be delivered to Collateral Agent and the Buyers, with the loss payable (but only in respect of Collateral) and additional insured endorsements in favor of Collateral Agent and shall provide for not less than 30 days (10 days in the case of non-payment) prior written notice to Collateral Agent of the exercise of any right of cancellation. If the Company fails to maintain such insurance, Collateral Agent may arrange for such insurance, but at the Company's expense and without any responsibility on Collateral Agent's part for obtaining the insurance, the solvency of the insurance companies, the adequacy of the coverage, or the collection of claims. The Company shall give Collateral Agent prompt notice of any loss exceeding \$250,000 covered by its casualty or business interruption insurance. Upon the occurrence and during the continuance of an Event of Default, Collateral Agent shall have the sole right to file claims under any property and general liability insurance policies in respect of the Collateral, to receive, receipt and give acquittance for any payments that may be payable thereunder, and to execute any and all endorsements, receipts, releases, assignments, reassignments or other documents that may be necessary to effect the collection, compromise or settlement of any claims under any such insurance policies.

(vi) Inspection. Permit Collateral Agent and each of its duly authorized representatives or agents to visit any of its properties and inspect any of its assets or books and records, to conduct appraisals and valuations, to examine and make copies of its books and records, and to discuss its affairs, finances, and accounts with, and to be advised as to the same by, its officers and employees at such reasonable times and intervals as Collateral Agent may designate and, so long as no Default or Event of Default exists, with reasonable prior notice to the Company.

(vii) Compliance with Laws. Comply with the requirements of all applicable laws, rules, regulations, and orders of any Governmental Authority, other than laws, rules, regulations, and orders the non-compliance with which, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Change.

(viii) Environmental.

(A) Keep any property either owned or operated by the Company or its Subsidiaries free of any Environmental Liens or post bonds or other financial

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assurances sufficient to satisfy the obligations or liability evidenced by such Environmental Liens,

(B) Comply, in all material respects, with Environmental Laws and provide to Collateral Agent documentation of such compliance which Collateral Agent reasonably requests,

(C) Except for matters disclosed on Schedule 4(l), promptly notify Collateral Agent of any release of which the Company acquires knowledge of a Hazardous Material in any reportable quantity from or onto property owned or operated by the Company or its Subsidiaries and take any Remedial Actions required by Environmental Laws to abate said release or otherwise to come into compliance, in all material respects, with applicable Environmental Law, and

(D) Promptly, but in any event within 5 Business Days of its receipt thereof, provide Collateral Agent with written notice of any of the following: (1) notice that an Environmental Lien has been filed against any of the real or personal property of the Company or its Subsidiaries, (2) commencement of any Environmental Action or written notice that an Environmental Action will be filed against the Company or its Subsidiaries that would reasonably be expected to involve liabilities in excess of \$250,000 in any individual case, and (3) written notice of a violation, citation, or other administrative order from a Governmental Authority that would reasonably be expected to involve liabilities in excess of \$250,000 in any individual case.

(ix) Disclosure Updates. Promptly and in no event later than 5 Business Days after obtaining knowledge thereof, notify Collateral Agent if any written information, exhibit, or report furnished to Collateral Agent or the Buyers contained, at the time it was furnished, any untrue statement of a material fact or omitted to state any material fact necessary to make the statements contained therein not misleading in light of the circumstances in which made. The foregoing to the contrary notwithstanding, any notification pursuant to the foregoing provision will not cure or remedy the effect of the prior untrue statement of a material fact or omission of any material fact nor shall any such notification have the effect of amending or modifying this Agreement or any of the Schedules hereto.

(x) Formation of Subsidiaries. At the time that the Company forms any direct or indirect Subsidiary or acquires any direct or indirect Subsidiary after the Closing Date, the Company shall (A) within 15 days of such formation or acquisition (or such later date as permitted by Collateral Agent in its sole discretion) cause any such new Subsidiary to provide to Collateral Agent a joinder to the Security Agreement, together with such other security documents (including mortgages with respect to any Real Property owned in fee of such new Subsidiary with a fair market value of at least \$250,000), as well as appropriate financing statements (and with respect to all property subject to a mortgage, fixture filings), all in form and substance reasonably satisfactory to Collateral Agent (including being sufficient to grant Collateral Agent a Lien in and to the assets of such newly formed or acquired Subsidiary); provided that the Security Agreement and such other security documents shall not be required to be provided to Collateral Agent with respect to any Subsidiary of the Company that is a CFC if providing such documents would result in adverse tax consequences or the costs to the Company

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of executing any security documents or perfecting the security interests created thereby are unreasonably excessive (as determined by Collateral Agent in consultation with the Company) in relation to the benefits of Collateral Agent and the Buyers of the security or guarantee afforded thereby, (B) within 15 days of such formation or acquisition (or such later date as permitted by Collateral Agent in its sole discretion) provide to Collateral Agent a pledge agreement (or an addendum to the Security Agreement) and appropriate certificates and powers or financing statements, pledging all of the direct or beneficial ownership interest in such new Subsidiary reasonably satisfactory to Collateral Agent; provided that only 65% of the total outstanding voting Stock of any first tier Subsidiary of the Company that is a CFC (and none of the Stock of any Subsidiary of such CFC) shall be required to be pledged if pledging a greater amount would result in adverse tax consequences or the costs to the Company of providing such pledge or perfecting the security interests created thereby are unreasonably excessive (as determined by Collateral Agent in consultation with the Company) in relation to the benefits of Collateral Agent and the Buyers of the security or guarantee afforded thereby (which pledge, if reasonably requested by Collateral Agent, shall be governed by the laws of the jurisdiction of such Subsidiary), and (C) within 15 days of such formation or acquisition (or such later date as permitted by Collateral Agent in its sole discretion) provide to Collateral Agent all other documentation, including, if requested, one or more opinions of counsel reasonably satisfactory to Collateral Agent, which in its opinion is appropriate with respect to the execution and delivery of the applicable documentation referred to above (including policies of title insurance or other documentation with respect to all Real Property owned in fee and subject to a mortgage). Any document, agreement, or instrument executed or issued pursuant to this **Section 5(a)(x)** shall be a Transaction Document.

(xi) Further Assurances. At any time upon the reasonable request of Collateral Agent, execute or deliver to Collateral Agent any and all financing statements, fixture filings, security agreements, pledges, assignments, endorsements of certificates of title, mortgages, deeds of trust, opinions of counsel, and all other documents (the "**Additional Documents**") that Collateral Agent may reasonably request in form and substance reasonably satisfactory to Collateral Agent, to create, perfect, and continue perfected or to better perfect Collateral Agent's Liens in all of the assets of the Company and its Subsidiaries (whether now owned or hereafter arising or acquired, tangible or intangible, real or personal), to create and perfect Liens in favor of Collateral Agent in any Real Property acquired by the Company or its Subsidiaries after the Closing Date with a fair market value in excess of \$250,000, and in order to fully consummate all of the transactions contemplated hereby and under the other Transaction Documents; provided that the foregoing shall not apply to any Subsidiary of the Company that is a CFC if providing such documents would result in adverse tax consequences or the costs to the Company of providing such documents are unreasonably excessive (as determined by Collateral Agent in consultation with the Company) in relation to the benefits of Collateral Agent and the Buyers afforded thereby. To the maximum extent permitted by applicable law, if the Company refuses or fails to execute or deliver any reasonably requested Additional Documents within a reasonable period of time following the request to do so, the Company hereby authorizes Collateral Agent to execute any such Additional Documents in the Company's or its Subsidiary's name, as applicable, and authorizes Collateral Agent to file such executed Additional Documents in any appropriate filing office. In furtherance and not in limitation of the foregoing, the Company shall take such actions as Collateral Agent may reasonably request from time to time

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to ensure that the Obligations are secured by substantially all of the assets of the Company and its Subsidiaries and all of the outstanding capital Stock of the Company's Subsidiaries (subject to exceptions and limitations contained in the Transaction Documents with respect to CFCs).

(xii) Location of Inventory and Equipment. Keep the Company's and its Subsidiaries' Inventory and Equipment (other than (A) vehicles and Equipment out for repair, (B) Inventory in transit and (C) other Inventory and Equipment with a fair market value in the aggregate not in excess of \$500,000) only at the locations identified on Schedule 4(x) and their chief executive offices only at the locations identified on Schedule 4(f)(ii); provided, however, that the Company may amend Schedule 4(x) or Schedule 4(f)(ii) so long as such amendment occurs by written notice to Collateral Agent not less than 10 days prior to the date on which such Inventory or Equipment is moved to such new location or such chief executive office is relocated and so long as such new location is within the continental United States.

(xiii) Assignable Material Contracts. Use commercially reasonable efforts to ensure that any Material Contract entered into after the Closing Date by the Company or one of its Subsidiaries that generates or, by its terms, will generate revenue, permits the assignment of such agreement (and all rights of the Company or such Subsidiary, as applicable, thereunder) to the Company's or such Subsidiary's lenders or an agent for any lenders (and any transferees of such lenders or such agent, as applicable).

(b) Negative Covenants. The Company covenants and agrees that it will not and will not permit any of its Subsidiaries to do any of the following:

(i) Indebtedness. Create, incur, assume, suffer to exist, guarantee, or otherwise become or remain, directly or indirectly, liable with respect to any Indebtedness, except for Permitted Indebtedness.

(ii) Liens. Create, incur, assume, or suffer to exist, directly or indirectly, any Lien on or with respect to any of its assets, of any kind, whether now owned or hereafter acquired, or any income or profits therefrom, except for Permitted Liens.

(iii) Restrictions on Fundamental Changes.

(A) Other than in order to consummate a Permitted Acquisition, enter into any merger, consolidation, reorganization, or recapitalization, or reclassify its Stock, except for any merger between the Company and its Subsidiaries so long as the Company is the surviving entity of any such merger,

(B) Liquidate, wind up, or dissolve itself (or suffer any liquidation or dissolution), except for (1) the liquidation or dissolution of non-operating Subsidiaries of the Company with nominal assets and nominal liabilities, (2) the liquidation or dissolution of the Company's wholly-owned Subsidiaries so long as all of the assets (including any interest in any Stock) of such liquidating or dissolving Subsidiary are transferred to the Company, or

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(C) With respect to the Company and its Subsidiaries, suspend or go out of a substantial portion of its or their business, except as permitted pursuant to clauses (a) or (b) above or in connection with the transactions permitted pursuant to **Section 5(b)(iv)**.

(iv) Disposal of Assets. Other than Permitted Dispositions or transactions expressly permitted by **Sections 5(b)(iii)** or **5(b)(x)**, convey, sell, lease, license, assign, transfer, or otherwise dispose of (or (other than in connection with the exercise by the Company of its option to prepay the Subordinated Debt in part or in full in accordance with **Section 2(g)(f)** and the terms of the Subordination Agreement) enter into an agreement to convey, sell, lease, license, assign, transfer, or otherwise dispose of) any of the Company's or its Subsidiaries assets.

(v) Change Name. Change the Company's or any of its Subsidiaries' name, organizational identification number, state of organization or organizational identity; provided, however, that the Company or any of its Subsidiaries may change its name upon at least 10 days prior written notice to Collateral Agent of such change.

(vi) Nature of Business. Make any change in the nature of its or their business as described in Schedule 5(b)(vi) or acquire any properties or assets that are not reasonably related to the conduct of such business activities; provided, however, that the foregoing shall not prevent the Company and its Subsidiaries from engaging in any business that is reasonably related or ancillary to its or their business or acquiring assets that are reasonably related or ancillary to its or their business, allowing for reasonable expansion and diversification of products and lines of business.

(vii) Prepayments and Amendments.

(A) Except in connection with Refinancing Indebtedness permitted by **Section 5(b)(i)**,

(1) optionally prepay, redeem, defease, purchase, or otherwise acquire any Indebtedness of the Company or its Subsidiaries, other than (I) the Subordinated Debt in accordance with this Agreement and the Subordination Agreement, (II) payments to WFCF in accordance with the Senior Debt Documents and the Subordination Agreement, and (III) Permitted Intercompany Advances, or

(2) make any payment on account of Indebtedness that has been contractually subordinated in right of payment to the Obligations if such payment is not permitted at such time under the subordination terms and conditions, or

(B) Directly or indirectly, amend, modify, or change any of the terms or provisions of

(1) any agreement, instrument, document, indenture, or other writing evidencing or concerning Permitted Indebtedness other than (I) the Subordinated Debt in accordance with this Agreement, (II) Permitted Intercompany Advances, and (III)

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Indebtedness permitted under clauses (c), (f), (h), (j) and (k) of the definition of Permitted Indebtedness, or

(2) the Governing Documents of the Company or any of its Subsidiaries if the effect thereof, either individually or in the aggregate, would reasonably be expected to be materially adverse to the interests of the Buyer.

(viii) Change of Control. Cause, permit, or suffer, directly or indirectly, any Change of Control.

(ix) Accounting Methods. Modify or change its fiscal year or its method of accounting (other than as may be required to conform to GAAP).

(x) Investments; Controlled Investments.

(A) Except for Permitted Investments, directly or indirectly, make or acquire any Investment or incur any liabilities (including contingent obligations) for or in connection with any Investment.

(B) Other than (1) amounts deposited into Deposit Accounts specially and exclusively used for payroll, payroll taxes and other employee wage and benefit payments to or for the Company's or its Subsidiaries' employees, (2) an aggregate amount of not more than \$250,000 (calculated at current exchange rates) at any one time, in the case of Subsidiaries of the Company that are CFCs), and (3) an aggregate amount of not more than \$100,000 at any one time, in the case of the Company and its Subsidiaries (other than those Subsidiaries that are CFCs), make, acquire, or permit to exist Permitted Investments consisting of cash, Cash Equivalents, or amounts credited to Deposit Accounts or Securities Accounts unless the Company or its Subsidiary, as applicable, and the applicable bank or securities intermediary have entered into Control Agreements with or for the benefit of Collateral Agent governing such Permitted Investments in order to perfect (and further establish) Collateral Agent's Liens in such Permitted Investments (provided that the Company is not a party to a Control Agreement with any member of the Senior Lender Group in respect of such Permitted Investments, and the entry into such a Control Agreement with Collateral Agent is permitted under the Subordination Agreement). Except as provided in clauses (1) and (2) above, the Company shall not and shall not permit its Subsidiaries to establish or maintain any Deposit Account or Securities Account unless Collateral Agent shall have received a Control Agreement in respect of such Deposit Account or Securities Account (provided that the Company is not a party to a Control Agreement with any member of the Senior Lender Group in respect of such Deposit Account or Securities Account, and the entry into such a Control Agreement with Collateral Agent is permitted under the Subordination Agreement).

(xi) Use of Proceeds. Use the proceeds of any loan made hereunder for any purpose other than (A) on the Closing Date, (1) to repay, in full, the outstanding principal, accrued interest, and accrued fees and expenses owing under or in connection with the Existing Credit Facility, and (2) to pay transactional fees, costs, and expenses incurred in connection with this Agreement, the other Transaction Documents, and the transactions contemplated hereby and thereby, and (B) thereafter, consistent with the terms and conditions hereof, for their lawful and

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permitted purposes (including that no part of the proceeds of the loans made to the Company will be used to purchase or carry any such Margin Stock or to extend credit to others for the purpose of purchasing or carrying any such margin stock or for any purpose that violates the provisions of Regulation T, U or X of the Board of Governors of the United States Federal Reserve).

(xii) Limitation on Issuance of Stock. Except for the issuance or sale of common Stock or Permitted Preferred Stock by the Company, issue or sell or enter into any agreement or arrangement for the issuance and sale of any of its Stock.

(xiii) Consignments. Consign any of its or their Inventory with a value in excess of \$250,000 in the aggregate or sell any of its or their Inventory with a value in excess of \$250,000 in the aggregate on bill and hold, sale or return, sale on approval, or other conditional terms of sale.

(xiv) Inactive Subsidiary. Permit the Inactive Subsidiary to (A) incur any liabilities, (B) own or acquire any asset, or (C) engage in any operations or business.

(c) Financial Covenants. The Company covenants and agrees that it:

(i) Fixed Charge Coverage Ratio. Will have a Fixed Charge Coverage Ratio, measured on a month-end basis (commencing with the fiscal month ending April 24, 2011), of at least 1.10:1.00 for the 12 month period ending on such month-end.

(ii) Capital Expenditures. Will not make Capital Expenditures (excluding the amount, if any, of Capital Expenditures made with Net Cash Proceeds that are permitted pursuant to the Senior Credit Agreement) in any fiscal year in excess of the amount set forth in the following table for the applicable period:

Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015
\$ 4,400,000	\$ 4,400,000	\$ 7,700,000	\$ 7,700,000	\$ 7,700,000

(d) Form D and Blue Sky. The Company agrees to file a Form D with respect to the Warrants and Warrant Shares as required under Regulation D and to provide a copy thereof to each Buyer promptly after such filing. The Company shall, on or before the Closing Date, take such action, at the Company's sole expense, as the Company shall reasonably determine is necessary in order to obtain an exemption for or to qualify the Offered Securities for sale to the Buyers at the Closing pursuant to this Agreement under applicable securities or "Blue Sky" laws of the states of the United States (or to obtain an exemption from such qualification) and shall provide evidence of any such action so taken to the Buyers on or prior to the Closing Date. At the Company's sole expense, the Company shall make all filings and reports relating to the offer and sale of the Offered Securities required under applicable securities or "Blue Sky" laws of the states of the United States following the Closing Date.

(e) Disclosure of Transactions and Other Material Information. The Company and each Buyer hereunder will consult with each other on any press releases or public announcements pertaining to the Transactions, and the party issuing any such press release shall

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provide a copy of such release to the other parties hereto within two (2) Business Days of the issuance of such press release. For the avoidance of doubt, the Company may issue any such press release as may be required by applicable Law or by obligations pursuant to any listing agreement with any exchange without any prior consultation with either Buyer.

(f) Reservation of Shares. The Company shall take all action necessary to at all times have authorized, and reserved for the purpose of issuance as Warrant Shares, no less than the maximum number of shares of Common Stock then issuable upon exercise of the outstanding Warrants.

(g) SBA Covenants. The Company shall permit any authorized representatives of the Buyers (including the SBA) to visit and inspect any of the properties of the Company, including its financial and accounting records; to examine, to make copies and to make extracts therefrom, and to discuss its affairs, finances and business with its officers and certified public accountants, at such reasonable times during normal business hours and as often as may be reasonably requested (provided that, in the absence of an Event of Default, no more than two visits and inspections during each calendar year shall be at the Company's expense not to exceed \$2,500 per visit and/or inspection) upon reasonable notice to Company; and to observe the Board at its annual and special meetings, with the Company to bear the expense of such observation only if such annual or special meeting is not held within 100 miles of 107 West Franklin Street, Elkhart, Indiana.

6. EVENTS OF DEFAULT.

Any one or more of the following events shall constitute an event of default (each, an "Event of Default") under this Agreement:

(a) If the Company fails to pay when due and payable, or when declared due and payable, (i) all or any portion of the Obligations consisting of interest, fees, or charges due the Buyers, reimbursement of Reimbursable Expenses, or other amounts (other than any portion thereof constituting principal) constituting Obligations (including any portion thereof that accrues after the commencement of an Insolvency Proceeding, regardless of whether allowed or allowable in whole or in part as a claim in any such Insolvency Proceeding), and such failure continues for a period of 3 Business Days, or (ii) all or any portion of the principal of the Subordinated Debt;

(b) If the Company or any of its Subsidiaries:

(i) fails to perform or observe any covenant or other agreement contained in any of (A) Sections 5(a)(i), 5(a)(ii) (solely if the Company is not in good standing in its jurisdiction of organization), 5(a)(v), 5(a)(vi) (solely if the Company refuses to allow Collateral Agent or its representatives or agents to visit the Company's properties, inspect its assets or books or records, examine and make copies of its books and records, or discuss the Company's affairs, finances, and accounts with officers and employees of the Company), 5(a)(ix), 5(a)(x), or 5(a)(xii) of this Agreement, (B) Sections 5(b)(i) through 5(b)(xiv) of this Agreement, (C) Section 5(c) of this Agreement, or (D) Section 6 of the Security Agreement;

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(ii) fails to perform or observe any covenant or other agreement contained in any of Sections 5(a)(ii) (other than if the Company is not in

good standing in its jurisdiction of organization), **5(a)(iii)**, **5(a)(iv)**, **5(a)(vii)**, **5(a)(xi)** and **5(f)** of this Agreement and such failure continues for a period of 10 days after the earlier of (A) the date on which such failure shall first become known to any officer of the Company or (B) the date on which written notice thereof is given to the Company by a Buyer; or

(iii) fails to perform or observe any covenant or other agreement contained in this Agreement, or in any of the other Transaction Documents, in each case, other than any such covenant or agreement that is the subject of another provision of this **Section 6** (in which event such other provision of this **Section 6** shall govern), and such failure continues for a period of 30 days after the earlier of (A) the date on which such failure shall first become known to any officer of the Company or (B) the date on which written notice thereof is given to the Company by a Buyer;

(c) If one or more judgments, orders, or awards for the payment of money involving an aggregate amount of \$500,000, or more (except to the extent fully covered (other than to the extent of customary deductibles) by insurance pursuant to which the insurer has not denied coverage) is entered or filed against the Company or any of its Subsidiaries, or with respect to any of their respective assets, and either (i) there is a period of 30 consecutive days at any time after the entry of any such judgment, order, or award during which (A) the same is not discharged, satisfied, vacated, or bonded pending appeal, or (B) a stay of enforcement thereof is not in effect, or (ii) enforcement proceedings are commenced upon such judgment, order, or award;

(d) If an Insolvency Proceeding is commenced by the Company or any of its Subsidiaries;

(e) If an Insolvency Proceeding is commenced against the Company or any of its Subsidiaries and any of the following events occur: (i) the Company or such Subsidiary consents to the institution of such Insolvency Proceeding against it, (ii) the petition commencing the Insolvency Proceeding is not timely controverted, (iii) the petition commencing the Insolvency Proceeding is not dismissed within 60 calendar days of the date of the filing thereof, (iv) an interim trustee is appointed to take possession of all or any substantial portion of the properties or assets of, or to operate all or any substantial portion of the business of, the Company or its Subsidiary, or (v) an order for relief shall have been issued or entered therein;

(f) If the Company or any of its Subsidiaries is enjoined, restrained, or in any way prevented by court order from continuing to conduct all or any material part of the business affairs of the Company and its Subsidiaries, taken as a whole;

(g) If there is a default in one or more agreements to which the Company or any of its Subsidiaries is a party with one or more third Persons relative to the Company's or any of its Subsidiaries' Indebtedness involving an aggregate amount of \$500,000 or more (excluding the Senior Debt Documents), and such default (i) occurs at the final maturity of the obligations thereunder, or (ii) results in a right by such third Person, irrespective of whether exercised, to accelerate the maturity of the Company's or its Subsidiary's obligations thereunder;

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(h) If any warranty, representation, certificate, statement, or Record made herein or in any other Transaction Document or delivered in writing to Collateral Agent or any Buyer in connection with this Agreement or any other Transaction Document proves to be untrue in any material respect (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof) as of the date of issuance or making or deemed making thereof;

(i) If the Security Agreement or any other Transaction Document that purports to create a Lien, shall, for any reason, fail or cease to create a valid and perfected (to the extent perfection is required by this Agreement or any other Transaction Document) and, except to the extent of Permitted Liens which are permitted purchase money Liens or the interests of lessors under Capital Leases, Lien on the Collateral covered thereby, except (i) as a result of a disposition of the applicable Collateral in a transaction permitted under this Agreement, or (ii) as the result of an action or failure to act on the part of Collateral Agent; or

(j) The validity or enforceability of any Transaction Document shall at any time for any reason (other than solely as the result of an action or failure to act on the part of Collateral Agent or any Buyer) be declared to be null and void, or a proceeding shall be commenced by the Company or its Subsidiaries, or by any Governmental Authority having jurisdiction over the Company or its Subsidiaries, seeking to establish the invalidity or unenforceability thereof, or the Company or its Subsidiaries shall deny that the Company or such Subsidiary has any liability or obligation purported to be created under any Transaction Document.

7. REMEDIES.

(a) **Rights and Remedies.** Upon the occurrence and during the continuation of an Event of Default, Collateral Agent may, acting in accordance with the provisions of **Section 10(b)** of this Agreement, (by written notice to the Company), in addition to any other rights or remedies provided for hereunder or under any other Transaction Document or by applicable law, do any one or more of the following:

(i) declare the Subordinated Debt, whether evidenced by this Agreement or by any of the other Transaction Documents, immediately due and payable, whereupon the same shall become and be immediately due and payable and the Company shall be obligated to repay all of such Subordinated Debt in full, without presentment, demand, protest, or further notice or other requirements of any kind, all of which are hereby expressly waived by the Company;

(ii) exercise all other rights and remedies available to Collateral Agent or the Buyers under the Transaction Documents or applicable law.

The foregoing to the contrary notwithstanding, upon the occurrence of any Event of Default described in **Section 6(d)** or **Section 6(e)**, in addition to the remedies set forth above, without any notice to the Company or any other Person or any act by Collateral Agent or any Buyer, the Subordinated Debt, inclusive of all accrued and unpaid interest thereon and all fees and all other amounts owing under this Agreement or under any of the other Transaction Documents, shall

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automatically and immediately become due and payable and the Company shall be obligated to repay all of such Subordinated Debt in full, without presentment, demand, protest, or notice of any kind, all of which are expressly waived by the Company.

(b) **Remedies Cumulative.** The rights and remedies of the Collateral Agent and the Buyers under this Agreement, the other Transaction Documents, and all other agreements shall be cumulative. The Collateral Agent and the Buyers shall have all other rights and remedies not inconsistent herewith as provided under the Code, by law, or in equity. No exercise by the Collateral Agent or the Buyers of one right or remedy shall be deemed an election, and no waiver by the Collateral Agent or the Buyers of any Event of Default shall be deemed a continuing waiver. No delay by the Collateral Agent or the Buyers shall constitute a waiver, election, or acquiescence by any of them.

8. CONDITIONS OF SALE AND PURCHASE.

(a) **Conditions to the Obligations of Each Party.** The respective obligations of each party to this Agreement are subject to the satisfaction or waiver at or before the Closing Date of each of the following conditions:

(i) Governmental Filings and Consents. All material governmental consents, orders and approvals legally required for the consummation of the transactions contemplated hereby shall have been obtained and be in full force and effect.

(ii) No Injunctions or Restraints. No court or other Governmental Authority having jurisdiction over the Company or any Buyer shall have instituted, enacted, issued, promulgated, enforced or entered any Requirement of Law (whether temporary, preliminary or permanent) that is then in effect and that (i) has the effect of making illegal or otherwise prohibiting or invalidating consummation of any of the Transactions or any provision of this Agreement or any of the other Transaction Documents or (ii) seeks to restrain, prohibit or invalidate the consummation of any of the Transactions or to invalidate any provision of this Agreement or any of the other Transaction Documents.

(iii) Closing of Senior Debt Transaction. The Company shall have consummated the Senior Debt Transaction.

(b) Conditions to Obligations of the Company. The obligation of the Company hereunder to issue and sell the Notes and Warrants to each Buyer 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 Company's sole benefit and may be waived by the Company at any time in its sole discretion by providing each Buyer with prior written notice thereof:

(i) Each Buyer shall have executed each of the Transaction Documents to which it is a party and delivered the same to the Company.

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(ii) Each Buyer shall have delivered to the Company the Purchase Price for the Note and Warrant being purchased by such Buyer at the Closing by wire transfer of immediately available funds pursuant to the wire instructions provided by the Company.

(iii) Each 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 such Buyer at or prior to the Closing Date.

(c) Conditions to Obligations of Each Buyer. The obligation of the Buyers hereunder to purchase the Notes and Warrants 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 each Buyer in its discretion at any time by providing the Company with prior written notice thereof:

(i) The Company shall have duly executed and delivered (a) each of the Transaction Documents to which it is a party, (b) the Notes (in such principal amount as is set forth across from each Buyer's name in column (3) of the Schedule of Buyers) being purchased by each Buyer at the Closing pursuant to this Agreement, and (c) the Warrants (exercisable for the number of shares of Common Stock as is set forth across from each Buyer's name in column (4) of the Schedule of Buyers) being purchased by each Buyer at the Closing pursuant to this Agreement.

(ii) Each of the representations and warranties of the Company shall be true and correct in all material respects (except that each of such representations and warranties that is qualified as to materiality shall be true and correct in all respects) on and as of the Closing Date as if made on and as of such date, other than representations and warranties which address matters only as of a certain date, which shall be true and correct as of such certain date.

(iii) The Company shall have delivered the opinion of McDermott Will & Emery LLP, the Company's outside counsel, and of Warrick & Boyn, LLP, special Indiana counsel to the Company, each dated as of the Closing Date, and each form and substance reasonably satisfactory to the Buyers.

(iv) The Company shall have paid, in accordance with **Section 11(g)**, all Reimbursable Expenses for which appropriate invoices and documentation had been submitted prior to the Closing Date.

(v) The Company shall have delivered fully executed and completed SBA Forms 480, 652, 1031, the SBIC Side Letter and such other forms as reasonably required in a form acceptable to Northcreek.

(vi) The Company shall have fulfilled, to the satisfaction of each Buyer, of each of the conditions precedent set forth on Schedule 8(b) (iv) (the making of such initial extension of credit by a Buyer being conclusively deemed to be its satisfaction or waiver of the conditions contained in such Schedule).

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(vii) The Company shall have delivered such other documents as may be reasonably requested by Buyers.

9. WAIVERS; INDEMNIFICATION.

(a) Demand; Protest; etc. The Company waives demand, protest, notice of protest, notice of default or dishonor, notice of payment and nonpayment, nonpayment at maturity, release, compromise, settlement, extension, or renewal of documents, instruments, chattel paper, and guarantees at any time held by Collateral Agent on which the Company may in any way be liable.

(b) Collateral Agent's Liability for Collateral. The Company hereby agrees that: (a) so long as Collateral Agent complies with its obligations, if any, under the Code, neither the Collateral Agent nor any Buyer shall in any way or manner be liable or responsible for: (i) the safekeeping of the Collateral, (ii) any loss or damage thereto occurring or arising in any manner or fashion from any cause, (iii) any diminution in the value thereof, or (iv) any act or default of any carrier, warehouseman, bailee, forwarding agency, or other Person, and (b) all risk of loss, damage, or destruction of the Collateral shall be borne by the Company.

(c) 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, 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 Offered Securities (excluding, however, any such litigation, investigation or proceeding which arises solely from the acts or omissions of the Buyers or their Affiliates).

(d) 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.

10. COLLATERAL AGENT

(a) Each Buyer hereby (i) appoints Collateral Agent as the collateral agent hereunder and under the Security Documents, and (ii) authorizes the Collateral Agent (and its officers, directors, employees and agents) to take such action on such Buyer's behalf in accordance with the terms hereof and thereof. The Collateral Agent shall not have, by reason hereof or any of the other Security Documents, a fiduciary relationship in respect of any Buyer. Neither the Collateral Agent nor any of its officers, directors, employees and agents shall have any liability to any Buyer for any action taken or omitted to be taken in connection herewith or any other Security Document except to the extent caused by its own gross negligence or willful misconduct, and each Buyer agrees to defend, protect, indemnify and hold harmless the Collateral Agent and all of its officers, directors, employees and agents (collectively, the "**Collateral Agent Indemnitees**") from and against any losses, damages, liabilities, obligations, penalties, actions, judgments, suits, fees, costs and expenses (including, without limitation, reasonable attorneys' fees, costs and expenses) incurred by such Collateral Agent Indemnitee, whether direct, indirect or consequential, arising from or in connection with the performance by such Collateral Agent Indemnitee of the duties and obligations of Collateral Agent pursuant hereto or any of the Security Documents.

(b) The Collateral Agent shall only take any action or exercise any rights, or refrain from taking any action or exercising any rights, available to it under this Agreement or any of the Transaction Documents on the direction of a Majority of the Holders of the Subordinated Debt. The Collateral Agent shall be entitled to rely upon any written notices, statements, certificates, orders or other documents or any telephone message believed by it in good faith to be genuine and correct and to have been signed, sent or made by the proper person, and with respect to all matters pertaining to this Agreement or any of the other Transaction Documents and its duties hereunder or thereunder, upon advice of counsel selected by it.

(c) The Collateral Agent (i) may resign from the performance of all its functions and duties hereunder and under the Notes and the Security Documents at any time by giving at least ten (10) Business Days prior written notice to the Company and each holder of the Notes and (ii) the Collateral Agent shall immediately resign if Northcreek, or one of its Affiliates, is no longer a holder of a Note. Such resignation shall take effect upon the acceptance by a successor Collateral Agent of appointment as provided below. Upon any such notice of resignation, a Majority of the Holders of the Subordinated Debt shall appoint a successor Collateral Agent within ten (10) Business Days. Upon the acceptance of the appointment as Collateral Agent, such successor Collateral Agent shall succeed to and become vested with all

the rights, powers, privileges and duties of the retiring Collateral Agent, and the retiring Collateral Agent shall be discharged from its duties and obligations under this Agreement, the Notes and the other Security Documents. After any Collateral Agent's resignation hereunder, the provisions of this **Section 10** shall inure to its benefit. If a successor Collateral Agent shall not have been so appointed within said ten (10) Business Day period, the retiring Collateral Agent shall then appoint a successor Collateral Agent who shall serve until such time, if any, as a Majority of the Holders of the Subordinated Debt appoint a successor Collateral Agent as provided above.

11. MISCELLANEOUS.

(a) Action by Buyers. Except for circumstances where unanimous consent is explicitly required in this Agreement or the Transaction Documents, no holder of a Note may take any action or exercise any rights, or refrain from taking any action or exercising any rights, available to it under this Agreement or any of the Transaction Documents without the consent or direction of at least a Majority of the Holders of the Subordinated Debt. Notwithstanding anything to the contrary provided herein, the following actions require unanimous consent of the Buyers: (i) waiver of any of the conditions set forth in **Section 8(a)** or **Section 8(c)** hereof; (ii) declaring an Event of Default or sending a notice of default to the Company pursuant to **Section 7**; (iii) any reduction the principal balance outstanding under any Note; (iv) subject to the provisions of **Sections 2(f)(i)** and **2(f)(iii)**, any reduction of or increase in the interest rate applicable to all or any portion of the Subordinated Debt; (v) subject to the provisions of **Section 6(g)**, any extension or acceleration of the Maturity Date of the Subordinated Debt; (vi) any modification of the scheduled payment of principal or interest on the Subordinated Debt; (vii) any release or modification of any Lien securing any of the Subordinated Debt; (viii) the taking of any other action that would have an adverse effect on all or any of the holders of the Subordinated Debt with regard to the Subordinated Debt; or (ix) any amendment to or modification of this **Section 11(a)**. No Buyer shall be liable to any other Buyer by reason of any act, or failure to act, with respect to any matter requiring a Majority of the Holders of the Subordinated Debt in connection with this Agreement or any of the Transaction Documents. If at any time a deadlock among the Buyers occurs with regard to any matter requiring their consent (regardless of whether the consent required is unanimous or a Majority of the Holders of the Subordinated Debt), then Tontine or its Affiliates may, at its or their sole option, upon written notice (or waiver thereof) to the holders of the other Notes, purchase all of the Notes held by any other holder not in agreement with Tontine for an amount equal to one hundred two and one half percent (102.5%) of the principal amount of such Notes, which amount shall be delivered by Tontine to the selling Buyer or Buyers in cash within ten (10) Business Days of Tontine's election to purchase such Notes pursuant to this **Section 11(a)**.

(b) Survival. The respective representations, warranties, covenants and agreements of the Company and the Buyers set forth in this Agreement or any other Transaction Document or in any exhibit, schedule, certificate or instrument attached or delivered pursuant hereto or thereto or in connection with the Transaction contemplated by this Agreement (except covenants and agreements which are expressly required to be performed and are performed in full on or prior to the Closing Date) shall survive the Closing and the consummation of the Transactions contemplated by this Agreement. Notwithstanding anything to the contrary in the

previous sentence, any claim for indemnification hereunder asserted in writing on or before the applicable deadline described in the preceding sentence shall survive, and the representation, warranty, covenant and/or agreement referenced in such claim shall survive for purposes of such claim, until finally resolved or judicially determined. Each Buyer agrees that any claim by the Buyers with respect to any breach of such representations, warranties, covenants and/or agreements of the Company may only be made with unanimous approval of all Buyers, and the amount, net of fees and expenses reasonably incurred in connection with the making, pursuing and resolution of such claim, of any recovery pursuant thereto shall be shared ratably among all of the Buyers.

(c) Governing Law; Jurisdiction; Jury Trial. All questions concerning the construction, validity, enforcement and interpretation of this Agreement shall be governed by the internal laws of the State of Illinois, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of Illinois or any other jurisdictions) that would cause the application of the laws of any jurisdictions other than the State of Illinois. Each party hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in the City of Chicago, State of Illinois for the adjudication of any dispute hereunder or in connection herewith or with any

transaction contemplated hereby or discussed herein, and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is brought in an inconvenient forum or that the venue of such suit, action or proceeding is improper. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof to such party at the address for such notices to it under this Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law. **EACH PARTY HEREBY IRREVOCABLY WAIVES ANY RIGHT IT MAY HAVE, AND AGREES NOT TO REQUEST, A JURY TRIAL FOR THE ADJUDICATION OF ANY DISPUTE HEREUNDER OR IN CONNECTION WITH OR ARISING OUT OF THIS AGREEMENT OR ANY TRANSACTION CONTEMPLATED HEREBY.**

(d) Severability. The provisions of this Agreement are severable and the invalidity or unenforceability of any provision will not affect the validity or enforceability of the other provisions of this Agreement. If any provision of this Agreement, or the application of that provision to any Person or any circumstance, is invalid or unenforceable, (i) a suitable and equitable provision will be substituted for that provision in order to carry out, so far as may be valid and enforceable, the intent and purpose of the invalid or unenforceable provision, and (ii) the remainder of this Agreement and the application of that provision to other Persons or circumstances will not be affected by such invalidity or unenforceability, nor will such invalidity or unenforceability affect the validity or enforceability of that provision, or the application of that provision, in any other jurisdiction.

(e) Entire Agreement; Amendments. This Agreement and the other Transaction Documents supersede all other prior oral or written agreements (including that certain letter of intent dated February 28, 2011 and that certain commitment letter dated March 15, 2011) among the Buyers, the Company, their Affiliates and Persons acting on their behalf

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with respect to the matters discussed herein, and this Agreement, the other Transaction Documents and the instruments referenced herein and therein contain the entire understanding of the parties with respect to the matters covered herein and therein and, except as specifically set forth herein or therein, none of the Company nor any Buyer makes any representation, warranty, covenant or undertaking with respect to such matters. No provision of this Agreement may be amended other than by an instrument in writing signed by the Company and each Buyer, and any amendment to this Agreement made in conformity with the provisions of this **Section 11(e)** shall be binding on all Buyers and holders of Offered Securities, as applicable. No provision hereof may be waived other than by an instrument in writing signed by the party against whom enforcement is sought and then only to the specific purpose, extent and instance so provided. No such amendment shall be effective to the extent that it applies to less than all of (i) the holders of the Notes then outstanding or (ii) the holders of the Warrants then outstanding.

(f) Notices. Any notices, consents, waivers or other communications required or permitted to be given under the terms of this Agreement must be in writing and will be deemed to have been delivered: (i) upon receipt, when delivered personally; (ii) upon receipt, when sent by facsimile (provided confirmation of transmission is mechanically or electronically generated and kept on file by the sending party); or (iii) one Business Day after deposit with an overnight courier service, in each case properly addressed to the party to receive the same. The addresses and facsimile numbers for such communications shall be:

If to the Company:

Patrick Industries, Inc.
107 W. Franklin Street
P.O. Box 638
Elkhart, Indiana 46515-0638
Telephone: (574) 294-7511
Facsimile: (574) 522-5213
Attention: Mr. Andy L. Nemeth

With a copy (for informational purposes only) to:

McDermott Will & Emery LLP
227 West Monroe Street
Chicago, Illinois 60606
Telephone: (312) 984-7546
Facsimile: (312) 984-7700
Attention: John P. Hammond, Esq.

If to a Buyer, to its address and facsimile number set forth on the Schedule of Buyers attached hereto, with a copy to such Buyer's counsel as set forth on the Schedule of Buyers attached hereto, or to such other address and/or facsimile number and/or to the attention of such other Person as the recipient party has specified by written notice given to each other party five (5) Business Days prior to the effectiveness of such change. Written confirmation of receipt (A) given by the recipient of such notice, consent, waiver or other communication, (B) mechanically or electronically generated by the sender's facsimile machine containing the time, date, recipient facsimile number and an image of the first page of such transmission or (C) provided by an

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overnight courier service shall be rebuttable evidence of personal service, receipt by facsimile or deposit with an overnight courier service in accordance with clause (i), (ii) or (iii) above, respectively.

(g) Expenses. Except as otherwise specified in this **Section 11(g)**, all costs and expenses incurred in connection with this Agreement, the Transaction Documents and the Transactions shall be paid by the party incurring such cost or expense. The Company shall promptly reimburse, upon presentation of appropriate invoices and documentation therefore, (i) Tontine, for all Reimbursable Expenses incurred by or on behalf of Tontine or its Affiliates, (ii) Northcreek, for all Reimbursable Expenses incurred by or on behalf of Northcreek or its Affiliates, and (iii) the Collateral Agent, for all Reimbursable Expenses incurred by or on behalf of the Collateral Agent or its Affiliates. For purposes of this Agreement, "**Reimbursable Expenses**" shall mean all reasonable documented out-of-pocket fees and expenses incurred by or on behalf of Tontine, Northcreek or their respective Affiliates, whether incurred before or after the date hereof, in connection with their due diligence investigation of the Company, the preparation, review, delivery and performance of this Agreement and the other Transaction Documents, and the consummation of the Transactions and related preparations therefor, including all reasonable documented fees and expenses of counsel, accountants, experts and consultants to Tontine, Northcreek and their respective Affiliates. At or prior to the Closing, the Company shall have paid in accordance with this **Section 11(g)** all Reimbursable Expenses for which appropriate invoices and documentation had been submitted prior to such date. The parties acknowledge that this provision is an integral part of the agreements contained herein.

(h) Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns, including any purchasers of the Notes or the Warrants. The Company shall not assign this Agreement or any rights or obligations hereunder without the prior written consent of each Buyer. No Buyer shall assign this Agreement or any rights or obligations hereunder without the prior written consent of the Company; provided, however, that (i) each Buyer may assign, without the prior written consent of the Company, this Agreement and its rights and obligations hereunder to an Affiliate of such Buyer, and (ii) after the Closing, a Buyer may assign some or all of its rights hereunder in connection with the transfer of any of its Notes or Warrants in accordance with the terms of

Section 3(h) hereof without the consent of the Company, and, in each such event, such assignee shall be deemed to be a Buyer hereunder with respect to such assigned rights.

(i) **No 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, except that the provisions of this Agreement relating to the expense reimbursement provisions contemplated by **Section 11(g)** of this Agreement are intended to benefit, and be fully enforceable against the Company by, Tontine and Northcreek.

(j) **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 any 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.

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(k) **Schedules.** The schedules shall be construed with and as an integral part of this Agreement to the same extent as if the same has been set forth verbatim herein. Any matter disclosed shall not be deemed to be an admission or representation as to the materiality of the item so disclosed.

(l) **Specific Performance.** The parties hereto agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties shall be entitled to specific performance of the terms and provisions hereof, in addition to any other remedy to which they are entitled at law or in equity.

(m) **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.

(n) **Independent Nature of Buyers' Obligations and Rights.** The obligations of each Buyer under any Transaction Document are several and not joint with the obligations of any other Buyer, and no Buyer shall be responsible in any way for the performance of the obligations of any other Buyer under any Transaction Document. The decision of each Buyer to enter into to this Agreement has been made by such Buyer independently of any other Buyer. Nothing contained herein or in any other Transaction Document, and no action taken by any Buyer pursuant hereto or thereto, shall be deemed to constitute the Buyers as a partnership, an association, a joint venture or any other kind of entity, or create a presumption that the Buyers are in any way acting in concert or as a group with respect to such obligations or the transactions contemplated by the Transaction Documents and the Company acknowledges that the Buyers are not acting in concert or as a group, and the Company will not assert any such claim, with respect to such obligations or the transactions contemplated by the Transaction Documents. Each Buyer confirms that it has independently participated in the negotiation of the transaction contemplated hereby with the advice of its own counsel and advisors, and has not relied upon or consulted any legal, financial or other advisors to the Company. The Company has elected to provide all Buyers with the same terms and Agreement for the convenience of the Company and not because it was required or requested to do so by the Buyers. Each Buyer shall be entitled to independently protect and enforce its rights, including, without limitation, the rights arising out of this Agreement or out of any other Transaction Documents in accordance with the terms and conditions hereof and thereof.

(o) **Construction; Interpretation; Certain Terms.** The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Section, schedule, exhibit, recital and party references are to this Agreement unless otherwise stated. The words "hereof," "herein," "hereunder" and words of similar import shall refer to this Agreement as a whole and not to any particular section or provision of this Agreement, and reference to a particular section of this Agreement shall include all subsections thereof. No party, nor its counsel, shall be deemed the drafter of this Agreement for purposes of construing the provisions of this Agreement. The terms "include," "includes" and "including" as used in this Agreement shall mean "include, without limitation," "includes, without limitation" and "including, without limitation," respectively, and shall not be deemed to indicate an exhaustive enumeration of the items at issue. All terms and words used in this

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Agreement, regardless of the number or gender in which they are used, shall be deemed to include any other number and any other gender as the context may require.

(p) **Accounting Terms.** All accounting terms not specifically defined herein shall be construed in accordance with GAAP; provided, however, that if the Company notifies the Buyers that the Company requests an amendment to any provision hereof to eliminate the effect of any Accounting Change occurring after the Closing Date or in the application thereof on the operation of such provision (or if either Buyer notifies the Company that the Buyers request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such Accounting Change or in the application thereof, then the Buyers and the Company agree that they will negotiate in good faith amendments to the provisions of this Agreement that are directly affected by such Accounting Change with the intent of having the respective positions of the Buyers and the Company after such Accounting Change conform as nearly as possible to their respective positions as of the date of this Agreement and, until any such amendments have been agreed upon and agreed to by the Buyers, the provisions in this Agreement shall be calculated as if no such Accounting Change had occurred; provided, further, that any Operating Lease (including any Operating Lease that is amended or replaced after the Closing Date) shall be treated as an Operating Lease for all purposes hereof regardless of any Accounting Change. When used herein, the term "financial statements" shall include the notes and schedules thereto. Whenever the term "Company" is used in respect of a financial covenant or a related definition, it shall be understood to mean the Company and its Subsidiaries on a consolidated basis, unless the context clearly requires otherwise.

(q) **Code.** Any terms used in this Agreement that are defined in the Code shall be construed and defined as set forth in the Code unless otherwise defined herein; provided, however, that to the extent that the Code is used to define any term herein and such term is defined differently in different Articles of the Code, the definition of such term contained in Article 9 of the Code shall govern.

(r) **Counterparts; Effectiveness.** This Agreement may be executed in two or more identical counterparts, all of which shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to each other party. In the event that any signature to this Agreement or any amendment hereto is delivered by facsimile transmission or by e-mail delivery of a ".pdf" format data file, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or ".pdf" signature page were an original thereof. No party hereto shall raise the use of a facsimile machine or e-mail delivery of a ".pdf" format data file to deliver a signature to this Agreement or any amendment hereto or the fact that such signature was transmitted or communicated through the use of a facsimile machine or e-mail delivery of a ".pdf" format data file as a defense to the formation or enforceability of a contract and each party hereto forever waives any such defense.

[Signature Pages Follow]

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IN WITNESS WHEREOF, the Company, each Buyer and the Collateral Agent have caused their respective signature page to this Senior Secured Subordinated Note and Warrant Purchase Agreement to be duly executed as of the date first written above.

COMPANY:

PATRICK INDUSTRIES, INC.

By: /s/ Andy L. Nemeth

Name: Andy L. Nemeth

Title: Executive Vice President of Finance,
Chief Financial Officer, Secretary and Treasurer

[Signature Page 1 — Secured Senior Subordinated Note and Warrant Purchase Agreement]

TONTINE:

TONTINE CAPITAL OVERSEAS MASTER FUND II, L.P.

By: Tontine Asset Associates, L.L.C., its general partner

By: /s/ Jeffrey L. Gendell

Name: Jeffrey L. Gendell

Title: Managing Member

[Signature Page 2 — Secured Senior Subordinated Note and Warrant Purchase Agreement]

NORTHCREEK:

NORTHCREEK MEZZANINE FUND I, L.P.

By: NMF GP, LLC, its general partner

By: Northcreek Management, Inc.,
its manager

By: /s/ Barry Peterson

Name: Barry Peterson

Title: Vice President

COLLATERAL AGENT:

NORTHCREEK MEZZANINE FUND I, L.P.

By: NMF GP, LLC, its general partner

By: Northcreek Management, Inc.,
its manager

By: /s/ Barry Peterson

Name: Barry Peterson

Title: Vice President

[Signature Page 3 — Secured Senior Subordinated Note and Warrant Purchase Agreement]

SCHEDULE OF BUYERS

<u>(1)</u>	<u>(2)</u>	<u>(3)</u>	<u>(4)</u>	<u>(5)</u>	<u>(6)</u>
<u>Buyer Address and Facsimile Number</u>	<u>Domicile</u>	<u>Principal Amount of Note</u>	<u>Aggregate Number of Warrant Shares</u>	<u>Purchase Price</u>	<u>Buyer's Counsel Address and Facsimile Number</u>

Tontine Capital Overseas Master Fund II, L.P. 55 Railroad Avenue Greenwich, CT 06830 Telephone: (203) 769-2000 Facsimile: (203) 769-2010 Attn: Mr. Jeffrey L. Gendell	Cayman Islands	\$2.5 million	125,000	\$2.5 million	Barack Ferrazzano Kirschbaum & Nagelberg LLP 200 West Madison Street, Suite 3900 Chicago, IL 60606 Telephone: (312) 984-3100 Facsimile: (312) 984-3150 Attn: Sarah M. Bernstein, Esq.
Northcreek Mezzanine Fund I, L.P. 255 East Fifth Street, Suite 3010 Cincinnati, OH 45202 Telephone: (513) 985-6601 Facsimile: (513) 985-6603 Attn: Barry A. Peterson	Delaware	\$2.5 million	125,000	\$2.5 million	McGuireWoods LLP 77 West Wacker Drive, Suite 4100 Chicago, IL 60601 Telephone: (312) 849-8170 Facsimile: (312) 698-4548 Attn: Mark A. Kromkowski, Esq.

EXHIBITS

Exhibit A	Defined Terms
Exhibit B	Form of Note
Exhibit C	Form of Warrant
Exhibit D	Form of SBIC Side Letter

EXHIBIT A
DEFINED TERMS

“**Account**” means an account (as that term is defined in the Code).

“**Account Debtor**” means any Person who is obligated on an Account, chattel paper, or a general intangible.

“**Accounting Changes**” means changes in accounting principles required by the promulgation of any rule, regulation, pronouncement or opinion by the Financial Accounting Standards Board of the American Institute of Certified Public Accountants (or successor thereto or any agency with similar functions).

“**Acquired Indebtedness**” means Indebtedness of a Person whose assets or Stock is acquired by the Company or any of its Subsidiaries in a Permitted Acquisition; provided, however, that such Indebtedness (a) is either Purchase Money Indebtedness or a Capital Lease with respect to Equipment or mortgage financing with respect to Real Property, (b) was in existence prior to the date of such Permitted Acquisition, and (c) was not incurred in connection with, or in contemplation of, such Permitted Acquisition.

“**Acquisition**” means (a) the purchase or other acquisition by a Person or its Subsidiaries of all or substantially all of the assets of (or any division or business line of) any other Person, or (b) the purchase or other acquisition (whether by means of a merger, consolidation, or otherwise) by a Person or its Subsidiaries of all or substantially all of the Stock of any other Person.

“**Additional Documents**” has the meaning specified therefor in **Section 5(a)(xi)** of the Agreement.

“**Affiliate**” has the meaning set forth in Rule 12b-2 under the Exchange Act as in effect as on the date hereof.

“**Agreement**” has the meaning set forth in the introductory paragraph.

“**Bankruptcy Code**” means title 11 of the United States Code, as in effect from time to time.

“**Benefit Plan**” means a “defined benefit plan” (as defined in Section 3(35) of ERISA) for which the Company or any of its Subsidiaries or ERISA Affiliates has been an “employer” (as defined in Section 3(5) of ERISA) within the past six years.

“**Board of Directors**” means the board of directors (or comparable managers) of the Company or any committee thereof duly authorized to act on behalf of the board of directors (or comparable managers).

“**Business Day**” means any day that is not a Saturday, Sunday, or other day on which banks are authorized or required to close in the state of Illinois.

“**Buyer**” and “**Buyers**” has the meaning set forth in the introductory paragraph.

“**Capital Expenditures**” means, with respect to any Person for any period, the aggregate of all expenditures by such Person and its Subsidiaries during such period that are capital expenditures as determined in accordance with GAAP, whether such expenditures are paid in cash or financed; provided, however, that Capital Expenditures shall not include expenditures that are made with proceeds of insurance settlements, condemnation awards and other settlements in respect of lost, destroyed, damaged or condemned assets, Equipment or other property to the extent such expenditures are made to replace or repair such lost, destroyed, damaged or condemned assets, Equipment or other property or otherwise to acquire, maintain, develop, construct, improve, upgrade or repair assets or properties useful in the business of the Company or its Subsidiaries within 180 days of receipt of such proceeds.

“**Capitalized Lease Obligation**” means that portion of the obligations under a Capital Lease that is required to be capitalized in accordance with GAAP.

“**Capital Lease**” means a lease that is required to be capitalized for financial reporting purposes in accordance with GAAP.

“**Cash Equivalents**” means (a) marketable direct obligations issued by, or unconditionally guaranteed by, the United States or issued by any agency thereof and backed by the full faith and credit of the United States, in each case maturing within 1 year from the date of acquisition thereof, (b) marketable direct obligations issued or fully guaranteed by any state of the United States or any political subdivision of any such state or any public instrumentality thereof maturing within 1 year from the date of

acquisition thereof and, at the time of acquisition, having one of the two highest ratings obtainable from either Standard & Poor's Rating Group ("S&P") or Moody's Investors Service, Inc. ("Moody's"), (c) commercial paper maturing no more than 270 days from the date of creation thereof and, at the time of acquisition, having a rating of at least A-1 from S&P or at least P-1 from Moody's, (d) certificates of deposit, time deposits, overnight bank deposits or bankers' acceptances maturing within 1 year from the date of acquisition thereof issued by any bank organized under the laws of the United States or any state thereof or the District of Columbia or any United States branch of a foreign bank having at the date of acquisition thereof combined capital and surplus of not less than \$250,000,000, (e) Deposit Accounts maintained with (i) any bank that satisfies the criteria described in clause (d) above, or (ii) any other bank organized under the laws of the United States or any state thereof so long as the full amount maintained with any such other bank is insured by the Federal Deposit Insurance Corporation, (f) repurchase obligations of any commercial bank satisfying the requirements of clause (d) of this definition or recognized securities dealer having combined capital and surplus of not less than \$250,000,000, having a term of not more than seven days, with respect to securities satisfying the criteria in clauses (a) or (d) above, (g) debt securities with maturities of six months or less from the date of acquisition backed by standby letters of credit issued by any commercial bank satisfying the criteria described in clause (d) above, and (h) Investments in money market funds substantially all of whose assets are invested in the types of assets described in clauses (a) through (g) above.

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"**Cash Management Services**" means any cash management or related services including treasury, depository, return items, overdraft, controlled disbursement, merchant store value cards, e-payables services, electronic funds transfer, interstate depository network, automatic clearing house transfer (including the Automated Clearing House processing of electronic funds transfers through the direct Federal Reserve Fedline system) and other cash management arrangements.

"**CFC**" means a controlled foreign corporation (as that term is defined in the IRC).

"**Change of Control**" means that (a) any "person" or "group" (within the meaning of Sections 13(d) and 14(d) of the Exchange Act), other than Permitted Holders, becomes the beneficial owner (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of 30%, or more, of the Stock of the Company having the right to vote for the election of members of the Board of Directors, (b) a majority of the members of the Board of Directors do not constitute Continuing Directors, or (c) the Company fails to own and control, directly or indirectly, 100% of the Stock of each of its Subsidiaries.

"**Closing**" has the meaning set forth in **Section 1(c)**.

"**Closing Date**" has the meaning set forth in **Section 1(c)**.

"**Code**" means the Illinois Uniform Commercial Code, as in effect from time to time.

"**Collateral**" means all assets and interests in assets and proceeds thereof now owned or hereafter acquired by the Company or its Subsidiaries in or upon which a Lien is granted by such Person in favor of Collateral Agent or the Buyers under any of the Transaction Documents.

"**Collateral Access Agreement**" means a landlord waiver, bailee letter, or acknowledgement agreement of any lessor, warehouseman, processor, consignee, or other Person in possession of, having a Lien upon, or having rights or interests in the Company's or its Subsidiaries' books and records, Equipment, or Inventory, in each case, in form and substance reasonably satisfactory to Collateral Agent.

"**Collateral Agent**" has the meaning set forth in the introductory paragraph.

"**Collateral Agent Indemnitees**" has the meaning set forth in **Section 10(a)**.

"**Collateral Agent's Liens**" means the Liens granted by the Company or its Subsidiaries to Collateral Agent under the Transaction Documents.

"**Common Stock**" has the meaning set forth in **Section 1(b)**.

"**Company**" has the meaning set forth in the introductory paragraph.

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"**Compliance Certificate**" means a certificate substantially in the form of Exhibit C-1 delivered by the chief financial officer of the Company to Collateral Agent.

"**Continuing Director**" means (a) any member of the Board of Directors who was a director (or comparable manager) of the Company on the Closing Date, and (b) any individual who becomes a member of the Board of Directors after the Closing Date if such individual was approved, appointed or nominated for election to the Board of Directors by either the Permitted Holders or a majority of the Continuing Directors, but excluding any such individual originally proposed for election in opposition to the Board of Directors in office at the Closing Date in an actual or threatened election contest relating to the election of the directors (or comparable managers) of the Company and whose initial assumption of office resulted from such contest or the settlement thereof.

"**Control Agreement**" means a control agreement, in form and substance reasonably satisfactory to Collateral Agent, executed and delivered by the Company or one of its Subsidiaries, Collateral Agent, and the applicable securities intermediary (with respect to a Securities Account) or bank (with respect to a Deposit Account).

"**Default**" means an event, condition, or default that, with the giving of notice, the passage of time, or both, would be an Event of Default.

"**Default Rate**" has the meaning set forth in **Section 2(f)(iii)**.

"**Deposit Account**" means any deposit account (as that term is defined in the Code).

"**Dollars**" or "**\$**" means United States dollars.

"**EBITDA**" means, with respect to any fiscal period, the Company's consolidated net earnings (or loss), minus extraordinary, one-time, or non-recurring gains, gains on sales of fixed assets, interest income and gain in connection with the revaluation of warrants to purchase Stock, plus (i) extraordinary, one-time or non-recurring charges, expenses or losses to the extent such charges, expenses or losses are non-operating items, (ii) losses on the sale of fixed assets, (iii) interest expense, (iv) income taxes, (v) depreciation, (vi) amortization, (vii) Restructuring Charges (as defined in the Senior Credit Agreement), (viii) Stock option based compensation expenses, deferred compensation expenses and other non-cash equity based compensation expenses, (iv) losses in connection with the revaluation of warrants to purchase Stock, (x) fees and expenses incurred in connection with any Permitted Acquisition (to the extent not capitalized), and (xi) fees and expenses paid to Existing Lenders under the Existing Credit Facility on or prior to the Closing Date in an aggregate amount not to exceed \$500,000, for such period, in each case, determined on a consolidated basis in accordance with GAAP. EBITDA shall be calculated after giving pro forma effect for any Permitted Acquisition made during such fiscal period.

"**Environmental Action**" means any written complaint, summons, citation, notice, directive, order, claim, litigation, investigation, judicial or administrative proceeding, judgment, letter, or other written communication from any Governmental

Authority, or any third party involving violations of Environmental Laws or releases of Hazardous Materials (a) from any assets, properties, or businesses of any the Company, any Subsidiary of a the Company, or any of their predecessors in interest, (b) from adjoining properties or businesses, or (c) from or onto any facilities which received Hazardous Materials generated by any the Company, any Subsidiary of a the Company, or any of their predecessors in interest.

“**Environmental Law**” means any applicable federal, state, provincial, foreign or local statute, law, rule, regulation, ordinance, code, binding and enforceable guideline, binding and enforceable written policy, or rule of common law now or hereafter in effect and in each case as amended, or any judicial or administrative interpretation thereof, including any judicial or administrative order, consent decree or judgment, in each case, to the extent binding on the Company or its Subsidiaries, relating to the environment, the effect of the environment on employee health, or Hazardous Materials, in each case as amended from time to time.

“**Environmental Liabilities**” means all liabilities, monetary obligations, losses, damages, costs and expenses (including all reasonable fees, disbursements and expenses of counsel, experts, or consultants, and costs of investigation and feasibility studies), fines, penalties, sanctions, and interest incurred as a result of any claim or demand, or Remedial Action required, by any Governmental Authority or any third party, and which relate to any Environmental Action.

“**Environmental Lien**” means any Lien in favor of any Governmental Authority for Environmental Liabilities.

“**Equipment**” means equipment (as that term is defined in the Code).

“**ERISA**” means the Employee Retirement Income Security Act of 1974, as amended, and any successor statute thereto.

“**ERISA Affiliate**” means (a) any Person subject to ERISA whose employees are treated as employed by the same employer as the employees of the Company or its Subsidiaries under IRC Section 414(b), (b) any trade or business subject to ERISA whose employees are treated as employed by the same employer as the employees of the Company or its Subsidiaries under IRC Section 414(c), (c) solely for purposes of Section 302 of ERISA and Section 412 of the IRC, any organization subject to ERISA that is a member of an affiliated service group of which the Company or any of its Subsidiaries is a member under IRC Section 414(m), or (d) solely for purposes of Section 302 of ERISA and Section 412 of the IRC, any Person subject to ERISA that is a party to an arrangement with the Company or any of its Subsidiaries and whose employees are aggregated with the employees of the Company or its Subsidiaries under IRC Section 414(o).

“**Event of Default**” has the meaning set forth in **Section 6**.

“**Exchange Act**” means the Securities Exchange Act of 1934, as in effect from time to time.

“**Existing Credit Facility**” means the financing provided pursuant to that certain Credit Agreement dated as of May 18, 2007 among the Company, JPMorgan Chase Bank, N.A., as agent and a lender, and the other lenders thereto.

“**Existing Lenders**” means JPMorgan Chase Bank, N.A., as agent and the other lenders under the Existing Credit Facility.

“**Extraordinary Receipts**” means any payments received by the Company or any of its Subsidiaries not in the ordinary course of business (and not consisting of proceeds described in Section 2.4(e)(ii) of the Senior Credit Agreement) consisting of (a) proceeds of judgments, proceeds of settlements or other consideration of any kind in connection with any cause of action, (b) indemnity payments (other than to the extent such indemnity payments are (i) immediately payable to a Person that is not an Affiliate of the Company or any of its Subsidiaries, or (ii) received by the Company or any of its Subsidiaries as reimbursement for any payment previously made to such Person), (c) any purchase price adjustment (other than a working capital adjustment) received in connection with any purchase agreement, and (d) proceeds of life insurance policies.

“**Fixed Charges**” means, with respect to any fiscal period and with respect to the Company determined on a consolidated basis in accordance with GAAP, the sum, without duplication, of (a) Interest Expense accrued (other than interest paid-in-kind, amortization of financing fees, and other non-cash Interest Expense) during such period, (b) principal payments in respect of Indebtedness that are required to be paid during such period, and (c) all federal, state, and local income taxes accrued during such period.

“**Fixed Charge Coverage Ratio**” means, with respect to the Company and its Subsidiaries for any period, the ratio of (i) EBITDA for such period *minus* Capital Expenditures made (to the extent not already incurred in a prior period) or incurred during such period to the extent such Capital Expenditures are not financed with proceeds of Indebtedness, to (ii) Fixed Charges for such period.

“**Foreign Lender**” means any Lender or Participant that is not a United States person within the meaning of IRC section 7701(a)(30).

“**GAAP**” means generally accepted accounting principles as in effect from time to time in the United States, consistently applied provided, however, that all calculations relative to liabilities shall be made without giving effect to Statement of Financial Accounting Standards No. 159.

“**Governing Documents**” means, with respect to any Person, the certificate or articles of incorporation, by-laws, or other organizational documents of such Person.

“**Governmental Authority**” means any federal, state, local, or other governmental or administrative body, instrumentality, board, department, or agency or any court, tribunal, administrative hearing body, arbitration panel, commission, or other similar dispute-resolving panel or body.

“**Hazardous Materials**” means (a) substances that are defined or listed in, or otherwise classified pursuant to, any applicable laws or regulations as “hazardous substances,” “hazardous materials,” “hazardous wastes,” “toxic substances,” or any other formulation intended to define, list, or classify substances by reason of deleterious properties such as ignitability, corrosivity, reactivity, carcinogenicity, reproductive toxicity, or “EP toxicity”, (b) oil, petroleum, or petroleum derived substances, natural gas, natural gas liquids, synthetic gas, drilling fluids, produced waters, and other wastes associated with the exploration, development, or production of crude oil, natural gas, or geothermal resources, (c) any flammable substances or explosives or any radioactive materials, and (d) asbestos in any form or electrical equipment that contains any oil or dielectric fluid containing levels of polychlorinated biphenyls in excess of 50 parts per million.

“**Inactive Subsidiary**” means Adorn Holdings, Inc., a Delaware corporation.

“**Indebtedness**” as to any Person means (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes, or other similar instruments and all reimbursement or other obligations in respect of letters of credit, bankers acceptances, or other financial products, (c) all obligations

of such Person as a lessee under Capital Leases, (d) all obligations or liabilities of others secured by a Lien on any asset of such Person, irrespective of whether such obligation or liability is assumed, (e) all obligations of such Person to pay the deferred purchase price of assets (other than (i) trade payables incurred in the ordinary course of business and repayable in accordance with customary trade practices and (ii) purchase price holdbacks incurred in the ordinary course of business in respect of a portion of the purchase price of an asset held back by the buyer in connection with the unperformed obligations of the seller of such asset), (f) any Prohibited Preferred Stock of such Person, and (g) any obligation of such Person guaranteeing or intended to guarantee (whether directly or indirectly guaranteed, endorsed, co-made, discounted, or sold with recourse) any obligation of any other Person that constitutes Indebtedness under any of clauses (a) through (f) above. For purposes of this definition, (i) the amount of any Indebtedness represented by a guaranty or other similar instrument shall be the lesser of the principal amount of the obligations guaranteed and still outstanding and the maximum amount for which the guaranteeing Person may be liable pursuant to the terms of the instrument embodying such Indebtedness, and (ii) the amount of any Indebtedness described in clause (d) above shall be the lower of the amount of the obligation and the fair market value of the assets of such Person securing such obligation; provided, that Indebtedness shall not include accrued expenses arising in the ordinary course of business.

“**Insolvency Proceeding**” means any proceeding commenced by or against any Person under any provision of the Bankruptcy Code or under any other state or federal bankruptcy or insolvency law, assignments for the benefit of creditors, formal or informal moratoria, compositions, extensions generally with creditors, or proceedings seeking reorganization, arrangement, or other similar relief.

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“**Interest Expense**” means, for any period, the aggregate of the interest expense of the Company for such period, determined on a consolidated basis in accordance with GAAP.

“**Inventory**” means inventory (as that term is defined in the Code).

“**Investment**” means, with respect to any Person, any investment by such Person in any other Person (including Affiliates) in the form of loans, guarantees, advances, capital contributions (excluding (a) commission, travel, and similar advances to officers and employees of such Person made in the ordinary course of business, and (b) *bona fide* Accounts arising in the ordinary course of business), or acquisitions of Indebtedness, Stock, or all or substantially all of the assets of such other Person (or of any division or business line of such other Person), and any other items that are or would be classified as investments on a balance sheet prepared in accordance with GAAP.

“**IRC**” means the Internal Revenue Code of 1986, as in effect from time to time.

“**Key Person Life Insurance Policies**” means (i) the life insurance policy issued by Massachusetts Mutual Life Insurance Company with policy number 6 069 237 naming Keith Kankel as the insured, (ii) the life insurance policy issued by Bankers United Life Assurance Company with policy number D-1 naming Mervin Lung as the insured, (iii) the life insurance policy issued by Equitable Variable Life Insurance Company with policy number AA39227508 naming Harold E. Wyland as the insured, (iv) the life insurance policy issued by Equitable Variable Life Insurance Company with policy number 37206710 naming Keith V. Kankel as the insured, (v) the life insurance policy issued by Equitable Variable Life Insurance Company with policy number 37206713 naming Mervin D. Lung as the insured, (vi) the life insurance policy issued by Jackson National Life Insurance Company with policy number 07953170 naming Mervin D. Lung as the insured, and (vii) the life insurance policy issued by Jackson National Life Insurance Company with policy number 676114U naming Mervin D. Lung as the insured.

“**Lien**” means any mortgage, deed of trust, pledge, hypothecation, assignment, charge, deposit arrangement, encumbrance, easement, lien (statutory or other), security interest, or other security arrangement and any other preference, priority, or preferential arrangement of any kind or nature whatsoever, including any conditional sale contract or other title retention agreement, the interest of a lessor under a Capital Lease and any synthetic or other financing lease having substantially the same economic effect as any of the foregoing.

“**Majority of the Holders of the Subordinated Debt**” means: (i) for so long as Tontine (and its Affiliates) or Northcreek (and its Affiliates) holds Notes representing at least one-third of the outstanding principal amount of the Subordinated Debt, the consent or approval of those Persons who hold Notes representing at least sixty-six and two-thirds percent (66.67%) of the outstanding principal balance of the Subordinated Debt; and (ii) at all other times, the consent or approval of those Persons who hold Notes representing

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greater than fifty percent (50%) of the outstanding principal balance of the Subordinated Debt.

“**Material Adverse Change**” means (a) a material adverse change in the business, operations, results of operations, assets, liabilities or financial condition of the Company and its Subsidiaries, taken as a whole, (b) a material impairment of the Company’s and its Subsidiaries’ ability to perform their obligations taken as a whole under the Transaction Documents to which they are parties or of the Collateral Agent’s or Buyers’ ability to enforce the Obligations or realize upon the Collateral, or (c) a material impairment of the enforceability or priority of Collateral Agent’s Liens with respect to the Collateral as a result of an action or failure to act on the part of the Company or its Subsidiaries.

“**Material Contract**” means, with respect to any Person, (i) each contract or agreement to which such Person or any of its Subsidiaries is a party involving aggregate consideration payable in any fiscal year to or by such Person or such Subsidiary of \$1,000,000 or more (other than purchase orders in the ordinary course of the business of such Person or such Subsidiary and other than contracts that by their terms may be terminated by such Person or Subsidiary in the ordinary course of its business upon less than 60 days notice without penalty or premium), and (ii) all other contracts or agreements, the loss of which would reasonably be expected to result in a Material Adverse Change.

“**Maturity Date**” means the fifth anniversary of the Closing Date.

“**Moody’s**” has the meaning specified therefor in the definition of Cash Equivalents.

“**Mortgages**” means, individually and collectively, one or more mortgages, deeds of trust, or deeds to secure debt, executed and delivered by the Company or its Subsidiaries in favor of Collateral Agent, in form and substance reasonably satisfactory to Collateral Agent, that encumber the Real Property Collateral.

“**Net Cash Proceeds**” means:

(a) with respect to any sale or disposition by the Company or any of its Subsidiaries of assets, the amount of cash proceeds received (directly or indirectly) from time to time (whether as initial consideration or through the payment of deferred consideration) by or on behalf of the Company or its Subsidiaries, in connection therewith after deducting therefrom only (i) the amount of any Indebtedness secured by any Permitted Lien on any asset (other than (A) Indebtedness owing to Collateral Agent or any Buyer and (B) Indebtedness assumed by the purchaser of such asset) which is required to be, and is, repaid in connection with such sale or disposition, (ii) reasonable fees, commissions, and expenses related thereto and required to be paid by the Company or such Subsidiary in connection with such sale or disposition and (iii) taxes paid or payable to any taxing authorities by the Company or such Subsidiary in connection with such sale or disposition, in each case to the extent, but only to the extent, that the amounts so deducted are, at the time of receipt of such cash, actually paid or payable to a Person

that is not an Affiliate of the Company or any of its Subsidiaries, and are properly attributable to such transaction;

(b) with respect to the issuance or incurrence of any Indebtedness by the Company or any of its Subsidiaries, or the issuance by the Company or any of its Subsidiaries of any shares of its Stock, the aggregate amount of cash received (directly or indirectly) from time to time (whether as initial consideration or through the payment or disposition of deferred consideration) by or on behalf of the Company or such Subsidiary in connection with such issuance or incurrence, after deducting therefrom only (i) reasonable fees, commissions, and expenses related thereto and required to be paid by the Company or such Subsidiary in connection with such issuance or incurrence, (ii) taxes paid or payable to any taxing authorities by the Company or such Subsidiary in connection with such issuance or incurrence, in each case to the extent, but only to the extent, that the amounts so deducted are, at the time of receipt of such cash, actually paid or payable to a Person that is not an Affiliate of the Company or any of its Subsidiaries, and are properly attributable to such transaction; and

(c) with respect to Extraordinary Receipts, the aggregate amount of such Extraordinary Receipts after deducting therefrom (i) reasonable fees, commissions, and expenses related thereto and required to be paid by the Company or such Subsidiary in connection with such Extraordinary Receipt, (ii) taxes paid or payable to any taxing authorities by the Company or such Subsidiary in connection with such Extraordinary Receipt, in each case to the extent, but only to the extent, that the amounts so deducted are, at the time of receipt of such case, actually paid or payable to a Person that is not an Affiliate of the Company or any of its Subsidiaries, and are properly attributable to such Extraordinary Receipt.

“**Northcreek**” has the meaning set forth in the introductory paragraph.

“**Note**” and “**Notes**” has the meaning set forth in the recitals.

“**Obligations**” means all loans, debts, principal, interest (including any interest that accrues after the commencement of an Insolvency Proceeding, regardless of whether allowed or allowable in whole or in part as a claim in any such Insolvency Proceeding), premiums, liabilities, obligations (including indemnification obligations), fees, Reimbursable Expenses (including any fees or expenses that accrue after the commencement of an Insolvency Proceeding, regardless of whether allowed or allowable in whole or in part as a claim in any such Insolvency Proceeding), guaranties, and all covenants and duties of any other kind and description owing by the Company or any of its Subsidiaries pursuant to or evidenced by the Agreement or any of the other Transaction Documents and irrespective of whether for the payment of money, whether direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising, and including all interest not paid when due and all other expenses or other amounts that the Company is required to pay or reimburse by the Transaction Documents or by law or otherwise in connection with the Transaction Documents. Any reference in the Agreement or in the Transaction Documents to the Obligations shall include all or

any portion thereof and any extensions, modifications, renewals, or alterations thereof, both prior and subsequent to any Insolvency Proceeding.

“**Offered Securities**” has the meaning set forth in the recitals.

“**Operating Lease**” means any lease characterized as an operating lease in accordance with GAAP as in effect on the date hereof.

“**Patent Security Agreement**” has the meaning specified therefor in the Security Agreement.

“**Permitted Acquisition**” means any Acquisition so long as:

(a) no Default or Event of Default shall have occurred and be continuing or would result from the consummation of the proposed Acquisition and the proposed Acquisition is consensual,

(b) no Indebtedness will be incurred, assumed, or would exist with respect to the Company or its Subsidiaries as a result of such Acquisition, other than Indebtedness permitted under clause (g) of the definition of Permitted Indebtedness and no Liens will be incurred, assumed, or would exist with respect to the assets of the Company or its Subsidiaries as a result of such Acquisition other than Permitted Liens,

(c) the Company has provided the Buyers with written confirmation, supported by reasonably detailed calculations, that on *pro forma* basis (including *pro forma* adjustments arising out of events which are directly attributable to such proposed Acquisition, are factually supportable, and are expected to have a continuing impact, in each case, determined as if the combination had been accomplished at the beginning of the relevant period) created by adding the historical combined financial statements of the Company (including the combined financial statements of any other Person or assets that were the subject of a prior Permitted Acquisition during the relevant period) to the historical consolidated financial statements of the Person to be acquired (or the historical financial statements related to the assets to be acquired) pursuant to the proposed Acquisition, at the time of such transaction (and after giving effect thereto), the Company and its Subsidiaries, on a *pro forma* basis, will have a Fixed Charge Coverage Ratio for the 12 fiscal month period ended immediately prior to the proposed date of consummation of such proposed Acquisition of at least 1.25:1.00,

(d) the Company has provided each Buyer with its due diligence package relative to the proposed Acquisition, including forecasted balance sheets, profit and loss statements, and cash flow statements of the Person or assets to be acquired, all prepared on a basis consistent with such Person’s (or assets’) historical financial statements, together with appropriate supporting details and a statement of underlying assumptions for the 1 year period following the date of the proposed Acquisition, on a quarter by quarter basis,

(e) the Company has provided Collateral Agent with written notice of the proposed Acquisition at least 15 Business Days prior to the anticipated closing date of the proposed Acquisition,

(f) the assets being acquired (other than a *de minimis* amount of assets in relation to the Company’s and its Subsidiaries’ total assets), or the Person whose Stock is being acquired, are useful in or engaged in, as applicable, the business of the Company and its Subsidiaries as described on Schedule 5(b)(vi) are reasonably related or ancillary thereto, allowing for reasonable expansion and diversification of products and lines of business,

(g) the assets being acquired (other than a *de minimis* amount of assets in relation to the assets being acquired) are located within the United States or the Person whose Stock is being acquired is organized in a jurisdiction located within the United States,

(h) the subject assets or Stock, as applicable, are being acquired directly by the Company or one of its Subsidiaries, and, in connection therewith, the Company or the applicable Subsidiary shall have complied with Section 5(a)(x) or 5(a)(xi), as applicable, of the Agreement and, in the case of an acquisition of Stock, the Company or

the applicable Subsidiary shall have demonstrated to the Buyers that the new Subsidiaries have received consideration sufficient to make the joinder documents binding and enforceable against such new Subsidiaries, and

(i) the purchase consideration payable in respect of all Permitted Acquisitions (including the proposed Acquisition and including deferred payment obligations) shall not exceed the sum of (i) \$20,000,000 plus (ii) the Net Cash Proceeds received from any issuance of Stock of the Company or any of its Subsidiaries that occurs after the Closing Date.

Notwithstanding anything to the contrary contained herein, a "Permitted Acquisition" also includes any Acquisition not meeting the requirements listed immediately above, but that is otherwise approved by the holders of the Senior Debt.

"Permitted Dispositions" means:

- (a) sales, abandonment, or other dispositions of Equipment that is substantially worn, damaged, or obsolete in the ordinary course of business,
- (b) sales of Inventory to buyers in the ordinary course of business,
- (c) the use or transfer of money or Cash Equivalents in a manner that is not prohibited by the terms of the Agreement or the other Transaction Documents,
- (d) the licensing, on a non-exclusive basis, of patents, trademarks, copyrights, and other intellectual property rights in the ordinary course of business,
- (e) the granting of Permitted Liens,

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(f) the sale or discount, in each case without recourse, of Accounts arising in the ordinary course of business, but only in connection with the compromise, settlement or collection thereof,

(g) any involuntary loss, damage or destruction of property,

(h) any involuntary condemnation, seizure or taking, by exercise of the power of eminent domain or otherwise, or confiscation or requisition of use of property,

(i) the leasing or subleasing of assets of the Company or its Subsidiaries in the ordinary course of business and the leasing of real property owned by the Company consistent with its historical practices to the extent such real property location is not necessary or useful in the conduct of the Company's or its Subsidiaries' business,

(j) the sale or issuance of Stock (other than Prohibited Preferred Stock) of the Company,

(k) the lapse of registered patents, trademarks and other intellectual property of the Company and its Subsidiaries to the extent not economically desirable in the conduct of their business and so long as such lapse is not materially adverse to the interests of the Buyers,

(l) **[intentionally omitted]**,

(m) the making of a Permitted Investment,

(n) the sale of the owned Real Property located at 44017 US Highway 52 N, New London, North Carolina so long as (i) the purchase price paid in connection with such sale is not less than \$2,000,000 and (ii) not less than 80% of the purchase price for such sale is paid in cash on the closing date of such sale, and

(o) dispositions of assets (other than Accounts, intellectual property, licenses, Stock of Subsidiaries of the Company, or Material Contracts) not otherwise permitted in clauses (a) through (m) above so long as made at fair market value and the aggregate fair market value of all assets disposed of in all such dispositions since the Closing Date (including the proposed disposition) would not exceed \$10,000,000.

"Permitted Holder" means Tontine Capital Management, L.L.C., Tontine Capital Partners, L.P., Tontine Capital Overseas Master Fund, LP, Tontine Capital Overseas Master Fund II, LP and their Affiliates.

"Permitted Indebtedness" means

(a) Indebtedness evidenced by the Agreement or the other Transaction Documents,

(b) Indebtedness set forth on Schedule 4(r) and any Refinancing Indebtedness in respect of such Indebtedness,

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(c) Permitted Purchase Money Indebtedness and any Refinancing Indebtedness in respect of such Indebtedness,

(d) endorsement of instruments or other payment items for deposit,

(e) Indebtedness consisting of (i) unsecured guarantees incurred in the ordinary course of business with respect to surety and appeal bonds, performance bonds, bid bonds, appeal bonds, completion guarantee and similar obligations; (ii) unsecured guarantees arising with respect to customary indemnification obligations to purchasers in connection with Permitted Dispositions; and (iii) unsecured guarantees with respect to Indebtedness of the Company or one of its Subsidiaries, to the extent that the Person that is obligated under such guaranty could have incurred such underlying Indebtedness,

(f) the Senior Debt,

(g) Acquired Indebtedness in an amount not to exceed \$250,000 outstanding at any one time,

(h) Indebtedness incurred in the ordinary course of business under performance, surety, statutory, and appeal bonds,

(i) Indebtedness owed to any Person providing property, casualty, liability, or other insurance to the Company or any of its Subsidiaries, so long as the amount of such Indebtedness is not in excess of the amount of the unpaid cost of, and shall be incurred only to defer the cost of, such insurance for the year in which such

Indebtedness is incurred and such Indebtedness is outstanding only during such year,

(j) Indebtedness incurred in respect of credit cards, credit card processing services, debit cards, stored value cards, purchase cards (including so-called “procurement cards” or “P-cards”), or Cash Management Services, in each case, incurred in the ordinary course of business,

(k) unsecured Indebtedness of the Company owing to current and former employees, officers, or directors (or any spouses, ex-spouses, or estates of any of the foregoing) incurred in connection with the repurchase or redemption by the Company of the Stock of the Company that has been issued to such Persons, so long as (i) no Default or Event of Default has occurred and is continuing or would result from the incurrence of such Indebtedness, (ii) the aggregate amount of all such Indebtedness outstanding at any one time does not exceed \$250,000, and (iii) such Indebtedness is subordinated to the Obligations on terms and conditions reasonably acceptable to Collateral Agent,

(l) unsecured Indebtedness of the Company, so long as (i) no Default or Event of Default has occurred and is continuing or would result from the incurrence of such Indebtedness, and (ii) to the extent the aggregate amount of all such Indebtedness outstanding at any one time does not exceed \$250,000 and (iii) such Indebtedness is subordinated to the Obligations on terms and conditions reasonably acceptable to Collateral Agent,

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(m) Indebtedness owing to each of Massachusetts Mutual Life Insurance Company, Pacific Fidelity Life Insurance Company, Equitable Variable Life Insurance Company and Jackson National Life Insurance Company in an aggregate principal amount not to exceed the aggregate cash surrender value of the Key Person Life Insurance Policies and secured solely by the Company’s interests in the Key Person Life Insurance Policies,

(n) Indebtedness composing Permitted Investments, and

(o) contingent liabilities in respect of any indemnification obligation, adjustment of purchase price, non-compete, or similar obligation of the Company or the applicable Subsidiary incurred in connection with the consummation of one or more Permitted Acquisitions.

“**Permitted Intercompany Advances**” means loans made by the Company or one of its Subsidiaries to the Company or one of its Subsidiaries.

“**Permitted Investments**” means:

(a) Investments in cash and Cash Equivalents,

(b) Investments in negotiable instruments deposited or to be deposited for collection in the ordinary course of business,

(c) advances made in connection with purchases of goods or services in the ordinary course of business,

(d) Investments received in settlement of amounts due to the Company or any of its Subsidiaries effected in the ordinary course of business or owing to the Company or any of its Subsidiaries as a result of Insolvency Proceedings involving an Account Debtor or upon the foreclosure or enforcement of any Lien in favor of the Company or its Subsidiaries,

(e) Investments owned by the Company or any of its Subsidiaries on the Closing Date and set forth on Schedule P-1,

(f) guarantees permitted under the definition of Permitted Indebtedness,

(g) Permitted Intercompany Advances,

(h) Stock or other securities acquired in connection with the satisfaction or enforcement of Indebtedness or claims due or owing to the Company or its Subsidiaries (in bankruptcy of customers or suppliers or otherwise outside the ordinary course of business) or as security for any such Indebtedness or claims,

(i) deposits of cash made in the ordinary course of business to secure performance of operating leases,

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(j) non-cash loans to employees, officers, and directors of the Company or any of its Subsidiaries for the purpose of purchasing Stock in the Company so long as the proceeds of such loans are used in their entirety to purchase such stock in the Company,

(k) Permitted Acquisitions,

(l) **[intentionally omitted]**,

(m) Investments resulting from entering into agreements relative to Indebtedness that is permitted under clause (j) of the definition of Permitted Indebtedness,

(n) **[intentionally omitted]**, and

(o) so long as no Event of Default has occurred and is continuing or would result therefrom, any other Investments in an aggregate amount not to exceed \$500,000 during the term of the Agreement.

“**Permitted Liens**” means:

(a) Liens granted to, or for the benefit of, Collateral Agent to secure the Obligations,

(b) Liens for unpaid taxes, assessments, or other governmental charges or levies that either (i) are not yet delinquent, or (ii) do not have priority over Collateral Agent’s Liens and the underlying taxes, assessments, or charges or levies are the subject of Permitted Protests,

(c) judgment Liens arising solely as a result of the existence of judgments, orders, or awards that do not constitute an Event of Default under **Section 6(c)** of the Agreement,

(d) Liens set forth on Schedule P-2; provided, however, that to qualify as a Permitted Lien, any such Lien described on Schedule P-2 shall only secure the Indebtedness that it secures on the Closing Date and any Refinancing Indebtedness in respect thereof,

- (e) the interests of lessors under operating leases and non-exclusive licensors under license agreements,
- (f) purchase money Liens or the interests of lessors under Capital Leases to the extent that such Liens or interests secure Permitted Purchase Money Indebtedness and so long as (i) such Lien attaches only to the asset purchased or acquired and the proceeds thereof, and (ii) such Lien only secures the Indebtedness that was incurred to acquire the asset purchased or acquired or any Refinancing Indebtedness in respect thereof,
- (g) Liens arising by operation of law in favor of warehousemen, landlords, carriers, mechanics, materialmen, laborers, or suppliers, incurred in the ordinary course

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of business and not in connection with the borrowing of money, and which Liens either (i) are for sums not yet delinquent, or (ii) are the subject of Permitted Protests,

- (h) Liens on amounts deposited to secure the Company's and its Subsidiaries obligations in connection with worker's compensation or other unemployment insurance,
- (i) Liens on amounts deposited to secure the Company's and its Subsidiaries obligations in connection with the making or entering into of bids, tenders, or leases in the ordinary course of business and not in connection with the borrowing of money,
- (j) Liens on amounts deposited to secure the Company's and its Subsidiaries reimbursement obligations with respect to surety or appeal bonds obtained in the ordinary course of business,
- (k) with respect to any Real Property, easements, rights of way, and zoning restrictions that do not materially interfere with or impair the use or operation thereof,
- (l) non-exclusive licenses of patents, trademarks, copyrights, and other intellectual property rights in the ordinary course of business,
- (m) Liens that are replacements of Permitted Liens to the extent that the original Indebtedness is the subject of permitted Refinancing Indebtedness and so long as the replacement Liens only encumber those assets that secured the original Indebtedness,
- (n) rights of setoff or bankers' liens upon deposits of cash in favor of banks or other depository institutions, solely to the extent incurred in connection with the maintenance of such deposit accounts in the ordinary course of business,
- (o) Liens granted in the ordinary course of business on the unearned portion of insurance premiums securing the financing of insurance premiums to the extent the financing is permitted under the definition of Permitted Indebtedness,
- (p) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods,
- (q) Liens securing the Senior Debt,
- (r) Liens solely on any cash earnest money deposits made by the Company or any of its Subsidiaries in connection with any letter of intent or purchase agreement with respect to a Permitted Investment,
- (s) Liens solely on the Key Person Life Insurance Policies securing the Indebtedness permitted under clause (m) of the definition of Permitted Indebtedness,
- (t) Liens assumed by the Company or any of its Subsidiaries in connection with a Permitted Acquisition that secure Acquired Indebtedness that is either Purchase Money Indebtedness or a Capital Lease with respect to Equipment not exceeding \$250,000 in the aggregate at any time outstanding, and

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- (u) other Liens which do not secure Indebtedness for borrowed money or letters of credit and as to which the aggregate amount of the obligations secured thereby does not exceed \$250,000.

"Permitted Preferred Stock" means and refers to any Preferred Stock issued by the Company (and not by one or more of its Subsidiaries) that is not Prohibited Preferred Stock.

"Permitted Protest" means the right of the Company or any of its Subsidiaries to protest any Lien (other than any Lien that secures the Obligations), taxes (other than payroll taxes or taxes that are the subject of a United States federal tax lien), or rental payment, provided that (a) a reserve with respect to such obligation is established on the Company's or its Subsidiaries' books and records in such amount as is required under GAAP, (b) any such protest is instituted promptly and prosecuted diligently by the Company or its Subsidiary, as applicable, in good faith, and (c) Collateral Agent is satisfied that, while any such protest is pending, there will be no impairment of the enforceability, validity, or priority of any of Collateral Agent's Liens.

"Permitted Purchase Money Indebtedness" means, as of any date of determination, Purchase Money Indebtedness incurred after the Closing Date in an aggregate principal amount outstanding at any one time not in excess of \$500,000.

"Person" means natural persons, corporations, limited liability companies, limited partnerships, general partnerships, limited liability partnerships, joint ventures, trusts, land trusts, business trusts, or other organizations, irrespective of whether they are legal entities, and governments and agencies and political subdivisions thereof.

"Preferred Stock" means, as applied to the Stock of any Person, the Stock of any class or classes (however designated) that is preferred with respect to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Stock of any other class of such Person.

"Prohibited Preferred Stock" means any Preferred Stock that by its terms is mandatorily redeemable or subject to any other payment obligation (including any obligation to pay dividends, other than dividends of shares of Preferred Stock of the same class and series payable in kind or dividends of shares of common stock) on or before a date that is less than 1 year after the Maturity Date, or, on or before the date that is less than 1 year after the Maturity Date, is redeemable at the option of the holder thereof for cash or assets or securities (other than distributions in kind of shares of Preferred Stock of the same class and series or of shares of common stock).

"Projections" means the Company's forecasted (a) balance sheets, (b) profit and loss statements, and (c) cash flow statements, all prepared on a basis consistent with the Company's historical financial statements, together with appropriate supporting details and a statement of underlying assumptions.

“**Purchase Money Indebtedness**” means Indebtedness (other than the Obligations, but including Capitalized Lease Obligations), incurred at the time of, or

within 90 days after, the acquisition of any fixed assets for the purpose of financing all or any part of the acquisition cost thereof.

“**Purchase Price**” has the meaning set forth in **Section 1(d)**.

“**Qualified Cash**” means, as of any date of determination, the amount of unrestricted cash and Cash Equivalents of the Company and its Subsidiaries that is in Deposit Accounts or in Securities Accounts, or any combination thereof, and which such Deposit Account or Securities Account is maintained by a branch office of the bank or securities intermediary located within the United States.

“**Real Property**” means any estates or interests in real property now owned or hereafter acquired by the Company or its Subsidiaries and the improvements thereto.

“**Real Property Collateral**” means the Real Property identified on Schedule R-1 and any Real Property hereafter acquired by the Company or its Subsidiaries.

“**Record**” means information that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form.

“**Refinancing Indebtedness**” means refinancings, renewals, or extensions of Indebtedness so long as:

(a) such refinancings, renewals, or extensions do not result in an increase in the principal amount of the Indebtedness so refinanced, renewed, or extended, other than by the amount of premiums paid thereon and the fees and expenses incurred in connection therewith and by the amount of unfunded commitments with respect thereto,

(b) such refinancings, renewals, or extensions do not result in a shortening of the average weighted maturity (measured as of the refinancing, renewal, or extension) of the Indebtedness so refinanced, renewed, or extended, nor are they on terms or conditions that, taken as a whole, are or would reasonably be expected to be materially adverse to the interests of the Buyers,

(c) if the Indebtedness that is refinanced, renewed, or extended was subordinated in right of payment to the Obligations, then the terms and conditions of the refinancing, renewal, or extension must include subordination terms and conditions that are at least as favorable to the Buyers as those that were applicable to the refinanced, renewed, or extended Indebtedness, and

(d) the Indebtedness that is refinanced, renewed, or extended is not recourse to any Person that is liable on account of the Obligations other than those Persons which were obligated with respect to the Indebtedness that was refinanced, renewed, or extended.

“**Reimbursable Expenses**” has the meaning set forth in **Section 11(g)**.

“**Remedial Action**” means all actions taken to (a) clean up, remove, remediate, contain, treat, monitor, assess, evaluate, or in any way address Hazardous Materials in the indoor or outdoor environment, (b) prevent or minimize a release or threatened release of Hazardous Materials so they do not migrate or endanger or threaten to endanger public health or welfare or the indoor or outdoor environment, (c) restore or reclaim natural resources or the environment, (d) perform any pre-remedial studies, investigations, or post-remedial operation and maintenance activities, or (e) conduct any other actions with respect to Hazardous Materials required by Environmental Laws.

“**Requirement of Law**” means any judgment, order (whether temporary, preliminary or permanent), writ, injunction, decree, statute, rule, regulation, notice, law or ordinance and shall also include any rules, regulations and interpretations of any applicable self-regulatory organizations.

“**Rule 144**” has the meaning set forth in **Section 3(h)**.

“**S&P**” has the meaning specified therefor in the definition of Cash Equivalents.

“**SBA**” means the U.S. Small Business Administration.

“**SBIC**” shall mean a small business investment company licensed under the SBIC Act.

“**SBIC Act**” means the Small Business Investment Act of 1958, as amended, and the regulations promulgated and issued by the Small Business Administration thereunder, codified as Title 13 of the Code of Federal Regulations, 107 and 121, as amended.

“**SBIC Holder**” means Northcreek and any other holder of the Offered Securities which is an SBIC.

“**SBIC Side Letter**” means that certain agreement entered into as of the date hereof substantially in the form attached as Exhibit D hereto.

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

“**Securities Account**” means a securities account (as that term is defined in the Code).

“**Securities Act**” means the Securities Act of 1933, as amended from time to time, and any successor statute.

“**Security Agreement**” means a security agreement, dated as of even date with the Agreement, in form and substance reasonably satisfactory to Collateral Agent, executed and delivered by the Company to Collateral Agent.

“**Security Documents**” means (i) that certain Security Agreement among the Company and Buyers, of even date herewith, (ii) certain mortgages, deeds of trust and deeds to secure debt made by the Company in favor of each Buyer, and (iii) all related

instruments and agreements.

“**Senior Credit Agreement**” means that certain Credit Agreement among the Company and WFCF, among others, of even date herewith.

“**Senior Debt**” means the extension of certain financial accommodations to the Company by WFCF, among others, pursuant to the Senior Debt documents, which shall not exceed, in the aggregate, \$55 million.

“**Senior Debt Documents**” means the Senior Credit Agreement, any note or notes executed by the Company in connection with the Senior Credit Agreement and payable to any member of the Senior Lender Group, any letter of credit application or letter of credit agreement entered into by the Company in connection with the Senior Credit Agreement, and, as each of the following is defined in the Senior Credit Agreement: any Borrowing Base Certificate; the Controlled Account Agreements (as that term is defined in the Senior Credit Agreement); the Control Agreements; the Fee Letter; the Guaranty; the Letters of Credit; the Mortgages; the Patent Security Agreement; the Security Agreement; and any other instrument or agreement entered into, now or in the future, by the Company or any of its Subsidiaries and any member of the Senior Lender Group in connection with the Senior Credit Agreement.

“**Senior Debt Transaction**” has the meaning set forth in the recitals.

“**Senior Lender Group**” means “Lender Group”, as that term is defined in the Senior Credit Agreement.

“**Solvent**” means, with respect to any Person on a particular date, that, at fair valuations, the sum of such Person’s assets is greater than all of such Person’s debts.

“**Stock**” means all shares, options, warrants, interests, participations, or other equivalents (regardless of how designated) of or in a Person, whether voting or nonvoting, including common stock, preferred stock, or any other “equity security” (as such term is defined in Rule 3a11-1 of the General Rules and Regulations promulgated by the SEC under the Exchange Act).

“**Subordinated Debt**” means, collectively, (i) the Indebtedness in the original principal amount of \$5,000,000 (plus payment-in-kind interest) issued by the Company to Buyers and evidenced by the Transaction Documents, and (ii) additional Indebtedness of up to an original aggregate principal amount of \$3,000,000 (plus payment-in-kind interest) offered and issued to the Buyers on a pro rata basis on the same terms of subordination and at the same rate of cash and total interest, with the same maturity date as the initial Subordinated Debt, with no scheduled amortization and otherwise on the same terms and conditions as the initial Subordinated Debt. If one of the Buyers declines to purchase some or all of its pro rata share of such additional Subordinated Debt, then the other Buyer may purchase such Subordinated Debt in addition to its own pro rata share.

“**Subordination Agreement**” has the meaning set forth in **Section 2(c)**.

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“**Subsidiary**” of a Person means a corporation, partnership, limited liability company, or other entity in which that Person directly or indirectly owns or controls the shares of Stock having ordinary voting power to elect a majority of the board of directors (or appoint other comparable managers) of such corporation, partnership, limited liability company, or other entity.

“**Tax**” or “**Taxes**” means any taxes, levies, imposts, duties, fees, assessments or other charges of whatever nature now or hereafter imposed by any jurisdiction or by any political subdivision or taxing authority thereof or therein with respect to such payments and all interest, penalties or similar liabilities with respect thereto; provided, however, that Taxes shall exclude (i) any tax imposed on the net income or net profits of any Lender or any Participant (including any branch profits taxes), in each case imposed by the jurisdiction (or by any political subdivision or taxing authority thereof) in which such Lender or such Participant is organized or the jurisdiction (or by any political subdivision or taxing authority thereof) in which such Lender’s or such Participant’s principal office is located in each case as a result of a present or former connection between such Lender or such Participant and the jurisdiction or taxing authority imposing the tax (other than any such connection arising solely from such Lender or such Participant having executed, delivered or performed its obligations or received payment under, or enforced its rights or remedies under the Agreement or any other Transaction Document); (ii) taxes resulting from a Lender’s or a Participant’s failure to comply with the requirements of **Section 16(c)** or **(d)** of the Agreement, and (iii) any United States federal withholding taxes that would be imposed on amounts payable to a Foreign Lender based upon the applicable withholding rate in effect at the time such Foreign Lender becomes a party to the Agreement (or designates a new lending office), except that Taxes shall include (A) any amount that such Foreign Lender (or its assignor, if any) was previously entitled to receive pursuant to **Section 16(a)** of the Agreement, if any, with respect to such withholding tax at the time such Foreign Lender becomes a party to the Agreement (or designates a new lending office), and (B) additional United States federal withholding taxes that may be imposed after the time such Foreign Lender becomes a party to the Agreement (or designates a new lending office), as a result of a change in law, rule, regulation, order or other decision with respect to any of the foregoing by any Governmental Authority.

“**Tontine**” has the meaning set forth in the introductory paragraph.

“**Transaction Documents**” means the Agreement, the Notes, the Warrant Agreement, the Warrants, the Mortgages, the Patent Security Agreement, the Security Agreement, and any other instrument or agreement entered into, now or in the future, by the Company or any of its Subsidiaries and any Buyer in connection with the Agreement.

“**Transactions**” means the sale and issuance of the Offered Securities to the Buyers, the issuance of the Warrant Shares, and the execution and delivery of the Transaction Documents and the consummation by the Company of all of the transactions contemplated therein.

“**United States**” means the United States of America.

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“**Warrant**” and “**Warrants**” has the meaning set forth in the recitals.

“**Warrant Agreement**” means that certain Warrant Agreement by and among the company and the Buyers, of even date herewith.

“**Warrant Shares**” has the meaning set forth in the recitals.

“**WFCF**” has the meaning set forth in the recitals.

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WARRANT AGREEMENT

THIS WARRANT AGREEMENT (this "Agreement") dated as of March 31, 2011, is among PATRICK INDUSTRIES, INC., an Indiana corporation (the "Company"), and the holders of Warrants (as defined below) listed on the signature page hereof (along with their permitted transferees, the "Holders").

WHEREAS, to induce the Holders to enter into the Secured Senior Subordinated Note and Warrant Purchase Agreement (the "Note Purchase Agreement") of even date herewith among the Company, the Holders and Northcreek Mezzanine Fund I, L.P. as collateral agent, the Company has agreed to issue warrants (the "Warrants") to purchase up to an aggregate of 400,000 shares, subject to adjustment, of its common stock, without par value (the "Common Stock").

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

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

ARTICLE I

DEFINITIONS AND INTERPRETATION

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

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

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

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

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

"Company" has the meaning specified in the introduction to this Agreement.

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

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

"Exchange Act" means the Securities Exchange Act of 1934.

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

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

"Expiration Date" means 11:59 p.m., New York City time, on March 31, 2016.

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

"Holder" has the meaning specified in the introduction to this Agreement.

"Initial Number of Shares" means 250,000 shares of Common Stock.

"Initial Price" means \$0.01 per share.

"Majority of the Holders" means Holders of Warrants issued pursuant to this Agreement that would be, upon exercise of the Warrants, entitled to purchase more than 50% of all shares of Common Stock then issuable under all of the Warrants issued pursuant to this Agreement.

"Market Price" means, on any date specified herein, the amount per share of Common Stock equal to (a) the last reported sale price of the Common Stock at or prior to 4:00 p.m., New York City time, on such date or, if no such sale takes place on such date, the average of the closing bid and asked prices thereof as of 4:00 p.m., New York City time, on such date, in either case as officially reported on the principal national securities exchange on which the Common Stock is then listed or admitted for trading, (b) if the Common Stock is not then listed or admitted for trading on any national securities exchange but is traded in the over-the-counter market, the last reported sale price of Common Stock at or prior to 4:00 p.m., New York City time, on such date or, if no such sale takes place on such date, the average of the closing bid and asked prices

thereof as of 4:00 p.m., New York City time, on such date, in either case as reported by Bloomberg Financial Markets, or (c) if Common Stock is not then listed or admitted for trading on any national exchange or quoted in the over-the-counter market, the fair value thereof (as of a date that is within 20 days of the date as of which the determination is to be made) determined in good faith jointly by the Company and a Majority of the Holders; *provided* that if such parties are unable to reach agreement within a reasonable period of time, the Market Price shall be determined in good faith by an independent investment banking firm selected jointly by the Company and a Majority of the Holders or, if that selection cannot be made within ten days, by an independent investment banking firm selected by the American Arbitration Association in accordance with its rules; and *provided, further*, that the Company shall pay all fees and expenses of any third party incurred in connection with determining the Market Price.

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

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

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

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

“Registration Rights Agreement” means the Second Amended and Restated Registration Rights Agreement dated as of December 11, 2008 among the Company, J.P. Morgan Chase Bank, N.A., Fifth Third Bank, Bank of America, N.A., Key Bank, National Association, RBS Citizens, National Association, Associated Bank, National City Bank, 1st Source Bank, Tontine Capital Partners, L.P. and Tontine Capital Overseas Master Fund, L.P., and as amended to,

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among other things, add Tontine Capital Overseas Master Fund II, L.P. and Northcreek Mezzanine Fund I, L.P. as parties thereto.

“Securities Act” means the Securities Act of 1933.

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

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

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

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

ARTICLE II

ISSUANCE AND EXERCISE OF WARRANTS

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

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applicable purchase price (the “Purchase Price”) in an amount equal to the product of (i) the Exercise Price and (ii) the number of shares of Common Stock to be issued.

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

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

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

For purposes of the foregoing formula:

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

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

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

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

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

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

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

ARTICLE III

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

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

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

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

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

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

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

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

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

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

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less than the Exercise Price in effect on the date of and immediately prior to such issue, sale, grant or assumption or immediately prior to the close of business on such record date (or, if the Common Stock trades on an ex-dividend basis, on the date prior to the commencement of ex-dividend trading), as the case may be; and *provided, further*, that in any such case in which Additional Shares of Common Stock are deemed to be issued:

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

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

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

(i) in the case of Options for Common Stock or Convertible Securities, the only Additional Shares of Common Stock issued or sold were the Additional Shares of Common Stock, if any, actually issued or sold upon the exercise of such Options or the conversion or exchange of such Convertible Securities and the consideration

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received therefor was the consideration actually received by the Company for the issue, sale, grant or assumption of all such Options, whether or not exercised, plus the consideration actually received by the Company upon such exercise, or for the issue or sale of all such Convertible Securities which were actually converted or exchanged, plus the additional consideration, if any, actually received by the Company upon such conversion or exchange, and

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

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

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

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

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

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

(i) insofar as it consists of cash, be computed at the gross proceeds to the Company, without deducting any expenses paid or incurred by the Company or any commissions or

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compensations paid or concessions or discounts allowed to underwriters, dealers or others performing similar services in connection with such issue or sale,

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

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

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

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

by

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

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

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

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

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

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

ARTICLE IV

CONSOLIDATION, MERGER, ETC.

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

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or other property to which such Holder would actually have been entitled as a shareholder upon such consummation if such Holder had exercised such Warrant for all of the then-Applicable Number of Shares immediately prior thereto, subject to adjustments (subsequent to such consummation) as nearly equivalent as possible to the adjustments provided for in Article III and this Article IV.

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

ARTICLE V

NO DILUTION OR IMPAIRMENT

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

ARTICLE VI

NOTICES OF CORPORATE ACTION

In the event of:

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

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

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

(d) any adjustment to the Exercise Price,

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

ARTICLE VII

LISTING OF COMMON STOCK

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

ARTICLE VIII

PRIVATE PLACEMENT; RESTRICTIONS ON TRANSFER

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

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

“THIS WARRANT AND ANY SECURITIES ACQUIRED UPON THE EXERCISE OF THIS WARRANT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE, AND MAY NOT BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER SUCH ACT AND APPLICABLE STATE SECURITIES LAWS OR PURSUANT TO AN APPLICABLE EXEMPTION TO THE REGISTRATION REQUIREMENTS OF SUCH ACT AND SUCH LAWS. THIS WARRANT AND SUCH SECURITIES MAY NOT BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF EXCEPT IN COMPLIANCE WITH THE CONDITIONS SPECIFIED IN THE WARRANT AGREEMENT (THE “WARRANT AGREEMENT”) DATED AS OF MARCH 31, 2011 AMONG PATRICK INDUSTRIES, INC. AND THE HOLDERS FROM TIME TO TIME OF THE WARRANTS ISSUED THEREUNDER, PURSUANT TO WHICH THIS WARRANT WAS ISSUED.”

“THIS WARRANT AND THE SECURITIES REPRESENTED HEREBY ARE SUBJECT TO THE TERMS AND CONDITIONS OF THE WARRANT AGREEMENT AND THE SECOND AMENDED AND RESTATED REGISTRATION RIGHTS AGREEMENT DATED AS OF DECEMBER 11, 2008 AMONG PATRICK INDUSTRIES, INC. AND THE OTHER PARTIES THERETO, AS SUCH AGREEMENTS MAY BE AMENDED, MODIFIED, SUPPLEMENTED, RESTATED OR OTHERWISE CHANGED FROM TIME TO TIME.”

Except as otherwise permitted by this Article VIII, each certificate for Common Stock (or Other Securities) issued upon the exercise of any Warrant, and each certificate issued upon the transfer

of any such Common Stock (or Other Securities), shall be stamped or otherwise imprinted with a legend in substantially the following form:

“THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE, AND MAY NOT BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER SUCH ACT AND APPLICABLE STATE SECURITIES LAWS OR PURSUANT TO AN APPLICABLE EXEMPTION TO THE REGISTRATION REQUIREMENTS OF SUCH ACT AND SUCH LAWS. SUCH SECURITIES MAY NOT BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF EXCEPT IN COMPLIANCE WITH THE CONDITIONS SPECIFIED IN THE WARRANT AGREEMENT (THE “WARRANT AGREEMENT”) DATED AS OF MARCH 31, 2011 AMONG PATRICK INDUSTRIES, INC. AND THE HOLDERS FROM TIME TO TIME OF THE WARRANTS ISSUED THEREUNDER. A COMPLETE AND CORRECT COPY OF THE WARRANT AGREEMENT IS AVAILABLE FOR INSPECTION AT THE PRINCIPAL

OFFICE OF PATRICK INDUSTRIES, INC. OR AT THE OFFICE OR AGENCY MAINTAINED BY PATRICK INDUSTRIES, INC. AS PROVIDED IN THE WARRANT AGREEMENT AND WILL BE FURNISHED TO THE HOLDER OF SUCH SECURITIES UPON WRITTEN REQUEST AND WITHOUT CHARGE.”

“THE SHARES REPRESENTED BY THIS CERTIFICATE ARE ALSO SUBJECT TO THE TERMS AND CONDITIONS OF THE WARRANT AGREEMENT AND THE SECOND AMENDED AND RESTATED REGISTRATION RIGHTS AGREEMENT DATED AS OF DECEMBER 11, 2008 AMONG PATRICK INDUSTRIES, INC. AND THE OTHER PARTIES THERETO, AS SUCH AGREEMENTS MAY BE AMENDED, MODIFIED, SUPPLEMENTED, RESTATED OR OTHERWISE CHANGED FROM TIME TO TIME.”

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

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

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

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

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

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

ARTICLE IX

RESERVATION OF STOCK, ETC.

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

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pursuant hereto shall be canceled. Subsequent to the Expiration Date, no shares of Common Stock need be reserved in respect of any unexercised Warrant.

ARTICLE X

REGISTRATION AND TRANSFER OF WARRANTS, ETC.

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

Section 10.2. *Transfer of Warrants.* Subject to compliance with Article VIII, if applicable, each Warrant and all rights thereunder are transferable in whole or in part from time to time, without charge to the Holder thereof, upon surrender of such Warrant with a properly executed Assignment in the form of Exhibit C at the principal office of the Company or, if the Warrant Register is then held by a warrant agent or the Transfer Agent, the office of such warrant agent or Transfer Agent where such Warrant Register is held. Each such transferee shall succeed to all of the rights and obligations of the transferring Holder under this Agreement or, if a Warrant is only partially transferred, the transferring Holder and such transferee shall, simultaneously, hold rights and obligations hereunder in proportion to their respective ownership of the Warrants. Upon any partial transfer, the Company shall at its expense issue and deliver to the Holder a new Warrant of like tenor, in the name of the Holder, which shall be exercisable for a number of shares of Common Stock (or Other Securities) with respect to which rights under such Warrant were not so transferred.

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

Section 10.4 *Fractional Shares*. Notwithstanding any provision of this Agreement, the Company shall not be required to issue fractions of shares upon exercise of any Warrant or to distribute certificates which evidence fractional shares. In lieu of fractional shares, the Company

shall make payment to the applicable Holder, at the time of exercise of any Warrant as herein provided, in an amount in cash equal to such fraction multiplied by the Exercise Price of a share of Common Stock on the date of such exercise.

ARTICLE XI

MISCELLANEOUS

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

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

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

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

with a copy to:

Robert A. Schreck, Jr.
McDermott Will & Emery LLP
227 West Monroe Street
Chicago, IL 60606

Telephone: (312) 984-7582
Telecopier: (312) 984-7700;

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

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

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

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

Section 11.6 *Jurisdiction; Consent to Service of Process*. (a) Each party hereto irrevocably and unconditionally (i) submits, for itself and its property, to the nonexclusive jurisdiction of any Illinois State court or Federal court of the United States of America sitting in Illinois, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement, or for recognition or enforcement of any judgment; (ii) agrees that all claims in respect of any such action or proceeding may be heard and determined in any such Illinois State court or, to the extent permitted by law, Federal court; (iii) waives, to the fullest extent it may legally and effectively do so, (A) any objection that it may now or hereafter have to the laying of venue of any such action or proceeding in any such court and (B) any defense of an inconvenient forum to the maintenance of any such action or proceeding in any such court; and (iv) agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that any party may otherwise have to bring any action or proceeding relating to this Agreement in the courts of any jurisdiction.

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

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

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

[Remainder Intentionally Left Blank]

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

PATRICK INDUSTRIES, INC.

By: /s/Andy L. Nemeth
 Name: Andy L. Nemeth
 Title: Executive Vice President of Finance,
 Chief Financial Officer, Secretary and
 Treasurer

TONTINE CAPITAL OVERSEAS
 MASTER FUND II, L.P.

By: Tontine Asset Associates, L.L.C., its
 general partner

By: /s/ Jeffrey L. Gendell
 Name: Jeffrey L. Gendell
 Title: Managing Member

NORTHCREEK MEZZANINE FUND I, L.P.

By: NMF GP, LLC, its general partner

By: Northcreek Management, Inc., its manager

By: /s/ Barry Peterson
 Name: Barry Peterson
 Title: Vice President

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SCHEDULE A
 to Warrant Agreement

INITIAL HOLDERS AND AGGREGATE NUMBER
 OF INITIAL WARRANT SHARES

Name and Address of Holder	Number of Warrant Shares
Tontine Capital Overseas Master Fund II, L.P. 55 Railroad Avenue Greenwich, CT 06830 Facsimile: (203) 769-2010 Attn: Jeffrey L. Gendell	125,000
Northcreek Mezzanine Fund I, L.P. 255 East Fifth Street, Suite 3010 Cincinnati, OH 45202 Facsimile: (513) 985-6603 Attn: Barry A. Peterson	125,000

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FORM OF WARRANT

THIS WARRANT AND ANY SECURITIES ACQUIRED UPON THE EXERCISE OF THIS WARRANT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE, AND MAY NOT BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER SUCH ACT AND APPLICABLE STATE SECURITIES LAWS OR PURSUANT TO AN APPLICABLE EXEMPTION TO THE REGISTRATION REQUIREMENTS OF SUCH ACT AND SUCH LAWS. THIS WARRANT AND SUCH SECURITIES MAY NOT BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF EXCEPT IN COMPLIANCE WITH THE CONDITIONS SPECIFIED IN THE WARRANT AGREEMENT (THE "WARRANT AGREEMENT") DATED AS OF MARCH 31, 2011 AMONG PATRICK INDUSTRIES, INC. (THE "COMPANY") AND THE HOLDERS FROM TIME TO TIME OF THE WARRANTS ISSUED THEREUNDER, PURSUANT TO WHICH THIS WARRANT WAS ISSUED.

THIS WARRANT AND THE SECURITIES REPRESENTED HEREBY ARE SUBJECT TO THE TERMS AND CONDITIONS OF THE WARRANT AGREEMENT AND THE SECOND AMENDED AND RESTATED REGISTRATION RIGHTS AGREEMENT DATED AS OF DECEMBER 11, 2008 AMONG PATRICK INDUSTRIES, INC., THE OTHER PARTIES THERETO, AS SUCH AGREEMENTS MAY BE AMENDED, MODIFIED, SUPPLEMENTED, RESTATED OR OTHERWISE CHANGED FROM TIME TO TIME.

PATRICK INDUSTRIES, INC.
COMMON STOCK PURCHASE WARRANT

No. W-

March 31, 2011

Warrant to Purchase
125,000 Shares of Common Stock

PATRICK INDUSTRIES, INC., an Indiana corporation (the "Company"), for value received, hereby certifies that _____ or its registered assigns (the "Holder") is entitled to purchase from the Company that number of duly authorized, validly issued, fully paid and nonassessable shares of Common Stock, without par value, of the Company (the "Common Stock") set forth above, at a purchase price per share equal to the Exercise Price, at any time or from time to time on or after the date hereof, but prior to 11:59 p.m., New York City time, on March 31, 2016, all subject to the terms, conditions and adjustments set forth in the Warrant Agreement dated as of March 31, 2011 among the Company and the holders from time to time of the Warrants issued thereunder (the "Warrant Agreement"). Capitalized terms used and not otherwise defined herein have the meanings assigned such terms in the Warrant Agreement.

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

Dated: March , 2011

PATRICK INDUSTRIES, INC.

By: _____
Name: _____
Title: _____

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FORM OF
ELECTION TO PURCHASE SHARES

The undersigned irrevocably elects to exercise the Warrant to purchase shares of Common Stock, without par value ("Common Stock"), of PATRICK INDUSTRIES, INC. and hereby makes payment of \$ _____ therefor in accordance with the terms of the Warrant Agreement dated as of March 31, 2011 pursuant to which the Warrant was issued, against delivery of stock certificates representing such shares. The undersigned requests that certificates for such shares be issued and delivered as follows:

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

Dated: _____

[Insert name of holder on line above]*

By: _____
Name: _____
Title: _____

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

FORM OF ASSIGNMENT

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

Name of Assignee	Address	Number of Shares

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

Dated: _____

[Insert name of holder on line above]*

By: _____
Name: _____
Title: _____

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

THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS EVIDENCED HEREBY ARE SUBORDINATE IN THE MANNER AND TO THE EXTENT SET FORTH IN THAT CERTAIN SUBORDINATION AND INTERCREDITOR AGREEMENT (AS THE SAME MAY BE AMENDED OR OTHERWISE MODIFIED FROM TIME TO TIME PURSUANT TO THE TERMS THEREOF, THE “**SUBORDINATION AGREEMENT**”) DATED AS OF MARCH 31, 2011 AMONG PATRICK INDUSTRIES, INC., AN INDIANA CORPORATION (THE “**COMPANY**”), TONTINE CAPITAL OVERSEAS MASTER FUND II, L.P., A CAYMAN ISLANDS LIMITED PARTNERSHIP, NORTHCREEK MEZZANINE FUND I, L.P., A DELAWARE LIMITED PARTNERSHIP, ON ITS BEHALF AND IN ITS CAPACITY AS COLLATERAL AGENT, AND WELLS FARGO CAPITAL FINANCE, LLC (“**WFCF**”), TO THE INDEBTEDNESS (INCLUDING INTEREST) OWED BY THE CREDIT PARTIES (AS DEFINED IN THE SUBORDINATION AGREEMENT) PURSUANT TO THAT CERTAIN CREDIT AGREEMENT DATED AS OF MARCH 31, 2011 AMONG THE COMPANY, WFCF AND THE LENDERS FROM TIME TO TIME PARTY THERETO (THE “**SENIOR CREDIT AGREEMENT**”), AND THE OTHER SENIOR DEBT DOCUMENTS (AS DEFINED IN THE SUBORDINATION AGREEMENT), AS SUCH SENIOR CREDIT AGREEMENT, AND SUCH OTHER SENIOR DEBT DOCUMENTS HAVE BEEN AND HEREAFTER MAY BE AMENDED, RESTATED, SUPPLEMENTED OR OTHERWISE MODIFIED FROM TIME TO TIME AND TO INDEBTEDNESS REFINANCING THE INDEBTEDNESS UNDER SUCH AGREEMENTS AS PERMITTED BY THE SUBORDINATION AGREEMENT; AND EACH HOLDER OF THE NOTES ISSUED HEREUNDER, BY ITS ACCEPTANCE HEREOF, IRREVOCABLY AGREES TO BE BOUND BY THE PROVISIONS OF THE SUBORDINATION AGREEMENT.

SECURITY AGREEMENT

This SECURITY AGREEMENT (this “Agreement”), dated as of March 31, 2011, among the Persons listed on the signature pages hereof as “Grantors” and those additional entities that hereafter become parties hereto by executing the form of Joinder attached hereto as Annex 1 (each, a “Grantor” and collectively, the “Grantors”), and NORTHCREEK MEZZANINE FUND I, L.P., a Delaware limited partnership (“Northcreek”), in its capacity as collateral agent for the Subordinated Lender Group (in such capacity, together with its successors and assigns in such capacity, “Collateral Agent”).

WITNESSETH:

WHEREAS, pursuant to that certain Secured Senior Subordinated Note and Warrant Purchase Agreement of even date herewith (as amended, restated, supplemented, or otherwise modified from time to time, the “Note Purchase Agreement”) by and among PATRICK INDUSTRIES, INC., an Indiana corporation (the “Borrower”), the lenders party thereto as “Buyers” (such Buyers, together with their respective successors and assigns in such capacity, each, individually, a “Lender” and, collectively, the “Lenders”), and Collateral Agent, the Subordinated Lender Group has agreed to make certain financial accommodations available to the Borrower from time to time pursuant to the terms and conditions thereof; and

WHEREAS, Collateral Agent has agreed to act as collateral agent for the benefit of the Subordinated Lender Group in connection with the transactions contemplated by the Note Purchase Agreement and this Agreement; and

WHEREAS, in order to induce the Subordinated Lender Group to enter into the Note Purchase Agreement and the other Transaction Documents and to induce the Subordinated Lender Group to make financial accommodations to the Borrower as provided for in the Note Purchase Agreement and the other Transaction Documents, Grantors have agreed to grant a continuing security interest in and to the Collateral in order to secure the prompt and complete payment, observance and performance of, among other things, the Secured Obligations.

NOW, THEREFORE, for and in consideration of the recitals made above and other good and valuable consideration, the receipt, sufficiency and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

1. Defined Terms. All initially capitalized terms used herein (including in the preamble and recitals hereof) without definition shall have the meanings ascribed thereto in the Note Purchase Agreement (including Schedule 1.1 thereto). Any terms (whether capitalized or lower case) used in this Agreement that are defined in the Code shall be construed and defined as set forth in the Code unless otherwise defined herein or in the Note Purchase Agreement; provided, however, that to the extent that the Code is used to define any term used herein and if such term is defined differently in different Articles of the Code, the definition of such term contained in Article 9 of the Code shall govern. In addition to those terms defined elsewhere in this Agreement, as used in this Agreement, the following terms shall have the following meanings:

- (a) “Account” means an account (as that term is defined in Article 9 of the Code).
- (b) “Account Debtor” means an account debtor (as that term is defined in the Code).
- (c) “Agreement” has the meaning specified therefor in the preamble to this Agreement.
- (d) “Books” means books and records (including each Grantor’s Records indicating, summarizing, or evidencing such Grantor’s assets (including the Collateral) or liabilities, each Grantor’s Records relating to such Grantor’s business operations or financial condition, and each Grantor’s goods or General Intangibles related to such information).
- (e) “Borrower” has the meaning specified therefor in the recitals to this Agreement.
- (f) “Cash Equivalents” has the meaning specified therefor in the Note Purchase Agreement.
- (g) “Chattel Paper” means chattel paper (as that term is defined in the Code), and includes tangible chattel paper and electronic chattel paper.
- (h) “Code” means the Illinois Uniform Commercial Code, as in effect from time to time; provided, however, that in the event that, by reason of mandatory provisions of law, any or all of the attachment, perfection, priority, or remedies with respect to Collateral Agent’s Lien on any Collateral is governed by the Uniform Commercial Code as enacted and in effect in a jurisdiction other than the State of Illinois, the term “Code” shall mean the Uniform Commercial Code as enacted and in effect in such other jurisdiction solely for purposes of the provisions thereof relating to such attachment, perfection, priority, or remedies.
- (i) “Collateral” has the meaning specified therefor in Section 2.
- (j) “Collateral Agent” has the meaning specified therefor in the preamble to this Agreement.
- (k) “Collateral Agent’s Lien” has the meaning specified therefor in the Note Purchase Agreement.

- (l) “Collections” has the meaning specified therefor in the Note Purchase Agreement.

- (m) “Commercial Tort Claims” means commercial tort claims (as that term is defined in the Code), and includes those commercial tort claims with a value in excess of \$250,000 listed on Schedule 1.
- (n) “Controlled Account” has the meaning specified therefor in Section 6(k).
- (o) “Controlled Account Agreements” means those certain cash management agreements, in form and substance reasonably satisfactory to Collateral Agent, each of which is executed and delivered by a Grantor, Collateral Agent, and one of the Controlled Account Banks.
- (p) “Controlled Account Bank” has the meaning specified therefor in Section 6(k).
- (q) “Copyrights” means any and all rights in any works of authorship, including (i) copyrights and moral rights, (ii) copyright registrations and recordings thereof and all applications in connection therewith including those listed on Schedule 2, (iii) income, license fees, royalties, damages, and payments now and hereafter due or payable under and with respect thereto, including payments under all licenses entered into in connection therewith and damages and payments for past, present, or future infringements thereof, (iv) the right to sue for past, present, and future infringements thereof, and (v) all of each Grantor’s rights corresponding thereto throughout the world.
- (r) “Copyright Security Agreement” means each Copyright Security Agreement executed and delivered by Grantors, or any of them, and Collateral Agent, in substantially the form of Exhibit A.
- (s) “Deposit Account” means a deposit account (as that term is defined in the Code).
- (t) “Equipment” means equipment (as that term is defined in the Code).
- (u) “Event of Default” has the meaning specified therefor in the Note Purchase Agreement.
- (v) “Fixtures” means fixtures (as that term is defined in the Code).
- (w) “General Intangibles” means general intangibles (as that term is defined in the Code), and includes payment intangibles, contract rights, rights to payment, rights arising under common law, statutes, or regulations, choses or things in action, goodwill, Intellectual Property, Intellectual Property Licenses, purchase orders, customer lists, monies due or recoverable from pension funds, route lists, rights to payment and other rights under any royalty or licensing agreements, including Intellectual Property Licenses, infringement claims, pension plan refunds, pension plan refund claims, insurance premium rebates, tax refunds, and tax refund claims, interests in a partnership or limited liability company which do not constitute a security under Article 8 of the Code, and any other personal property other than Commercial Tort Claims, money, Accounts, Chattel Paper, Deposit Accounts, goods, Investment Related Property, Negotiable Collateral, and oil, gas, or other minerals before extraction.
- (x) “Grantor” and “Grantors” have the respective meanings specified therefor in the preamble to this Agreement.
- (y) “Insolvency Proceeding” has the meaning specified therefor in the Note Purchase Agreement.
- (z) “Intellectual Property” means any and all Patents, Copyrights, Trademarks, trade secrets, know-how, inventions (whether or not patentable), algorithms, software programs (including source code and object code), processes, product designs, industrial designs, blueprints, drawings, data, customer lists,

URLs and domain names, specifications, documentations, reports, catalogs, literature, and any other forms of technology or proprietary information of any kind, including all rights therein and all applications for registration or registrations thereof.

- (aa) “Intellectual Property Licenses” means, with respect to any Person (the “Specified Party”), (i) any licenses or other similar rights provided to the Specified Party in or with respect to Intellectual Property owned or controlled by any other Person, and (ii) any licenses or other similar rights provided to any other Person in or with respect to Intellectual Property owned or controlled by the Specified Party, in each case, including (A) any software license agreements (other than license agreements for commercially available off-the-shelf software that is generally available to the public which have been licensed to a Grantor pursuant to end-user licenses), (B) the license agreements listed on Schedule 3, and (C) the right to use any of the licenses or other similar rights described in this definition in connection with the enforcement of the Subordinated Lender Group’s rights under the Transaction Documents.
- (bb) “Inventory” means inventory (as that term is defined in the Code).
- (cc) “Investment Related Property” means (i) any and all investment property (as that term is defined in the Code), and (ii) any and all of the following (regardless of whether classified as investment property under the Code): all Pledged Interests, Pledged Operating Agreements, and Pledged Partnership Agreements.
- (dd) “Joinder” means each Joinder to this Agreement executed and delivered by Collateral Agent and each of the other parties listed on the signature pages thereto, in substantially the form of Annex 1.
- (ee) “Lender” and “Lenders” have the respective meanings specified therefor in the recitals to this Agreement.
- (ff) “Negotiable Collateral” means letters of credit, letter-of-credit rights, instruments, promissory notes, drafts and documents (as each such term is defined in the Code).
- (gg) “Note Purchase Agreement” has the meaning specified therefor in the recitals to this Agreement.
- (hh) “Obligations” has the meaning specified therefor in the Note Purchase Agreement.
- (ii) “Patents” means patents and patent applications, including (i) the patents and patent applications listed on Schedule 4, (ii) all continuations, divisionals, continuations-in-part, re-examinations, reissues, and renewals thereof and improvements thereon, (iii) all income, royalties, damages and payments now and hereafter due or payable under and with respect thereto, including payments under all licenses entered into in connection therewith and damages and payments for past, present, or future infringements thereof, (iv) the right to sue for past, present, and future infringements thereof, and (v) all of each Grantor’s rights corresponding thereto throughout the world.
- (jj) “Patent Security Agreement” means each Patent Security Agreement executed and delivered by Grantors, or any of them, and Collateral Agent, in substantially the form of Exhibit B.
- (kk) “Permitted Liens” has the meaning specified therefor in the Note Purchase Agreement.
- (ll) “Person” has the meaning specified therefor in the Note Purchase Agreement.

(mm) “Pledged Companies” means each Person listed on Schedule 6 as a “Pledged Company”, together with each other Person, all or a portion of whose Stock is acquired or otherwise owned by a Grantor after the Closing Date.

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(nn) “Pledged Interests” means, subject to the last paragraph of Section 2 hereof, all of each Grantor’s right, title and interest in and to all of the Stock now owned or hereafter acquired by such Grantor, regardless of class or designation, including in each of the Pledged Companies, and all substitutions therefor and replacements thereof, all proceeds thereof and all rights relating thereto, also including any certificates representing the Stock, the right to receive any certificates representing any of the Stock, all warrants, options, share appreciation rights and other rights, contractual or otherwise, in respect thereof and the right to receive all dividends, distributions of income, profits, surplus, or other compensation by way of income or liquidating distributions, in cash or in kind, and all cash, instruments, and other property from time to time received, receivable, or otherwise distributed in respect of or in addition to, in substitution of, on account of, or in exchange for any or all of the foregoing.

(oo) “Pledged Interests Addendum” means a Pledged Interests Addendum substantially in the form of Exhibit C.

(pp) “Pledged Notes” has the meaning specified therefor in Section 5(i).

(qq) “Pledged Operating Agreements” means all of each Grantor’s rights, powers, and remedies under the limited liability company operating agreements of each of the Pledged Companies that are limited liability companies.

(rr) “Pledged Partnership Agreements” means all of each Grantor’s rights, powers, and remedies under the partnership agreements of each of the Pledged Companies that are partnerships.

(ss) “Proceeds” has the meaning specified therefor in Section 2.

(tt) “PTO” means the United States Patent and Trademark Office.

(uu) “Real Property” means any estates or interests in real property now owned or hereafter acquired by any Grantor or any Subsidiary of any Grantor and the improvements thereto.

(vv) “Records” means information that is inscribed on a tangible medium or which is stored in an electronic or other medium and is retrievable in perceivable form.

(ww) “Secured Obligations” means each and all of the following: (a) all of the present and future obligations of each of the Grantors arising from, or owing under or pursuant to, this Agreement, the Note Purchase Agreement, or any of the other Transaction Documents, and (b) all other Obligations of the Borrower (including, in the case of each of clauses (a) and (b), reasonable attorneys fees and expenses and any interest, fees, or expenses that accrue after the filing of an Insolvency Proceeding, regardless of whether allowed or allowable in whole or in part as a claim in any Insolvency Proceeding).

(xx) “Securities Account” means a securities account (as that term is defined in the Code).

(yy) “Security Interest” has the meaning specified therefor in Section 2.

(zz) “Senior Agent” means Wells Fargo Capital Finance, LLC, as agent for all members of the Senior Lender Group.

(aaa) “Stock” has the meaning specified therefor in the Note Purchase Agreement.

(bbb) “Subordinated Lender Group” means each of the Lenders and Collateral Agent, or one or more of them.

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(ccc) “Supporting Obligations” means supporting obligations (as such term is defined in the Code), and includes letters of credit and guaranties issued in support of Accounts, Chattel Paper, documents, General Intangibles, instruments or Investment Related Property.

(ddd) “Trademarks” means any and all trademarks, trade names, registered trademarks, trademark applications, service marks, registered service marks and service mark applications, including (i) the trade names, registered trademarks, trademark applications, registered service marks and service mark applications listed on Schedule 5, (ii) all renewals thereof, (iii) all income, royalties, damages and payments now and hereafter due or payable under and with respect thereto, including payments under all licenses entered into in connection therewith and damages and payments for past or future infringements or dilutions thereof, (iv) the right to sue for past, present and future infringements and dilutions thereof, (v) the goodwill of each Grantor’s business symbolized by the foregoing or connected therewith, and (vi) all of each Grantor’s rights corresponding thereto throughout the world.

(eee) “Trademark Security Agreement” means each Trademark Security Agreement executed and delivered by Grantors, or any of them, and Collateral Agent, in substantially the form of Exhibit D.

(fff) “Transaction Document” has the meaning specified therefor in the Note Purchase Agreement.

(ggg) “URL” means “uniform resource locator,” an internet web address.

(hhh) “VIN” has the meaning specified therefor in Section 5(h).

2. Grant of Security. Each Grantor hereby unconditionally grants, assigns, and pledges to Collateral Agent, for the benefit of each member of the Subordinated Lender Group, to secure the Secured Obligations, a continuing security interest (hereinafter referred to as the “Security Interest”) in all of such Grantor’s right, title, and interest in and to the following, whether now owned or hereafter acquired or arising and wherever located (the “Collateral”):

- (a) all of such Grantor’s Accounts;
- (b) all of such Grantor’s Books;
- (c) all of such Grantor’s Chattel Paper;
- (d) all of such Grantor’s Deposit Accounts;

- (e) all of such Grantor's Equipment and Fixtures;
- (f) all of such Grantor's General Intangibles;
- (g) all of such Grantor's Inventory;
- (h) all of such Grantor's Investment Related Property;
- (i) all of such Grantor's Negotiable Collateral;
- (j) all of such Grantor's Supporting Obligations;
- (k) all of such Grantor's Commercial Tort Claims;

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(l) all of such Grantor's money, Cash Equivalents, or other assets of such Grantor that now or hereafter come into the possession, custody, or control of Collateral Agent (or its agent or designee) or any other member of the Subordinated Lender Group;

(m) all of such Grantor's other personal property; and

(n) all of the proceeds (as such term is defined in the Code) and products, whether tangible or intangible, of any of the foregoing, including proceeds of insurance or Commercial Tort Claims covering or relating to any or all of the foregoing, and any and all Accounts, Books, Chattel Paper, Deposit Accounts, Equipment, Fixtures, General Intangibles, Inventory, Investment Related Property, Negotiable Collateral, Supporting Obligations, money, or other tangible or intangible property resulting from the sale, lease, license, exchange, collection, or other disposition of any of the foregoing, the proceeds of any award in condemnation with respect to any of the foregoing, any rebates or refunds, whether for taxes or otherwise, and all proceeds of any such proceeds, or any portion thereof or interest therein, and the proceeds thereof, and all proceeds of any loss of, damage to, or destruction of the above, whether insured or not insured, and, to the extent not otherwise included, any indemnity, warranty, or guaranty payable by reason of loss or damage to, or otherwise with respect to any of the foregoing (the "Proceeds"). Without limiting the generality of the foregoing, the term "Proceeds" includes whatever is receivable or received when Investment Related Property or proceeds are sold, exchanged, collected, or otherwise disposed of, whether such disposition is voluntary or involuntary, and includes proceeds of any indemnity or guaranty payable to any Grantor or Collateral Agent from time to time with respect to any of the Investment Related Property.

Notwithstanding anything contained in this Agreement to the contrary, the term "Collateral" shall not include: (i) voting Stock of any CFC, solely to the extent that (y) such Stock represents more than 65% of the outstanding voting Stock of such CFC, and (z) pledging or hypothecating more than 65% of the total outstanding voting Stock of such CFC would result in material adverse tax consequences; or (ii) any rights or interest in any contract, lease, permit, license, or license agreement covering real or personal property of any Grantor if under the terms of such contract, lease, permit, license, or license agreement, or applicable law with respect thereto, the grant of a security interest or lien therein is prohibited as a matter of law or under the terms of such contract, lease, permit, license, or license agreement and such prohibition or restriction has not been waived or the consent of the other party to such contract, lease, permit, license, or license agreement has not been obtained (provided, that, (A) the foregoing exclusions of this clause (ii) shall in no way be construed (1) to apply to the extent that any described prohibition or restriction is unenforceable under Section 9-406, 9-407, 9-408, or 9-409 of the Code or other applicable law, or (2) to apply to the extent that any consent or waiver has been obtained that would permit Collateral Agent's security interest or lien notwithstanding the prohibition or restriction on the pledge of such contract, lease, permit, license, or license agreement and (B) the foregoing exclusions of clauses (i) and (ii) shall in no way be construed to limit, impair, or otherwise affect any of Collateral Agent's, any other member of the Subordinated Lender Group's continuing security interests in and liens upon any rights or interests of any Grantor in or to (1) monies due or to become due under or in connection with any described contract, lease, permit, license, license agreement, or Stock (including any Accounts or Stock), or (2) any proceeds from the sale, license, lease, or other dispositions of any such contract, lease, permit, license, license agreement, or Stock); (iii) any United States intent-to-use trademark applications to the extent that, and solely during the period in which, the grant of a security interest therein would impair the validity or enforceability of such intent-to-use trademark applications under applicable federal law, provided that upon submission and acceptance by the PTO of an amendment to allege use pursuant to 15 U.S.C. Section 1060(a) (or any successor provision), such intent-to-use trademark application shall be considered Collateral, or (iv) Equipment or other assets or any proceeds thereof owned by any Grantor on the date hereof or hereafter acquired that is subject to a Permitted Lien which is a permitted purchase money Lien or the interest of a lessor under a Capital Lease if the contract or other agreement in which such Permitted Lien is granted (or the documentation providing for such Indebtedness in respect of purchase money financing) prohibits the creation of any other Lien on such Equipment, other assets or proceeds.

3. Security for Secured Obligations. The Security Interest created hereby secures the payment and performance of the Secured Obligations, whether now existing or arising hereafter. Without limiting the

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generality of the foregoing, this Agreement secures the payment of all amounts which constitute part of the Secured Obligations and would be owed by Grantors, or any of them, to Collateral Agent, the Subordinated Lender Group or any of them, but for the fact that they are unenforceable or not allowable (in whole or in part) as a claim in an Insolvency Proceeding involving any Grantor due to the existence of such Insolvency Proceeding.

4. Grantors Remain Liable. Anything herein to the contrary notwithstanding, (a) each of the Grantors shall remain liable under the contracts and agreements included in the Collateral, including the Pledged Operating Agreements and the Pledged Partnership Agreements, to perform all of the duties and obligations thereunder to the same extent as if this Agreement had not been executed, (b) the exercise by Collateral Agent or any other member of the Subordinated Lender Group of any of the rights hereunder shall not release any Grantor from any of its duties or obligations under such contracts and agreements included in the Collateral, and (c) none of the members of the Subordinated Lender Group shall have any obligation or liability under such contracts and agreements included in the Collateral by reason of this Agreement, nor shall any of the members of the Subordinated Lender Group be obligated to perform any of the obligations or duties of any Grantors thereunder or to take any action to collect or enforce any claim for payment assigned hereunder. Until an Event of Default shall occur and be continuing, except as otherwise provided in this Agreement, the Note Purchase Agreement, or any other Transaction Document, Grantors shall have the right to possession and enjoyment of the Collateral for the purpose of conducting the ordinary course of their respective businesses, subject to and upon the terms hereof and of the Note Purchase Agreement and the other Transaction Documents. Without limiting the generality of the foregoing, it is the intention of the parties hereto that record and beneficial ownership of the Pledged Interests, including all voting, consensual, dividend, and distribution rights, shall remain in the applicable Grantor until (i) the occurrence and continuance of an Event of Default and (ii) Collateral Agent has notified the applicable Grantor of Collateral Agent's election to exercise such rights with respect to Pledged Interests pursuant to Section 15.

5. Representations and Warranties. Each Grantor hereby represents and warrants to Collateral Agent, for the benefit of the Subordinated Lender Group, which representations and warranties shall be true, correct, and complete, in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof), as of the Closing Date, and such representations and warranties shall survive the execution and delivery of this Agreement:

(a) The exact legal name of each of the Grantors is set forth on the signature pages of this Agreement or a written notice provided to Collateral Agent pursuant to Section 6.5 of the Note Purchase Agreement.

(b) Schedule 7 sets forth all Real Property owned by any of the Grantors as of the Closing Date.

(c) As of the Closing Date: (i) Schedule 2 provides a complete and correct list of all registered Copyrights owned by any Grantor and all applications for registration of Copyrights owned by any Grantor; (ii) Schedule 3 provides a complete and correct list of all Intellectual Property Licenses entered into by any Grantor pursuant to which (A) any Grantor has provided any license or other rights in Intellectual Property owned or controlled by such Grantor to any other Person or (B) any Person has granted to any Grantor any license or other rights in registered Intellectual Property owned or controlled by such Person that is material to the business of such Grantor, including any Intellectual Property that is incorporated in any Inventory, software, or other product marketed, sold, licensed, or distributed by such Grantor; (iii) Schedule 4 provides a complete and correct list of all registered Patents owned by any Grantor and all applications for Patents owned by any Grantor; and (iv) Schedule 5 provides a complete and correct list of all registered Trademarks owned by any Grantor and all applications for registration of Trademarks owned by any Grantor.

(d) (i) (A) each Grantor owns exclusively or holds licenses in all Intellectual Property that is necessary to the conduct of its business, and (B) all employees and contractors of each Grantor who

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were involved in the creation or development of any material Intellectual Property for such Grantor that is necessary to the business of such Grantor have signed agreements containing assignment of Intellectual Property rights to such Grantor and obligations of confidentiality;

(ii) to each Grantor's knowledge, no Person has infringed or misappropriated or is currently infringing or misappropriating any Intellectual Property rights owned by such Grantor, in each case, that either individually or in the aggregate could reasonably be expected to result in a Material Adverse Change;

(iii) (A) to each Grantor's knowledge, (1) such Grantor has never infringed or misappropriated in the last five (5) years and is not currently infringing or misappropriating any Intellectual Property rights of any Person, and (2) no product manufactured, used, distributed, licensed, or sold by or service provided by such Grantor has ever infringed or misappropriated in the last five (5) years or is currently infringing or misappropriating any Intellectual Property rights of any Person, in each case, except where such infringement either individually or in the aggregate could not reasonably be expected to result in a Material Adverse Change, and (B) there are no pending, or to any Grantor's knowledge, threatened infringement or misappropriation claims or proceedings pending against any Grantor, and no Grantor has received any notice or other communication of any actual or alleged infringement or misappropriation of any Intellectual Property rights of any Person, in each case, except where such infringement either individually or in the aggregate could not reasonably be expected to result in a Material Adverse Change;

(iv) to each Grantor's knowledge, all registered Copyrights, registered Trademarks, and issued Patents that are owned by such Grantor and necessary in to the conduct of its business are valid, subsisting and enforceable and in compliance with all legal requirements, filings, and payments and other actions that are required to maintain such Intellectual Property in full force and effect; and

(v) each Grantor has taken commercially reasonable steps to maintain the confidentiality of and otherwise protect and enforce its rights in all trade secrets owned by such Grantor that are necessary in the business of such Grantor;

(e) This Agreement creates a valid security interest in the Collateral of each Grantor, to the extent a security interest therein can be created under the Code, securing the payment of the Secured Obligations. Except to the extent a security interest in the Collateral cannot be perfected by the filing of a financing statement under the Code, all filings and other actions necessary or desirable to perfect and protect such security interest have been duly taken or will have been taken upon the filing of financing statements listing each applicable Grantor, as a debtor, and Collateral Agent, as secured party, in the jurisdictions listed next to such Grantor's name on Schedule 8. Upon the making of such filings, Collateral Agent shall have a perfected security interest in the Collateral of each Grantor to the extent such security interest can be perfected by the filing of a financing statement. Upon filing of the Copyright Security Agreement with the United States Copyright Office, filing of the Patent Security Agreement and the Trademark Security Agreement with the PTO, and the filing of appropriate financing statements in the jurisdictions listed on Schedule 8, all action necessary or desirable to protect and perfect the Security Interest in and to on each Grantor's Patents, Trademarks, or Copyrights has been taken and such perfected Security Interest is enforceable as such as against any and all creditors of and purchasers from any Grantor, except as enforcement may be limited by equitable principles or by bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or limiting creditors' rights generally. All action by any Grantor necessary to protect and perfect such security interest on each item of Collateral (to the extent perfection is required hereby) has been duly taken or will be taken substantially contemporaneously with the Closing Date.

(f) (i) Except for the Security Interest created hereby, each Grantor is and will at all times be the sole holder of record and the legal and beneficial owner, free and clear of all Liens other than Permitted Liens, of the Pledged Interests indicated on Schedule 6 as being owned by such Grantor and, when acquired by such Grantor, any Pledged Interests acquired after the Closing Date; (ii) all of the Pledged Interests owned by such Grantor are duly authorized, validly issued, fully paid and nonassessable and the

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Pledged Interests constitute or will constitute the percentage of the issued and outstanding Stock of the Pledged Companies of such Grantor identified on Schedule 6 as supplemented or modified by any Pledged Interests Addendum or any Joinder to this Agreement; (iii) such Grantor has the right and requisite authority to pledge, the Investment Related Property pledged by such Grantor to Collateral Agent as provided herein; (iv) all actions necessary to perfect and establish Collateral Agent's Liens in the Investment Related Property, and the proceeds thereof, have been duly taken, upon (A) the execution and delivery of this Agreement; (B) the taking of possession by Collateral Agent (or its agent or designee) of any certificates representing the Pledged Interests, together with undated powers (or other documents of transfer reasonably acceptable to Collateral Agent) endorsed in blank by the applicable Grantor; (C) the filing of financing statements in the applicable jurisdiction set forth on Schedule 8 for such Grantor with respect to the Pledged Interests of such Grantor that are not represented by certificates, and (D) with respect to any Securities Accounts, the delivery of Control Agreements with respect thereto; and (v) each Grantor has delivered to and deposited with Collateral Agent all certificates representing the Pledged Interests owned by such Grantor to the extent such Pledged Interests are represented by certificates, and undated powers (or other documents of transfer reasonably acceptable to Collateral Agent) endorsed in blank with respect to such certificates. None of the Pledged Interests owned or held by such Grantor has been issued or transferred in violation of any securities registration, securities disclosure, or similar laws of any jurisdiction to which such issuance or transfer may be subject.

(g) No consent, approval, authorization, or other order or other action by, and no notice to or filing with, any Governmental Authority or any other Person is required (i) for the grant of a Security Interest by such Grantor in and to the Collateral pursuant to this Agreement or for the execution, delivery, or performance of this Agreement by such Grantor, or (ii) for the exercise by Collateral Agent of the voting or other rights provided for in this Agreement with respect to the Investment Related Property or the remedies in respect of the Collateral pursuant to this Agreement, except as may be required in connection with such disposition of Investment Related Property by laws affecting the offering and sale of securities generally. No Intellectual Property License of any Grantor that is necessary to the conduct of such Grantor's business requires any consent of any other Person in order for such Grantor to grant the security interest granted hereunder in such Grantor's right, title or interest in or to such Intellectual Property License.

(h) Schedule 9 sets forth all motor vehicles owned by Grantors as of the Closing Date, by model, model year and vehicle identification number ("VIN") having an aggregate value of \$250,000 or more.

(i) There is no default, breach, violation, or event of acceleration existing under any promissory note (as defined in the Code) constituting Collateral and pledged hereunder (each a “Pledged Note”) and no event has occurred or circumstance exists which, with the passage of time or the giving of notice, or both, would constitute a default, breach, violation, or event of acceleration under any Pledged Note. No Grantor that is an obligee under a Pledged Note has waived any default, breach, violation, or event of acceleration under such Pledged Note.

(j) As to all limited liability company or partnership interests, issued under any Pledged Operating Agreement or Pledged Partnership Agreement, each Grantor hereby represents and warrants that the Pledged Interests issued pursuant to such agreement (A) are not dealt in or traded on securities exchanges or in securities markets, (B) do not constitute investment company securities, and (C) are not held by such Grantor in a securities account. In addition, none of the Pledged Operating Agreements, the Pledged Partnership Agreements, or any other agreements governing any of the Pledged Interests issued under any Pledged Operating Agreement or Pledged Partnership Agreement, provide that such Pledged Interests are securities governed by Article 8 of the Uniform Commercial Code as in effect in any relevant jurisdiction.

6. Covenants. Each Grantor, jointly and severally, covenants and agrees with Collateral Agent that from and after the date of this Agreement and until the date of termination of this Agreement in accordance with Section 22:

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(a) Possession of Collateral. In the event that any Collateral, including Proceeds, is evidenced by or consists of Negotiable Collateral, Investment Related Property, or Chattel Paper, in each case, having an aggregate value or face amount of \$100,000 or more for all such Negotiable Collateral, Investment Related Property, or Chattel Paper, the Grantors shall promptly (and in any event within two (2) Business Days after receipt thereof (or such longer period as Collateral Agent in its Permitted Discretion may agree)), notify Collateral Agent thereof, and if and to the extent that perfection or priority of Collateral Agent’s Security Interest is dependent on or enhanced by possession, the applicable Grantor, promptly (and in any event within two (2) Business Days (or such longer period as Collateral Agent in its Permitted Discretion may agree)) after request by Collateral Agent, shall execute such other documents and instruments as shall be reasonably requested by Collateral Agent or, if applicable, endorse and deliver physical possession of such Negotiable Collateral, Investment Related Property, or Chattel Paper to Collateral Agent, together with such undated powers (or other relevant document of transfer reasonably acceptable to Collateral Agent) endorsed in blank as shall be reasonably requested by Collateral Agent, and shall do such other acts or things deemed reasonably necessary by Collateral Agent to protect Collateral Agent’s Security Interest therein;

(b) Chattel Paper.

(i) Promptly (and in any event within two (2) Business Days (or such longer period as Collateral Agent in its Permitted Discretion may agree)) after request by Collateral Agent, each Grantor shall take all steps reasonably necessary to grant Collateral Agent control of all electronic Chattel Paper in accordance with the Code and all “transferable records” as that term is defined in Section 16 of the Uniform Electronic Transaction Act and Section 201 of the federal Electronic Signatures in Global and National Commerce Act as in effect in any relevant jurisdiction, to the extent that the aggregate value or face amount of such electronic Chattel Paper equals or exceeds \$100,000;

(ii) If any Grantor retains possession of any Chattel Paper or instruments (which retention of possession shall be subject to the extent permitted hereby and by the Note Purchase Agreement), promptly (and in any event within two (2) Business Days (or such longer period as Collateral Agent in its Permitted Discretion may agree)) upon the request of Collateral Agent, such Chattel Paper and instruments shall be marked with the following legend: “This writing and the obligations evidenced or secured hereby are subject to the Security Interest of Northcreek Mezzanine Fund I, L.P., as Collateral Agent for the benefit of the Subordinated Lender Group”;

(c) Control Agreements.

(i) Except to the extent otherwise excused by the Note Purchase Agreement, each Grantor shall obtain an authenticated Control Agreement (which may include a Controlled Account Agreement), from each bank maintaining a Deposit Account for such Grantor;

(ii) Except to the extent otherwise excused by the Note Purchase Agreement, each Grantor shall obtain an authenticated Control Agreement from each issuer of uncertificated securities, securities intermediary, or commodities intermediary issuing or holding any financial assets or commodities to or for any Grantor;

(iii) Except to the extent otherwise excused by the Note Purchase Agreement, each Grantor shall obtain an authenticated Control Agreement with respect to all of such Grantor’s investment property;

(d) Letter-of-Credit Rights. If the Grantors (or any of them) are or become the beneficiary of letters of credit having a face amount or value of \$100,000 or more in the aggregate, then the applicable Grantor or Grantors shall promptly (and in any event within two (2) Business Days (or such longer period as Collateral Agent in its Permitted Discretion may agree) after becoming a beneficiary), notify Collateral Agent thereof and, promptly (and in any event within two (2) Business Days) after request by Collateral Agent, enter into a tri-party agreement with Collateral Agent and the issuer or confirming bank with

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respect to letter-of-credit rights assigning such letter-of-credit rights to Collateral Agent and directing all payments thereunder to Collateral Agent’s Account, all in form and substance reasonably satisfactory to Collateral Agent;

(e) Commercial Tort Claims. If the Grantors (or any of them) have an interest in or obtain Commercial Tort Claims having a value, or involving an asserted claim, in the amount of \$250,000 or more in the aggregate for all Commercial Tort Claims, then the applicable Grantor or Grantors shall promptly (and in any event within two (2) Business Days (or such longer period as Collateral Agent in its Permitted Discretion may agree) of obtaining such Commercial Tort Claim), notify Collateral Agent upon incurring or otherwise obtaining such Commercial Tort Claims and, promptly (and in any event within two (2) Business Days (or such longer period as Collateral Agent in its Permitted Discretion may agree)) after request by Collateral Agent, amend Schedule 1 to describe such Commercial Tort Claims in a manner that reasonably identifies such Commercial Tort Claims and which is otherwise reasonably satisfactory to Collateral Agent, and hereby authorizes the filing of additional financing statements or amendments to existing financing statements describing such Commercial Tort Claims, and agrees to do such other acts or things deemed necessary or desirable by Collateral Agent to give Collateral Agent a perfected security interest in any such Commercial Tort Claim;

(f) Government Contracts. Other than Accounts and Chattel Paper the aggregate value of which does not at any one time exceed \$50,000, if any Account or Chattel Paper arises out of a contract or contracts with the United States of America or any department, agency, or instrumentality thereof, Grantors shall promptly (and in any event within two (2) Business Days of the creation thereof) notify Collateral Agent thereof and, promptly (and in any event within two (2) Business Days) after request by Collateral Agent, execute any instruments or take any steps reasonably required by Collateral Agent in order that all moneys due or to become due under such contract or contracts shall be assigned to Collateral Agent, for the benefit of the Subordinated Lender Group, and shall provide written notice thereof under the Assignment of Claims Act or other applicable law;

(g) Intellectual Property.

(i) Upon the request of Collateral Agent, in order to facilitate filings with the United States Patent and Trademark Office and the United States Copyright Office, each Grantor shall execute and deliver to Collateral Agent one or more Copyright Security Agreements, Trademark Security Agreements, or Patent Security Agreements to further evidence Collateral Agent's Lien on such Grantor's Patents, Trademarks, or Copyrights, and the General Intangibles of such Grantor relating thereto or represented thereby;

(ii) Each Grantor shall have the duty, with respect to Intellectual Property that is necessary in the conduct of such Grantor's business, to protect and diligently enforce and defend at such Grantor's expense its Intellectual Property, including (A) to diligently enforce and defend, including promptly suing for infringement, misappropriation, or dilution and to recover any and all damages for such infringement, misappropriation, or dilution, and filing for opposition, interference, and cancellation against conflicting Intellectual Property rights of any Person, (B) to prosecute diligently any trademark application or service mark application that is part of the Trademarks pending as of the date hereof or hereafter until the termination of this Agreement, (C) to prosecute diligently any patent application that is part of the Patents pending as of the date hereof or hereafter until the termination of this Agreement, (D) to take all reasonable and necessary action to preserve and maintain all of such Grantor's Trademarks, Patents, Copyrights, Intellectual Property Licenses, and its rights therein, including paying all maintenance fees and filing of applications for renewal, affidavits of use, and affidavits of noncontestability, and (E) to require all employees, consultants, and contractors of each Grantor who were involved in the creation or development of such Intellectual Property to sign agreements containing assignment of Intellectual Property rights and obligations of confidentiality. Each Grantor further agrees not to abandon any Intellectual Property or Intellectual Property License that is necessary in the conduct of such Grantor's business. Each Grantor hereby agrees to take the steps described in

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this Section 6(g)(ii) with respect to all new or acquired Intellectual Property to which it or any of its Subsidiaries is now or later becomes entitled that is necessary in the conduct of such Grantor's business;

(iii) Grantors acknowledge and agree that the Subordinated Lender Group shall have no duties with respect to any Intellectual Property or Intellectual Property Licenses of any Grantor. Without limiting the generality of this Section 6(g)(iii), Grantors acknowledge and agree that no member of the Subordinated Lender Group shall be under any obligation to take any steps necessary to preserve rights in the Collateral consisting of Intellectual Property or Intellectual Property Licenses against any other Person, but any member of the Subordinated Lender Group may do so at its option from and after the occurrence and during the continuance of an Event of Default, and all expenses incurred in connection therewith (including reasonable fees and expenses of attorneys and other professionals) shall be for the sole account of the Borrower and shall be chargeable to the Loan Account;

(iv) Each Grantor shall promptly file an application with the United States Copyright Office for any material Copyright that has not been registered with the United States Copyright Office if such Copyright is necessary in connection with the conduct of such Grantor's business. Any expenses incurred in connection with the foregoing shall be borne by the Grantors;

(v) [Intentionally omitted];

(vi) On each date on which a Compliance Certificate is delivered by the Borrower pursuant to Section 5.1 of the Note Purchase Agreement, each Grantor shall provide Collateral Agent with a written report of all new Patents or Trademarks that are registered or the subject of pending applications for registrations, and of all Intellectual Property Licenses that are material to the conduct of such Grantor's business, in each case, which were acquired, registered, or for which applications for registration were filed by any Grantor during the prior period and any statement of use or amendment to allege use with respect to intent-to-use trademark applications. In the case of such registrations or applications therefor, which were acquired by any Grantor, each such Grantor shall file the necessary documents with the appropriate Governmental Authority identifying the applicable Grantor as the owner (or as a co-owner thereof, if such is the case) of such Intellectual Property. In each of the foregoing cases, the applicable Grantor shall promptly cause to be prepared, executed, and delivered to Collateral Agent supplemental schedules to the applicable Transaction Documents to identify such Patent and Trademark registrations and applications therefor (with the exception of Trademark applications filed on an intent-to-use basis for which no statement of use or amendment to allege use has been filed) and Intellectual Property Licenses as being subject to the security interests created thereunder;

(vii) Anything to the contrary in this Agreement notwithstanding, in no event shall any Grantor, either itself or through any agent, employee, licensee, or designee, file an application for the registration of any Copyright with the United States Copyright Office or any similar office or agency in another country without giving Collateral Agent written notice thereof at least three (3) Business Days prior to such filing and complying with Section 6(g)(i), and any such registration shall be on an "expedited basis". Upon receipt from the United States Copyright Office of notice of registration of any Copyright, each Grantor shall promptly (but in no event later than three (3) Business Days following such receipt) notify (but without duplication of any notice required by Section 6(g)(vi)) Collateral Agent of such registration by delivering, or causing to be delivered, to Collateral Agent, documentation sufficient for Collateral Agent to perfect Collateral Agent's Liens on such Copyright. If any Grantor acquires from any Person any Copyright registered with the United States Copyright Office or an application to register any Copyright with the United States Copyright Office, such Grantor shall promptly (but in no event later than three (3) Business Days following such acquisition) notify Collateral Agent of such acquisition and deliver, or cause to be delivered, to Collateral Agent, documentation sufficient for Collateral Agent to perfect Collateral Agent's Liens on such Copyright. In the case of such Copyright registrations or applications therefor which were acquired by any Grantor, each such Grantor shall promptly (but in no event later than three (3) Business Days following such acquisition) file the necessary documents with the appropriate Governmental Authority identifying the applicable Grantor as the owner (or as a co-owner thereof, if such is the case) of such Copyrights;

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(viii) Each Grantor shall take commercially reasonable steps to maintain the confidentiality of, and otherwise protect and enforce its rights in, the Intellectual Property that is necessary in the conduct of such Grantor's business, including, as applicable: (A) protecting the secrecy and confidentiality of its confidential information and trade secrets by having and enforcing a policy requiring all current employees, consultants, licensees, vendors and contractors with access to such information to execute appropriate confidentiality agreements; (B) taking actions reasonably necessary to ensure that no trade secret falls into the public domain; and (C) protecting the secrecy and confidentiality of the source code of all software programs and applications of which it is the owner or licensee by having and enforcing a policy requiring any licensees (or sublicensees) of such source code to enter into license agreements with commercially reasonable use and non-disclosure restrictions;

(ix) [Intentionally omitted]; and

(x) No Grantor shall enter into any material Intellectual Property License to receive any license or rights in any Intellectual Property of any other Person unless such Grantor has used commercially reasonable efforts to permit the assignment of or grant of a security interest in such Intellectual Property License (and all rights of Grantor thereunder) to the (and any transferees of Collateral Agent).

(h) Investment Related Property.

(i) If any Grantor shall acquire, obtain, receive or become entitled to receive any Pledged Interests after the Closing Date, it shall promptly (and in any event within two (2) Business Days (or such longer period as Collateral Agent in its Permitted Discretion may agree) of acquiring or obtaining such Collateral) deliver to Collateral Agent a duly executed Pledged Interests Addendum identifying such Pledged Interests;

(ii) Upon the occurrence and during the continuance of an Event of Default, following the request of Collateral Agent, all sums of money

and property paid or distributed in respect of the Investment Related Property that are received by any Grantor shall be held by the Grantors in trust for the benefit of Collateral Agent segregated from such Grantor's other property, and such Grantor shall deliver it forthwith to Collateral Agent in the exact form received;

(iii) Each Grantor shall promptly deliver to Collateral Agent a copy of each material notice or other material communication received by it in respect of any Pledged Interests;

(iv) No Grantor shall make or consent to any amendment or other modification or waiver with respect to any Pledged Interests, Pledged Operating Agreement, or Pledged Partnership Agreement, or enter into any agreement or permit to exist any restriction with respect to any Pledged Interests if the same is prohibited pursuant to the Transaction Documents;

(v) Each Grantor agrees that it will cooperate with Collateral Agent in obtaining all necessary approvals and making all necessary filings under federal, state, local, or foreign law to effect the perfection of the Security Interest on the Investment Related Property or to effect any sale or transfer thereof;

(vi) As to all limited liability company or partnership interests, issued under any Pledged Operating Agreement or Pledged Partnership Agreement, each Grantor hereby covenants that the Pledged Interests issued pursuant to such agreement (A) are not and shall not be dealt in or traded on securities exchanges or in securities markets, (B) do not and will not constitute investment company securities, and (C) are not and will not be held by such Grantor in a securities account. In addition, none of the Pledged Operating Agreements, the Pledged Partnership Agreements, or any other agreements governing any of the Pledged Interests issued under any Pledged Operating Agreement or Pledged Partnership Agreement, provide or shall provide that such Pledged Interests are securities governed by Article 8 of the Uniform Commercial Code as in effect in any relevant jurisdiction.

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(i) Real Property; Fixtures. Each Grantor covenants and agrees that upon the acquisition of any fee interest in Real Property it will promptly (and in any event within two (2) Business Days of acquisition) notify Collateral Agent of the acquisition of such Real Property and will grant to Collateral Agent, for the benefit of the Subordinated Lender Group, a Mortgage on each fee interest in Real Property with a fair market value of at least \$250,000 now or hereafter owned by such Grantor and shall deliver such other documentation and opinions, in form and substance satisfactory to Collateral Agent, in connection with the grant of such Mortgage as Collateral Agent shall reasonably request in its Permitted Discretion, including title insurance policies, financing statements, fixture filings and environmental audits and such Grantor shall pay all recording costs, intangible taxes and other fees and costs (including reasonable attorneys fees and expenses) incurred in connection therewith. Each Grantor acknowledges and agrees that, to the extent permitted by applicable law, all of the Collateral shall remain personal property regardless of the manner of its attachment or affixation to real property;

(j) Transfers and Other Liens. Grantors shall not (i) sell, assign (by operation of law or otherwise) or otherwise dispose of, or grant any option with respect to, any of the Collateral, except as expressly permitted by the Note Purchase Agreement, or (ii) create or permit to exist any Lien upon or with respect to any of the Collateral of any Grantor, except for Permitted Liens. The inclusion of Proceeds in the Collateral shall not be deemed to constitute Collateral Agent's consent to any sale or other disposition of any of the Collateral except as expressly permitted in this Agreement or the other Transaction Documents;

(k) Controlled Accounts.

(i) Each Grantor shall (A) establish and maintain cash management services of a type and on terms reasonably satisfactory to Collateral Agent at one or more of the banks set forth on Schedule 6(k) (each a "Controlled Account Bank"), and shall take reasonable steps to ensure that all of its and its Subsidiaries' Account Debtors forward payment of the amounts owed by them directly to such Controlled Account Bank, and (B) deposit or cause to be deposited promptly, and in any event no later than the first Business Day after the date of receipt thereof, all of their Collections (including those sent directly by their Account Debtors to a Grantor) into a bank account of such Grantor (each, a "Controlled Account") at one of the Controlled Account Banks.

(ii) Each Grantor shall establish and maintain Controlled Account Agreements with Collateral Agent and the applicable Controlled Account Bank, in form and substance reasonably acceptable to Collateral Agent. Each such Controlled Account Agreement shall provide, among other things, that (A) the Controlled Account Bank will comply with any instructions originated by Collateral Agent directing the disposition of the funds in such Controlled Account without further consent by the applicable Grantor, (B) the Controlled Account Bank waives any rights of setoff or recoupment or any other claim against the applicable Controlled Account other than for payment of its service fees and other charges directly related to the administration of such Controlled Account and for returned checks or other items of payment, and (C) the Controlled Account Bank will forward, by daily sweep, all amounts in the applicable Controlled Account to the Collateral Agent's Account.

(iii) So long as no Default or Event of Default has occurred and is continuing, the Borrower may amend Schedule 6(k) to add or replace a Controlled Account Bank or Controlled Account; provided, however, that (A) such prospective Controlled Account Bank shall be reasonably satisfactory to Collateral Agent, and (B) prior to the time of the opening of such Controlled Account, the applicable Grantor and such prospective Controlled Account Bank shall have executed and delivered to Collateral Agent a Controlled Account Agreement. Each Grantor shall close any of its Controlled Accounts (and establish replacement Controlled Account accounts in accordance with the foregoing sentence) as promptly as practicable and in any event within forty-five (45) days of notice from Collateral Agent that the operating performance, funds transfer, or availability procedures or performance of the Controlled Account Bank with respect to Controlled Account Accounts or Collateral Agent's liability under any Controlled Account Agreement with such Controlled Account Bank is no longer acceptable in Collateral Agent's reasonable judgment;

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(l) Motor Vehicles. Promptly (and in any event within two (2) Business Days) after request by Collateral Agent, with respect to all motor vehicles owned by any Grantor having an aggregate value of \$250,000 or more, Grantor shall deliver to Collateral Agent a certificate of title for all such motor vehicles and shall cause those title certificates to be filed (with the Collateral Agent's Lien noted thereon) in the appropriate state motor vehicle filing office; and

(m) Pledged Notes. Grantors (i) without the prior written consent of Collateral Agent, will not (A) waive or release any obligation of any Person that is obligated under any of the Pledged Notes, (B) take or omit to take any action or knowingly suffer or permit any action to be omitted or taken, the taking or omission of which would result in any right of offset against sums payable under the Pledged Notes, or (C) other than Permitted Dispositions, assign or surrender their rights and interests under any of the Pledged Notes or terminate, cancel, modify, change, supplement or amend the Pledged Notes, and (ii) shall provide to Collateral Agent copies of all material written notices (including notices of default) given or received with respect to the Pledged Notes promptly after giving or receiving such notice.

(n) Possession or Control by Senior Agent. Notwithstanding anything to the contrary in this Agreement, each Grantor hereby acknowledges that, to the extent that Senior Agent holds, or a third party holds on Senior Agent's behalf, physical possession of or "control" (as defined in the Uniform Commercial Code) over any of the Collateral pursuant to the Senior Debt Documents, such possession or control is also for the benefit of Collateral Agent solely to the extent required to perfect its Security Interest in such Collateral, and shall constitute perfection of such Security Interest in Such Collateral.

7. Relation to Other Security Documents. The provisions of this Agreement shall be read and construed with the other Transaction Documents referred to below in the manner so indicated.

(a) Note Purchase Agreement. In the event of any conflict between any provision in this Agreement and a provision in the Note Purchase Agreement,

such provision of the Note Purchase Agreement shall control.

(b) Patent, Trademark, Copyright Security Agreements. The provisions of the Copyright Security Agreements, Trademark Security Agreements, and Patent Security Agreements are supplemental to the provisions of this Agreement, and nothing contained in the Copyright Security Agreements, Trademark Security Agreements, or the Patent Security Agreements shall limit any of the rights or remedies of Collateral Agent hereunder. In the event of any conflict between any provision in this Agreement and a provision in a Copyright Security Agreement, Trademark Security Agreement or Patent Security Agreement, such provision of this Agreement shall control.

(c) Subordination Agreement. The Collateral Agent acknowledges and agrees to be bound by the Subordination Agreement. In the event of any conflict between any provision in this Agreement and a provision in the Subordination Agreement, such provision of the Subordination Agreement shall control. So long as Senior Agent is acting as bailee and as agent for perfection on behalf of Collateral Agent pursuant to the terms of the Subordination Agreement, any obligation of any Grantor in this Agreement that requires delivery of Collateral to, or the possession or control of Collateral with, Collateral Agent shall be deemed complied with and satisfied if such delivery of Collateral is made to, or such possession or control of Collateral is with, Senior Agent.

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8. Further Assurances.

(a) Each Grantor agrees that from time to time, at its own expense, such Grantor will promptly execute and deliver all further instruments and documents, and take all further action, that Collateral Agent may reasonably request, in order to perfect and protect the Security Interest granted hereby, to create, perfect or protect the Security Interest purported to be granted hereby or to enable Collateral Agent to exercise and enforce its rights and remedies hereunder with respect to any of the Collateral.

(b) Each Grantor authorizes the filing by Collateral Agent of financing or continuation statements, or amendments thereto, and such Grantor will execute and deliver to Collateral Agent such other instruments or notices, as Collateral Agent may reasonably request, in order to perfect and preserve the Security Interest granted or purported to be granted hereby.

(c) Each Grantor authorizes Collateral Agent at any time and from time to time to file, transmit, or communicate, as applicable, financing statements and amendments (i) describing the Collateral as "all personal property of debtor" or "all assets of debtor" or words of similar effect, (ii) describing the Collateral as being of equal or lesser scope or with greater detail, or (iii) that contain any information required by part 5 of Article 9 of the Code for the sufficiency or filing office acceptance. Each Grantor also hereby ratifies any and all financing statements or amendments previously filed by Collateral Agent in any jurisdiction.

(d) Each Grantor acknowledges that it is not authorized to file any financing statement or amendment or termination statement with respect to any financing statement filed in connection with this Agreement without the prior written consent of Collateral Agent, subject to such Grantor's rights under Section 9-509(d) (2) of the Code.

9. Collateral Agent's Right to Perform Contracts, Exercise Rights, etc. Upon the occurrence and during the continuance of an Event of Default, Collateral Agent (or its designee) (a) may proceed to perform any and all of the obligations of any Grantor contained in any contract, lease, or other agreement and exercise any and all rights of any Grantor therein contained as fully as such Grantor itself could, (b) shall have the right to use any Grantor's rights under Intellectual Property Licenses in connection with the enforcement of Collateral Agent's rights hereunder, including the right to prepare for sale and sell any and all Inventory and Equipment now or hereafter owned by any Grantor and now or hereafter covered by such licenses, and (c) shall have the right to request that any Stock that is pledged hereunder be registered in the name of Collateral Agent or any of its nominees.

10. Collateral Agent Appointed Attorney-in-Fact. Subject in all respects to the terms of the Subordination Agreement, each Grantor hereby irrevocably appoints Collateral Agent its attorney-in-fact, with full authority in the place and stead of such Grantor and in the name of such Grantor or otherwise, at such time as an Event of Default has occurred and is continuing under the Note Purchase Agreement, to take any action and to execute any instrument which Collateral Agent may reasonably deem necessary or advisable to accomplish the purposes of this Agreement, including:

(a) to ask, demand, collect, sue for, recover, compromise, receive and give acquittance and receipts for moneys due and to become due under or in connection with the Accounts or any other Collateral of such Grantor;

(b) to receive and open all mail addressed to such Grantor and to notify postal authorities to change the address for the delivery of mail to such Grantor to that of Collateral Agent;

(c) to receive, indorse, and collect any drafts or other instruments, documents, Negotiable Collateral or Chattel Paper;

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(d) to file any claims or take any action or institute any proceedings which Collateral Agent may deem necessary or desirable for the collection of any of the Collateral of such Grantor or otherwise to enforce the rights of Collateral Agent with respect to any of the Collateral;

(e) to repair, alter, or supply goods, if any, necessary to fulfill in whole or in part the purchase order of any Person obligated to such Grantor in respect of any Account of such Grantor;

(f) to use any Intellectual Property or Intellectual Property Licenses of such Grantor, including but not limited to any labels, Patents, Trademarks, trade names, URLs, domain names, industrial designs, Copyrights, or advertising matter, in preparing for sale, advertising for sale, or selling Inventory or other Collateral and to collect any amounts due under Accounts, contracts or Negotiable Collateral of such Grantor; and

(g) Collateral Agent, on behalf of the Subordinated Lender Group, shall have the right, but shall not be obligated, to bring suit in its own name to enforce the Intellectual Property and Intellectual Property Licenses and, if Collateral Agent shall commence any such suit, the appropriate Grantor shall, at the request of Collateral Agent, do any and all lawful acts and execute any and all proper documents reasonably required by Collateral Agent in aid of such enforcement.

To the extent permitted by law, each Grantor hereby ratifies all that such attorney-in-fact shall lawfully do or cause to be done by virtue hereof. This power of attorney is coupled with an interest and shall be irrevocable until this Agreement is terminated.

11. Collateral Agent May Perform. If any Grantor fails to perform any agreement contained herein, Collateral Agent may itself perform, or cause performance of, such agreement, and the reasonable expenses of Collateral Agent incurred in connection therewith shall be payable, jointly and severally, by Grantors.

12. Collateral Agent's Duties. The powers conferred on Collateral Agent hereunder are solely to protect Collateral Agent's interest in the Collateral, for the benefit of the Subordinated Lender Group, and shall not impose any duty upon Collateral Agent to exercise any such powers. Except for the safe custody of any Collateral in

its actual possession and the accounting for moneys actually received by it hereunder, Collateral Agent shall have no duty as to any Collateral or as to the taking of any necessary steps to preserve rights against prior parties or any other rights pertaining to any Collateral. Collateral Agent shall be deemed to have exercised reasonable care in the custody and preservation of any Collateral in its actual possession if such Collateral is accorded treatment substantially equal to that which Collateral Agent accords its own property.

13. Collection of Accounts, General Intangibles and Negotiable Collateral. At any time upon the occurrence and during the continuance of an Event of Default, Collateral Agent or Collateral Agent's designee may (a) notify Account Debtors of any Grantor that the Accounts, General Intangibles, Chattel Paper or Negotiable Collateral of such Grantor have been assigned to Collateral Agent, for the benefit of the Subordinated Lender Group, or that Collateral Agent has a security interest therein, and (b) collect the Accounts, General Intangibles and Negotiable Collateral of any Grantor directly, and any collection costs and expenses shall constitute part of such Grantor's Secured Obligations under the Transaction Documents.

14. Disposition of Pledged Interests by Collateral Agent. None of the Pledged Interests existing as of the date of this Agreement are, and none of the Pledged Interests hereafter acquired on the date of acquisition thereof will be, registered or qualified under the various federal or state securities laws of the United States and disposition thereof after an Event of Default may be restricted to one or more private (instead of public) sales in view of the lack of such registration. Each Grantor understands that in connection with such disposition, Collateral Agent may approach only a restricted number of potential purchasers and further understands that a sale under such circumstances may yield a lower price for the Pledged Interests than if the Pledged Interests were registered and qualified pursuant to federal and state securities laws and sold on the open market. Each Grantor, therefore, agrees that: (a) if Collateral Agent shall, pursuant to the terms of

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this Agreement, sell or cause the Pledged Interests or any portion thereof to be sold at a private sale, Collateral Agent shall have the right to rely upon the advice and opinion of any nationally recognized brokerage or investment firm (but shall not be obligated to seek such advice and the failure to do so shall not be considered in determining the commercial reasonableness of such action) as to the best manner in which to offer the Pledged Interest or any portion thereof for sale and as to the best price reasonably obtainable at the private sale thereof; and (b) such reliance shall be conclusive evidence that Collateral Agent has handled the disposition in a commercially reasonable manner.

15. Voting and Other Rights in Respect of Pledged Interests. Subject in all respects to the terms of the Subordination Agreement:

(a) Upon the occurrence and during the continuation of an Event of Default, (i) Collateral Agent may, at its option, and with two (2) Business Days prior written notice to any Grantor, and in addition to all rights and remedies available to Collateral Agent under any other agreement, at law, in equity, or otherwise, exercise all voting rights, or any other ownership or consensual rights (including any dividend or distribution rights) in respect of the Pledged Interests owned by such Grantor, but under no circumstances is Collateral Agent obligated by the terms of this Agreement to exercise such rights, and (ii) if Collateral Agent duly exercises its right to vote any of such Pledged Interests, each Grantor hereby appoints Collateral Agent, such Grantor's true and lawful attorney-in-fact and IRREVOCABLE PROXY to vote such Pledged Interests in any manner Collateral Agent deems advisable for or against all matters submitted or which may be submitted to a vote of shareholders, partners or members, as the case may be. The power-of-attorney and proxy granted hereby is coupled with an interest and shall be irrevocable.

(b) For so long as any Grantor shall have the right to vote the Pledged Interests owned by it, such Grantor covenants and agrees that it will not, without the prior written consent of Collateral Agent, vote or take any consensual action with respect to such Pledged Interests which would materially adversely affect the rights of Collateral Agent, the other members of the Subordinated Lender Group, or the value of the Pledged Interests.

16. Remedies. Upon the occurrence and during the continuance of an Event of Default:

(a) Collateral Agent may, and, at the instruction of the Subordinated Lender Group in accordance with the terms of the Note Purchase Agreement, shall exercise in respect of the Collateral, in addition to other rights and remedies provided for herein, in the other Transaction Documents, or otherwise available to it, all the rights and remedies of a secured party on default under the Code or any other applicable law. Without limiting the generality of the foregoing, each Grantor expressly agrees that, in any such event, Collateral Agent without demand of performance or other demand, advertisement or notice of any kind (except a notice specified below of time and place of public or private sale) to or upon any Grantor or any other Person (all and each of which demands, advertisements and notices are hereby expressly waived to the maximum extent permitted by the Code or any other applicable law), may take immediate possession of all or any portion of the Collateral and (i) require Grantors to, and each Grantor hereby agrees that it will at its own expense and upon request of Collateral Agent forthwith, assemble all or part of the Collateral as directed by Collateral Agent and make it available to Collateral Agent at one or more locations where such Grantor regularly maintains Inventory, and (ii) without notice except as specified below, sell the Collateral or any part thereof in one or more parcels at public or private sale, at any of Collateral Agent's offices or elsewhere, for cash, on credit, and upon such other terms as Collateral Agent may deem commercially reasonable. Each Grantor agrees that, to the extent notice of sale shall be required by law, at least ten (10) days notice to the applicable Grantor of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification and specifically such notice shall constitute a reasonable "authenticated notification of disposition" within the meaning of Section 9-611 of the Code. Collateral Agent shall not be obligated to make any sale of Collateral regardless of notice of sale having been given. Collateral Agent may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned. Each Grantor agrees that the internet shall constitute a "place" for purposes of Section 9-610(b) of the Code. Each

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Grantor agrees that any sale of Collateral to a licensor pursuant to the terms of a license agreement between such licensor and a Grantor is sufficient to constitute a commercially reasonable sale (including as to method, terms, manner, and time) within the meaning of Section 9-610 of the Code.

(b) Collateral Agent is hereby granted a license or other right to use, without liability for royalties or any other charge, each Grantor's Intellectual Property, including but not limited to, any labels, Patents, Trademarks, trade names, URLs, domain names, industrial designs, Copyrights, and advertising matter, whether owned by any Grantor or with respect to which any Grantor has rights under license, sublicense, or other agreements (including any Intellectual Property License), as it pertains to the Collateral, in preparing for sale, advertising for sale and selling any Collateral, and each Grantor's rights under all licenses and all franchise agreements shall inure to the benefit of Collateral Agent.

(c) Collateral Agent may, in addition to other rights and remedies provided for herein, in the other Transaction Documents, or otherwise available to it under applicable law and without the requirement of notice to or upon any Grantor or any other Person (which notice is hereby expressly waived to the maximum extent permitted by the Code or any other applicable law), (i) with respect to any Grantor's Deposit Accounts in which Collateral Agent's Liens are perfected by control under Section 9-104 of the Code, instruct the bank maintaining such Deposit Account for the applicable Grantor to pay the balance of such Deposit Account to or for the benefit of Collateral Agent, and (ii) with respect to any Grantor's Securities Accounts in which Collateral Agent's Liens are perfected by control under Section 9-106 of the Code, instruct the securities intermediary maintaining such Securities Account for the applicable Grantor to (A) transfer any cash in such Securities Account to or for the benefit of Collateral Agent, or (B) liquidate any financial assets in such Securities Account that are customarily sold on a recognized market and transfer the cash proceeds thereof to or for the benefit of Collateral Agent.

(d) Any cash held by Collateral Agent as Collateral and all cash proceeds received by Collateral Agent in respect of any sale of, collection from, or other realization upon all or any part of the Collateral shall be applied against the Secured Obligations in the order set forth in the Note Purchase Agreement. In the event the

proceeds of Collateral are insufficient to satisfy all of the Secured Obligations in full, each Grantor shall remain jointly and severally liable for any such deficiency.

(e) Each Grantor hereby acknowledges that the Secured Obligations arise out of a commercial transaction, and agrees that if an Event of Default shall occur and be continuing Collateral Agent shall have the right to an immediate writ of possession without notice of a hearing. Collateral Agent shall have the right to the appointment of a receiver for the properties and assets of each Grantor, and each Grantor hereby consents to such rights and such appointment and hereby waives any objection such Grantor may have thereto or the right to have a bond or other security posted by Collateral Agent.

17. Remedies Cumulative. Each right, power, and remedy of Collateral Agent or any other member of the Subordinated Lender Group as provided for in this Agreement, the other Transaction Documents or now or hereafter existing at law or in equity or by statute or otherwise shall be cumulative and concurrent and shall be in addition to every other right, power, or remedy provided for in this Agreement, the other Transaction Documents or now or hereafter existing at law or in equity or by statute or otherwise, and the exercise or beginning of the exercise by Collateral Agent or any other member of the Subordinated Lender Group of any one or more of such rights, powers, or remedies shall not preclude the simultaneous or later exercise by Collateral Agent or such other member of the Subordinated Lender Group of any or all such other rights, powers, or remedies.

18. Marshaling. Collateral Agent shall not be required to marshal any present or future collateral security (including but not limited to the Collateral) for, or other assurances of payment of, the Secured Obligations or any of them or to resort to such collateral security or other assurances of payment in any particular order, and all of its rights and remedies hereunder and in respect of such collateral security and other assurances of payment shall be cumulative and in addition to all other rights and remedies, however existing or arising. To the extent that it lawfully may, each Grantor hereby agrees that it will not invoke any law relating

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to the marshaling of collateral which might cause delay in or impede the enforcement of Collateral Agent's rights and remedies under this Agreement or under any other instrument creating or evidencing any of the Secured Obligations or under which any of the Secured Obligations is outstanding or by which any of the Secured Obligations is secured or payment thereof is otherwise assured, and, to the extent that it lawfully may, each Grantor hereby irrevocably waives the benefits of all such laws.

19. Indemnity and Expenses.

(a) Each Grantor agrees to indemnify Collateral Agent and the other members of the Subordinated Lender Group from and against all claims, lawsuits and liabilities (including reasonable attorneys fees) growing out of or resulting from this Agreement (including enforcement of this Agreement) or any other Transaction Document to which such Grantor is a party to the same extent contemplated by Section 9(c) of the Note Purchase Agreement. This provision shall survive the termination of this Agreement and the Note Purchase Agreement and the repayment of the Secured Obligations.

(b) Grantors, jointly and severally, shall, upon demand, pay to Collateral Agent (or Collateral Agent, may charge to the Loan Account) at the times contemplated by Section 11(g) of the Note Purchase Agreement all the Reimbursable Expenses which Collateral Agent may incur in connection with (i) the administration of this Agreement, (ii) the custody, preservation, use or operation of, or, upon an Event of Default, the sale of, collection from, or other realization upon, any of the Collateral in accordance with this Agreement and the other Transaction Documents, (iii) the exercise or enforcement of any of the rights of Collateral Agent hereunder or (iv) the failure by any Grantor to perform or observe any of the provisions hereof.

20. Merger, Amendments; Etc. THIS AGREEMENT, TOGETHER WITH THE OTHER TRANSACTION DOCUMENTS, REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN AGREEMENTS BETWEEN THE PARTIES. No waiver of any provision of this Agreement, and no consent to any departure by any Grantor herefrom, shall in any event be effective unless the same shall be in writing and signed by Collateral Agent, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. No amendment of any provision of this Agreement shall be effective unless the same shall be in writing and signed by Collateral Agent and each Grantor to which such amendment applies.

21. Addresses for Notices. All notices and other communications provided for hereunder shall be given in the form and manner and delivered to Collateral Agent at its address specified in the Note Purchase Agreement, and to any of the Grantors at their respective addresses specified in the Note Purchase Agreement, or, as to any party, at such other address as shall be designated by such party in a written notice to the other party.

22. Continuing Security Interest; Assignments under Note Purchase Agreement. This Agreement shall create a continuing security interest in the Collateral and shall (a) remain in full force and effect until the Obligations have been paid in full in accordance with the provisions of the Note Purchase Agreement and the Commitments have expired or have been terminated, (b) be binding upon each Grantor, and their respective successors and assigns, and (c) inure to the benefit of, and be enforceable by, Collateral Agent, and its successors, permitted transferees and permitted assigns. Without limiting the generality of the foregoing clause (c), any Lender may, in accordance with the provisions of the Note Purchase Agreement, assign or otherwise transfer all or any portion of its rights and obligations under the Note Purchase Agreement to any other Person, and such other Person shall thereupon become vested with all the benefits in respect thereof granted to such Lender herein or otherwise. Upon payment in full of the Secured Obligations in accordance with the provisions of the Note Purchase Agreement and the expiration or termination of the Commitments, the Security Interest granted hereby shall terminate, any Liens arising therefrom shall automatically terminate, and all rights to the Collateral shall revert to Grantors or any other Person entitled thereto. At such time,

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Collateral Agent will authorize the filing of appropriate termination statements to terminate such Security Interests. No transfer or renewal, extension, assignment, or termination of this Agreement or of the Note Purchase Agreement, any other Transaction Document, or any other instrument or document executed and delivered by any Grantor to Collateral Agent nor any additional Advances or other loans made by any Lender to the Borrower, nor the taking of further security, nor the retaking or re-delivery of the Collateral to Grantors, or any of them, by Collateral Agent, nor any other act of the Subordinated Lender Group, or any of them, shall release any Grantor from any obligation, except a release or discharge executed in writing by Collateral Agent in accordance with the provisions of the Note Purchase Agreement. Collateral Agent shall not by any act, delay, omission or otherwise, be deemed to have waived any of its rights or remedies hereunder, unless such waiver is in writing and signed by Collateral Agent and then only to the extent therein set forth. A waiver by Collateral Agent of any right or remedy on any occasion shall not be construed as a bar to the exercise of any such right or remedy which Collateral Agent would otherwise have had on any other occasion.

23. Governing Law.

(a) **THE VALIDITY OF THIS AGREEMENT, THE CONSTRUCTION, INTERPRETATION, AND ENFORCEMENT HEREOF, AND THE RIGHTS OF THE PARTIES HERETO WITH RESPECT TO ALL MATTERS ARISING HEREUNDER OR RELATED HERETO SHALL BE DETERMINED UNDER, GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF ILLINOIS.**

(b) **THE PARTIES AGREE THAT ALL ACTIONS OR PROCEEDINGS ARISING IN CONNECTION WITH THIS AGREEMENT SHALL BE TRIED AND LITIGATED ONLY IN THE STATE AND, TO THE EXTENT PERMITTED BY APPLICABLE LAW, FEDERAL COURTS, LOCATED IN THE COUNTY OF COOK, STATE OF ILLINOIS; PROVIDED, HOWEVER, THAT ANY SUIT SEEKING ENFORCEMENT AGAINST ANY COLLATERAL OR OTHER PROPERTY MAY BE BROUGHT, AT COLLATERAL AGENT'S OPTION, IN THE COURTS OF ANY JURISDICTION WHERE**

COLLATERAL AGENT ELECTS TO BRING SUCH ACTION OR WHERE SUCH COLLATERAL OR OTHER PROPERTY MAY BE FOUND. COLLATERAL AGENT AND EACH GRANTOR WAIVE, TO THE EXTENT PERMITTED UNDER APPLICABLE LAW, ANY RIGHT EACH MAY HAVE TO ASSERT THE DOCTRINE OF FORUM NON CONVENIENS OR TO OBJECT TO VENUE TO THE EXTENT ANY PROCEEDING IS BROUGHT IN ACCORDANCE WITH THIS SECTION 23(b).

(c) TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, COLLATERAL AGENT AND EACH GRANTOR HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREIN, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW OR STATUTORY CLAIMS. COLLATERAL AGENT AND EACH GRANTOR REPRESENT THAT EACH HAS REVIEWED THIS WAIVER AND EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. IN THE EVENT OF LITIGATION, A COPY OF THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

24. New Subsidiaries. Pursuant to Section 5(a)(x) of the Note Purchase Agreement, certain Subsidiaries (whether by acquisition or creation) of any Grantor are required to enter into this Agreement by executing and delivering in favor of Collateral Agent a Joinder to this Agreement in substantially the form of Annex 1. Upon the execution and delivery of Annex 1 by any such new Subsidiary, such Subsidiary shall become a Grantor hereunder with the same force and effect as if originally named as a Grantor herein. The execution and delivery of any instrument adding an additional Grantor as a party to this Agreement shall not require the consent of any Grantor hereunder. The rights and obligations of each Grantor hereunder shall remain in full force and effect notwithstanding the addition of any new Grantor hereunder.

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25. Collateral Agent. Each reference herein to any right granted to, benefit conferred upon or power exercisable by the "Collateral Agent" shall be a reference to Collateral Agent, for the benefit of each member of the Subordinated Lender Group.

26. Miscellaneous.

(a) This Agreement is a Transaction Document. This Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute but one and the same Agreement. Delivery of an executed counterpart of this Agreement by telefacsimile or other electronic method of transmission shall be equally as effective as delivery of an original executed counterpart of this Agreement. Any party delivering an executed counterpart of this Agreement by telefacsimile or other electronic method of transmission also shall deliver an original executed counterpart of this Agreement but the failure to deliver an original executed counterpart shall not affect the validity, enforceability, and binding effect of this Agreement. The foregoing shall apply to each other Transaction Document *mutatis mutandis*.

(b) Any provision of this Agreement which is prohibited or unenforceable shall be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof in that jurisdiction or affecting the validity or enforceability of such provision in any other jurisdiction. Each provision of this Agreement shall be severable from every other provision of this Agreement for the purpose of determining the legal enforceability of any specific provision.

(c) Headings and numbers have been set forth herein for convenience only. Unless the contrary is compelled by the context, everything contained in each Section applies equally to this entire Agreement.

(d) Neither this Agreement nor any uncertainty or ambiguity herein shall be construed against any member of the Subordinated Lender Group or any Grantor, whether under any rule of construction or otherwise. This Agreement has been reviewed by all parties and shall be construed and interpreted according to the ordinary meaning of the words used so as to accomplish fairly the purposes and intentions of all parties hereto.

(e) The pronouns used herein shall include, when appropriate, either gender and both singular and plural, and the grammatical construction of sentences shall conform thereto.

(f) Unless the context of this Agreement clearly requires otherwise, references to the plural include the singular, references to the singular include the plural, the terms "includes" and "including" are not limiting, and the term "or" has, except where otherwise indicated, the inclusive meaning represented by the phrase "and/or". The words "hereof", "herein", "hereby", "hereunder", and similar terms in this Agreement refer to this Agreement as a whole and not to any particular provision of this Agreement. Section, subsection, clause, schedule, and exhibit references herein are to this Agreement unless otherwise specified. Any reference in this Agreement to any agreement, instrument, or document shall include all alterations, amendments, changes, extensions, modifications, renewals, replacements, substitutions, joinders, and supplements, thereto and thereof, as applicable (subject to any restrictions on such alterations, amendments, changes, extensions, modifications, renewals, replacements, substitutions, joinders, and supplements set forth herein). The words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts, and contract rights. Any reference herein to the satisfaction, repayment, or payment in full of the Secured Obligations shall mean the repayment in full in cash or immediately available funds of all of the Secured Obligations other than unasserted contingent indemnification Secured Obligations. Any reference herein to any Person shall be construed to include such Person's successors and assigns. Any requirement of a writing contained herein shall be satisfied by the transmission of a Record.

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(g) All of the annexes, schedules and exhibits attached to this Agreement shall be deemed incorporated herein by reference.

[signature pages follow]

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IN WITNESS WHEREOF, the undersigned parties hereto have caused this Agreement to be executed and delivered as of the day and year first above written.

GRANTORS:

PATRICK INDUSTRIES, INC.

By: /s/ Andy L. Nemeth

Name: Andy L. Nemeth

Title: Executive Vice President of Finance, Chief Financial Officer,

Signature Page To Security Agreement

COLLATERAL AGENT:**NORTHCREEK MEZZANINE FUND I, L.P.**, a Delaware limited partnership

By: NMF GP, LLC, its general partner

By: Northcreek Management, Inc., its manager

By: /s/ Barry Peterson

Name: Barry Peterson

Title: Vice President

Signature Page To Security Agreement

SCHEDULE 1

COMMERCIAL TORT CLAIMS

None.

SCHEDULE 2

COPYRIGHTS

None.

SCHEDULE 3

INTELLECTUAL PROPERTY LICENSES

1. Development and Trademark License Agreement by and between Rockford Corporation and Patrick Industries, Inc., as amended by Amendment 1 to Development and License Agreement and Amendment 2 to Development and License Agreement dated April 26, 2010.
2. Asset Transfer Agreement by and between Estone Digital and Patrick Industries, Inc. dated December 7, 2009.

SCHEDULE 4

PATENTS

None.

SCHEDULE 5

TRADEMARKS

US Trademark Registrations

<u>Registrant of Record</u>	<u>Trademark</u>	<u>Reg. No.</u>	<u>Reg. Date</u>
Patrick Industries, Inc.	SUDDEN CHANGE	3868546	26 Oct. 2010

US Trademark Applications

<u>Applicant of Record</u>	<u>Trademark</u>	<u>Serial No.</u>	<u>Status</u>	<u>Filing Date</u>
Patrick Industries, Inc.	ARCADIA	85245746	Pending*	18 Feb. 2011

* Trademark application is intent-to-use.

Trade Names

Patrick Industries

Custom Vinyls
 Adorn
 Interior Components Plus
 Gravure Ink
 Patrick Distribution
 Quest Audio Video
 Sun Adhesives
 Midwest Laminating
 American Hardwoods
 Nickell Enterprises
 Patrick Metals
 ILC Products
 Patrick Moulding
 Mobilcraft
 Harlan Machinery
 Patrick Door
 Adorn of Indiana
 Bristol Laminating

SCHEDULE 6

PLEDGED COMPANIES

<u>Name of Grantor</u>	<u>Name of Pledged Company</u>	<u>Number of Shares/Units</u>	<u>Class of Interests</u>	<u>Percentage of Class Owned</u>	<u>Certificate Nos.</u>
Patrick Industries, Inc.	Adorn Holdings, Inc.	29,043.956	Common A	100 %	21

SCHEDULE 6(k)

CONTROLLED ACCOUNT BANKS

1. JPMorgan Chase Bank, N.A.
2. Wells Fargo Bank, N.A.

SCHEDULE 7

OWNED REAL PROPERTY

1. 1001 Beltline, Decatur, AL 35601
2. 107 W. Franklin St., Elkhart, IN 46516
3. 28163 CR 20, Elkhart, IN 46517
4. 201 Industrial Road, Halstead, KS 67056
5. 1930 West Lusher, Elkhart, IN 46517 (also known as 2044 West Lusher, Elkhart, IN 46517)
6. 20 Eby Chiques Rd., Mount Joy, PA 17552
7. 2225 Cypress St., Valdosta, GA 31601
8. 1500 Old Fort Graham Rd., Lacy Lakeview, TX 76705
9. 44017 US Highway 52 N, New London, NC 28127

SCHEDULE 8

LIST OF UNIFORM COMMERCIAL CODE FILING JURISDICTIONS

<u>Grantors</u>	<u>Jurisdictions</u>
Patrick Industries, Inc.	Indiana
Patrick Industries, Inc.	Elkhart County, Indiana
Patrick Industries, Inc.	Morgan County, Alabama
Patrick Industries, Inc.	Lowndes County, Georgia
Patrick Industries, Inc.	Harvey County, Kansas
Patrick Industries, Inc.	Lancaster County, Pennsylvania
Patrick Industries, Inc.	McLennan County, Texas
Patrick Industries, Inc.	Stanly County, North Carolina

Patrick Industries, Inc.	San Bernardino County, California
Patrick Industries, Inc.	Maricopa County, Arizona
Patrick Industries, Inc.	Cook County, Illinois

SCHEDULE 9

MOTOR VEHICLES

None.

ANNEX 1 TO SECURITY AGREEMENT FORM OF JOINDER

Joinder No. (this "Joinder"), dated as of _____, to the Security Agreement, dated as of March _____, 2011 (as amended, restated, supplemented, or otherwise modified from time to time, the "Security Agreement"), by and among each of the parties listed on the signature pages thereto and those additional entities that thereafter become parties thereto (collectively, jointly and severally, "Grantors" and each, individually, a "Grantor") and **NORTHCREEK MEZZANINE FUND I, L.P.**, a Delaware limited partnership ("Northcreek"), in its capacity as collateral agent for the Subordinated Lender Group (in such capacity, together with its successors and assigns in such capacity, "Collateral Agent").

WITNESSETH:

WHEREAS, pursuant to that certain Secured Senior Subordinated Note and Warrant Purchase Agreement dated as of March _____, 2011 (as amended, restated, supplemented, or otherwise modified from time to time, the "Note Purchase Agreement"), by and among PATRICK INDUSTRIES, INC., an Indiana corporation (the "Borrower"), the lenders party thereto as "Buyers" (such Buyers, together with their respective successors and assigns in such capacity, each, individually, a "Lender" and, collectively, the "Lenders"), and Collateral Agent, the Subordinated Lender Group has agreed to make certain financial accommodations available to the Borrower from time to time pursuant to the terms and conditions thereof; and

WHEREAS, initially capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Security Agreement or, if not defined therein, in the Note Purchase Agreement; and

WHEREAS, Grantors have entered into the Security Agreement in order to induce the Subordinated Lender Group to make certain financial accommodations to the Borrower; and

WHEREAS, pursuant to Section 5(a)(x) of the Note Purchase Agreement and Section 24 of the Security Agreement, certain Subsidiaries of the Borrower must execute and deliver certain Transaction Documents, including the Security Agreement, and the joinder to the Security Agreement by the undersigned new Grantor or Grantors (collectively, the "New Grantors") may be accomplished by the execution of this Joinder in favor of Collateral Agent, for the benefit of the Subordinated Lender Group; and

WHEREAS, each New Grantor (a) is **[an Affiliate][a Subsidiary]** of the Borrower and, as such, will benefit by virtue of the financial accommodations extended to the Borrower by the Subordinated Lender Group and (b) by becoming a party will benefit from certain rights granted to the parties pursuant to the terms of the Transaction Documents;

NOW, THEREFORE, for and in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each New Grantor hereby agrees as follows:

1. In accordance with Section 24 of the Security Agreement, each New Grantor, by its signature below, becomes a "Grantor" under the Security Agreement with the same force and effect as if originally named therein as a "Grantor" and each New Grantor hereby (a) agrees to all of the terms and provisions of the Security Agreement applicable to it as a "Grantor" thereunder and (b) represents and warrants that the representations and warranties made by it as a "Grantor" thereunder are true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that are already qualified or modified by materiality in the text thereof) on and as of the date hereof. In furtherance of the foregoing, each New Grantor does hereby unconditionally grant, assign, and pledge to Collateral Agent, for the benefit of the Subordinated Lender Group, to secure the Secured Obligations, a continuing security interest in and to all of such New Grantor's right, title and interest in and to the Collateral. Schedule 1, "Commercial

Tort Claims", Schedule 2, "Copyrights", Schedule 3, "Intellectual Property Licenses", Schedule 4, "Patents", Schedule 5, "Trademarks", Schedule 6, "Pledged Companies", Schedule 6(k), "Controlled Account Banks", Schedule 7, "Owned Real Property", Schedule 8, "List of Uniform Commercial Code Filing Jurisdictions", and Schedule 9, "Motor Vehicles" attached hereto supplement Schedule 1, Schedule 2, Schedule 3, Schedule 4, Schedule 5, Schedule 6, Schedule 6(k), Schedule 7, Schedule 8, and Schedule 9, respectively, to the Security Agreement and shall be deemed a part thereof for all purposes of the Security Agreement. Each reference to a "Grantor" in the Security Agreement shall be deemed to include each New Grantor. The Security Agreement is incorporated herein by reference. Each New Grantor authorizes Collateral Agent at any time and from time to time to file, transmit, or communicate, as applicable, financing statements and amendments thereto (i) describing the Collateral as "all personal property of debtor" or "all assets of debtor" or words of similar effect, (ii) describing the Collateral as being of equal or lesser scope or with greater detail, or (iii) that contain any information required by part 5 of Article 9 of the Code for the sufficiency or filing office acceptance. Each New Grantor also hereby ratifies any and all financing statements or amendments previously filed by Collateral Agent in any jurisdiction in connection with the Transaction Documents.

2. Each New Grantor represents and warrants to Collateral Agent, the Subordinated Lender Group that this Joinder has been duly executed and delivered by such New Grantor and constitutes its legal, valid, and binding obligation, enforceable against it in accordance with its terms, except as enforceability thereof may be limited by bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium, or other similar laws affecting creditors' rights generally and general principles of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity).

3. This Joinder is a Transaction Document. This Joinder may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute but one and the same Joinder. Delivery of an executed counterpart of this Joinder by telefacsimile or other electronic method of transmission shall be equally as effective as delivery of an original executed counterpart of this Joinder. Any party delivering an executed counterpart of this Joinder by telefacsimile or other electronic method of transmission also shall deliver an original executed counterpart of this Joinder but the failure to deliver an original executed counterpart shall not affect the validity, enforceability, and binding effect of this Joinder.

4. The Security Agreement, as supplemented hereby, shall remain in full force and effect.

5. THE VALIDITY OF THIS JOINDER, THE CONSTRUCTION, INTERPRETATION, AND ENFORCEMENT HEREOF, AND THE RIGHTS OF THE PARTIES HERETO WITH RESPECT TO ALL MATTERS ARISING HEREUNDER OR RELATED HERETO SHALL BE DETERMINED UNDER, GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF ILLINOIS.

6. THE PARTIES AGREE THAT ALL ACTIONS OR PROCEEDINGS ARISING IN CONNECTION WITH THIS JOINDER SHALL BE TRIED AND LITIGATED ONLY IN THE STATE AND, TO THE EXTENT PERMITTED BY APPLICABLE LAW, FEDERAL COURTS LOCATED IN THE COUNTY OF COOK, STATE OF ILLINOIS; PROVIDED, HOWEVER, THAT ANY SUIT SEEKING ENFORCEMENT AGAINST ANY COLLATERAL OR OTHER PROPERTY MAY BE BROUGHT, AT COLLATERAL AGENT'S OPTION, IN THE COURTS OF ANY JURISDICTION WHERE COLLATERAL AGENT ELECTS TO BRING SUCH ACTION OR WHERE SUCH COLLATERAL OR OTHER PROPERTY MAY BE FOUND. COLLATERAL AGENT AND EACH NEW GRANTOR WAIVE, TO THE EXTENT PERMITTED UNDER APPLICABLE LAW, ANY RIGHT EACH MAY HAVE TO ASSERT THE DOCTRINE OF FORUM NON CONVENIENS OR TO OBJECT TO VENUE TO THE EXTENT ANY PROCEEDING IS BROUGHT IN ACCORDANCE WITH THIS SECTION 6.

7. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, COLLATERAL AGENT AND EACH NEW GRANTOR HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS JOINDER OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREIN, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW OR STATUTORY CLAIMS. COLLATERAL AGENT AND EACH NEW GRANTOR REPRESENT THAT EACH HAS REVIEWED THIS WAIVER AND EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. IN THE EVENT OF LITIGATION, A COPY OF THIS JOINDER MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have caused this Joinder to the Security Agreement to be executed and delivered as of the day and year first above written.

NEW GRANTORS:

[NAME OF NEW GRANTOR]

By: _____
Name:
Title:

[NAME OF NEW GRANTOR]

By: _____
Name:
Title:

COLLATERAL AGENT:

NORTHCREEK MEZZANINE FUND I, L.P.,
a Delaware limited partnership

By: NMF GP, LLC, its general partner

By: Northcreek Management, Inc., its manager

By: _____
Name: Barry Peterson
Title: Vice President

[SIGNATURE PAGE TO JOINDER NO. TO SECURITY AGREEMENT]

EXHIBIT A

COPYRIGHT SECURITY AGREEMENT

This COPYRIGHT SECURITY AGREEMENT (this "Copyright Security Agreement") is made this day of , 20 , by and among Grantors listed on the signature pages hereof (collectively, jointly and severally, "Grantors" and each individually "Grantor"), and **NORTHCREEK MEZZANINE FUND I, L.P.**, a Delaware limited partnership ("Northcreek"), in its capacity as collateral agent for the Subordinated Lender Group (in such capacity, together with its successors and assigns in such capacity, "Collateral Agent").

WITNESSETH:

WHEREAS, pursuant to that certain Secured Senior Subordinated Note and Warrant Purchase Agreement dated as of March , 2011 (as amended, restated, supplemented, or otherwise modified from time to time, the "Note Purchase Agreement") by and among PATRICK INDUSTRIES, INC., an Indiana corporation (the

“Borrower”), the lenders party thereto as “Buyers” (such Buyers, together with their respective successors and assigns in such capacity, each, individually, a “Lender” and, collectively, the “Lenders”), and Collateral Agent, the Subordinated Lender Group has agreed to make certain financial accommodations available to the Borrower from time to time pursuant to the terms and conditions thereof; and

WHEREAS, the members of the Subordinated Lender Group are willing to make the financial accommodations to the Borrower as provided for in the Note Purchase Agreement, but only upon the condition, among others, that Grantors shall have executed and delivered to Collateral Agent, for the benefit of the Subordinated Lender Group, that certain Security Agreement, dated as of March , 2011 (including all annexes, exhibits or schedules thereto, as from time to time amended, restated, supplemented or otherwise modified, the “Security Agreement”); and

WHEREAS, pursuant to the Security Agreement, Grantors are required to execute and deliver to Collateral Agent, for the benefit of the Subordinated Lender Group, this Copyright Security Agreement;

NOW, THEREFORE, in consideration of the premises and mutual covenants herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Grantors hereby agree as follows:

1. **DEFINED TERMS.** All initially capitalized terms used but not otherwise defined herein have the meanings given to them in the Security Agreement or, if not defined therein, in the Note Purchase Agreement.

2. **GRANT OF SECURITY INTEREST IN COPYRIGHT COLLATERAL.** Each Grantor hereby unconditionally grants, assigns, and pledges to Collateral Agent, for the benefit each member of the Subordinated Lender Group, to secure the Secured Obligations, a continuing security interest (referred to in this Copyright Security Agreement as the “Security Interest”) in all of such Grantor’s right, title and interest in and to the following, whether now owned or hereafter acquired or arising (collectively, the “Copyright Collateral”):

- (a) all of such Grantor’s Copyrights and Copyright Intellectual Property Licenses to which it is a party including those referred to on Schedule I;
- (b) all renewals or extensions of the foregoing; and
- (c) all products and proceeds of the foregoing, including any claim by such Grantor against third parties for past, present or future infringement of any Copyright or any Copyright exclusively

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licensed under any Intellectual Property License, including the right to receive damages, or the right to receive license fees, royalties, and other compensation under any Copyright Intellectual Property License.

3. **SECURITY FOR SECURED OBLIGATIONS.** This Copyright Security Agreement and the Security Interest created hereby secures the payment and performance of the Secured Obligations, whether now existing or arising hereafter. Without limiting the generality of the foregoing, this Copyright Security Agreement secures the payment of all amounts which constitute part of the Secured Obligations and would be owed by Grantors, or any of them, to Collateral Agent, the Subordinated Lender Group, or any of them, whether or not they are unenforceable or not allowable due to the existence of an Insolvency Proceeding involving any Grantor.

4. **SECURITY AGREEMENT.** The Security Interest granted pursuant to this Copyright Security Agreement is granted in conjunction with the security interests granted to Collateral Agent, for the benefit of the Subordinated Lender Group, pursuant to the Security Agreement. Each Grantor hereby acknowledges and affirms that the rights and remedies of Collateral Agent with respect to the Security Interest in the Copyright Collateral made and granted hereby are more fully set forth in the Security Agreement, the terms and provisions of which are incorporated by reference herein as if fully set forth herein. To the extent there is any inconsistency between this Copyright Security Agreement and the Security Agreement, the Security Agreement shall control.

5. **AUTHORIZATION TO SUPPLEMENT.** Grantors shall give Collateral Agent prior written notice of no less than three (3) Business Days before filing any additional application for registration of any copyright and prompt notice in writing of any additional copyright registrations granted therefor after the date hereof. Without limiting Grantors’ obligations under this Section, Grantors hereby authorize Collateral Agent unilaterally to modify this Copyright Security Agreement by amending Schedule I to include any future United States registered copyrights or applications also therefor of each Grantor. Notwithstanding the foregoing, no failure to so modify this Copyright Security Agreement or amend Schedule I shall in any way affect, invalidate or detract from Collateral Agent’s continuing security interest in all Collateral, whether or not listed on Schedule I.

6. **COUNTERPARTS.** This Copyright Security Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute but one and the same Copyright Security Agreement. Delivery of an executed counterpart of this Copyright Security Agreement by telefacsimile or other electronic method of transmission shall be equally as effective as delivery of an original executed counterpart of this Copyright Security Agreement. Any party delivering an executed counterpart of this Copyright Security Agreement by telefacsimile or other electronic method of transmission also shall deliver an original executed counterpart of this Copyright Security Agreement but the failure to deliver an original executed counterpart shall not affect the validity, enforceability, and binding effect of this Copyright Security Agreement.

7. **CONSTRUCTION.** This Copyright Security Agreement is a Transaction Document. Unless the context of this Copyright Security Agreement clearly requires otherwise, references to the plural include the singular, references to the singular include the plural, the terms “includes” and “including” are not limiting, and the term “or” has, except where otherwise indicated, the inclusive meaning represented by the phrase “and/or”. The words “hereof”, “herein”, “hereby”, “hereunder”, and similar terms in this Copyright Security Agreement refer to this Copyright Security Agreement as a whole and not to any particular provision of this Copyright Security Agreement. Section, subsection, clause, schedule, and exhibit references herein are to this Copyright Security Agreement unless otherwise specified. Any reference in this Copyright Security Agreement to any agreement, instrument, or document shall include all alterations, amendments, changes, extensions, modifications, renewals, replacements, substitutions, joinders, and supplements, thereto and thereof, as applicable (subject to any restrictions on such alterations, amendments, changes, extensions, modifications, renewals, replacements, substitutions, joinders, and supplements set forth herein). The words

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“asset” and “property” shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts, and contract rights. Any reference herein to the satisfaction, repayment, or payment in full of the Secured Obligations shall mean the repayment in full in cash or immediately available funds of all of the Secured Obligations other than unasserted contingent indemnification Secured Obligations. Any reference herein to any Person shall be construed to include such Person’s successors and permitted assigns. Any requirement of a writing contained herein shall be satisfied by the transmission of a Record.

8. **THE VALIDITY OF THIS COPYRIGHT SECURITY AGREEMENT, THE CONSTRUCTION, INTERPRETATION, AND ENFORCEMENT HEREOF, AND THE RIGHTS OF THE PARTIES HERETO WITH RESPECT TO ALL MATTERS ARISING HEREUNDER OR RELATED HERETO SHALL BE DETERMINED UNDER, GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF ILLINOIS.**

9. THE PARTIES AGREE THAT ALL ACTIONS OR PROCEEDINGS ARISING IN CONNECTION WITH THIS COPYRIGHT SECURITY AGREEMENT SHALL BE TRIED AND LITIGATED ONLY IN THE STATE AND, TO THE EXTENT PERMITTED BY APPLICABLE LAW, FEDERAL COURTS LOCATED IN THE COUNTY OF COOK, STATE OF ILLINOIS; PROVIDED, HOWEVER, THAT ANY SUIT SEEKING ENFORCEMENT AGAINST ANY COLLATERAL OR OTHER PROPERTY MAY BE BROUGHT, AT COLLATERAL AGENT'S OPTION, IN THE COURTS OF ANY JURISDICTION WHERE COLLATERAL AGENT ELECTS TO BRING SUCH ACTION OR WHERE SUCH COLLATERAL OR OTHER PROPERTY MAY BE FOUND. COLLATERAL AGENT AND EACH GRANTOR WAIVE, TO THE EXTENT PERMITTED UNDER APPLICABLE LAW, ANY RIGHT EACH MAY HAVE TO ASSERT THE DOCTRINE OF FORUM NON CONVENIENS OR TO OBJECT TO VENUE TO THE EXTENT ANY PROCEEDING IS BROUGHT IN ACCORDANCE WITH THIS SECTION 9.

10. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, COLLATERAL AGENT AND EACH GRANTOR HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREIN, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW OR STATUTORY CLAIMS. COLLATERAL AGENT AND EACH GRANTOR REPRESENT THAT EACH HAS REVIEWED THIS WAIVER AND EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. IN THE EVENT OF LITIGATION, A COPY OF THIS COPYRIGHT SECURITY AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

[SIGNATURE PAGE FOLLOWS]

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IN WITNESS WHEREOF, the parties hereto have caused this Copyright Security Agreement to be executed and delivered as of the day and year first above written.

GRANTORS:

By: _____

Name:
Title:

By: _____

Name:
Title:

ACCEPTED AND ACKNOWLEDGED BY:

COLLATERAL AGENT:

NORTHCREEK MEZZANINE FUND I, L.P.,
a Delaware limited partnership

By: NMF GP, LLC, its general partner

By: Northcreek Management, Inc.,
its manager

By: _____

Name: Barry Peterson
Title: Vice President

[SIGNATURE PAGE TO COPYRIGHT SECURITY AGREEMENT]

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SCHEDULE I
TO
COPYRIGHT SECURITY AGREEMENT

COPYRIGHT REGISTRATIONS

<u>Grantor</u>	<u>Country</u>	<u>Copyright</u>	<u>Registration No.</u>	<u>Registration Date</u>
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Copyright Licenses

EXHIBIT B

PATENT SECURITY AGREEMENT

This PATENT SECURITY AGREEMENT (this "Patent Security Agreement") is made this day of , 20 , by and among the Grantors listed on the signature pages hereof (collectively, jointly and severally, "Grantors" and each individually "Grantor"), and NORTHCREEK MEZZANINE FUND I, L.P., a Delaware limited partnership ("Northcreek"), in its capacity as collateral agent for the Subordinated Lender Group (in such capacity, together with its successors and assigns in such capacity, "Collateral Agent").

WITNESSETH:

WHEREAS, pursuant to that certain Secured Senior Subordinated Note and Warrant Purchase Agreement dated as of March , 2011 (as amended, restated, supplemented, or otherwise modified from time to time, the "Note Purchase Agreement"), by and among PATRICK INDUSTRIES, INC., an Indiana corporation (the "Borrower"), the lenders party thereto as "Buyers" (such Buyers, together with their respective successors and assigns in such capacity, each, individually, a "Lender" and, collectively, the "Lenders"), and Collateral Agent, the Subordinated Lender Group has agreed to make certain financial accommodations available to the Borrower from time to time pursuant to the terms and conditions thereof; and

WHEREAS, the members of Subordinated Lender Group are willing to make the financial accommodations to the Borrower as provided for in the Note Purchase Agreement, but only upon the condition, among others, that the Grantors shall have executed and delivered to Collateral Agent, for the benefit of the Subordinated Lender Group, that certain Security Agreement, dated as of March , 2011 (including all annexes, exhibits or schedules thereto, as from time to time amended, restated, supplemented or otherwise modified, the "Security Agreement"); and

WHEREAS, pursuant to the Security Agreement, Grantors are required to execute and deliver to Collateral Agent, for the benefit of the Subordinated Lender Group, this Patent Security Agreement;

NOW, THEREFORE, in consideration of the premises and mutual covenants herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each Grantor hereby agrees as follows:

1. DEFINED TERMS. All initially capitalized terms used but not otherwise defined herein have the meanings given to them in the Security Agreement or, if not defined therein, in the Note Purchase Agreement.

2. GRANT OF SECURITY INTEREST IN PATENT COLLATERAL. Each Grantor hereby unconditionally grants, assigns, and pledges to Collateral Agent, for the benefit each member of the Subordinated Lender Group, to secure the Secured Obligations, a continuing security interest (referred to in this Patent Security Agreement as the "Security Interest") in all of such Grantor's right, title and interest in and to the following, whether now owned or hereafter acquired or arising (collectively, the "Patent Collateral"):

- (a) all of its Patents and Patent Intellectual Property Licenses to which it is a party including those referred to on Schedule I;
- (b) all divisionals, continuations, continuations-in-part, reissues, reexaminations, or extensions of the foregoing; and

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(c) all products and proceeds of the foregoing, including any claim by such Grantor against third parties for past, present or future infringement of any Patent or any Patent exclusively licensed under any Intellectual Property License, including the right to receive damages, or right to receive license fees, royalties, and other compensation under any Patent Intellectual Property License.

3. SECURITY FOR SECURED OBLIGATIONS. This Patent Security Agreement and the Security Interest created hereby secures the payment and performance of the Secured Obligations, whether now existing or arising hereafter. Without limiting the generality of the foregoing, this Patent Security Agreement secures the payment of all amounts which constitute part of the Secured Obligations and would be owed by Grantors, or any of them, to Collateral Agent, the Subordinated Lender Group, or any of them, whether or not they are unenforceable or not allowable due to the existence of an Insolvency Proceeding involving any Grantor.

4. SECURITY AGREEMENT. The Security Interest granted pursuant to this Patent Security Agreement is granted in conjunction with the security interests granted to Collateral Agent, for the benefit of the Subordinated Lender Group, pursuant to the Security Agreement. Each Grantor hereby acknowledges and affirms that the rights and remedies of Collateral Agent with respect to the Security Interest in the Patent Collateral made and granted hereby are more fully set forth in the Security Agreement, the terms and provisions of which are incorporated by reference herein as if fully set forth herein. To the extent there is any inconsistency between this Patent Security Agreement and the Security Agreement, the Security Agreement shall control.

5. AUTHORIZATION TO SUPPLEMENT. If any Grantor shall obtain rights to any new patent application or issued patent or become entitled to the benefit of any patent application or patent for any divisional, continuation, continuation-in-part, reissue, or reexamination of any existing patent or patent application, the provisions of this Patent Security Agreement shall automatically apply thereto. Grantors shall give prompt notice in writing to Collateral Agent with respect to any such new patent rights. Without limiting Grantors' obligations under this Section, Grantors hereby authorize Collateral Agent unilaterally to modify this Patent Security Agreement by amending Schedule I to include any such new patent rights of each Grantor. Notwithstanding the foregoing, no failure to so modify this Patent Security Agreement or amend Schedule I shall in any way affect, invalidate or detract from Collateral Agent's continuing security interest in all Collateral, whether or not listed on Schedule I.

6. COUNTERPARTS. This Patent Security Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute but one and the same Patent Security Agreement. Delivery of an executed counterpart of this Patent Security Agreement by telefacsimile or other electronic method of transmission shall be equally as effective as delivery of an original executed counterpart of this Patent Security Agreement. Any party delivering an executed counterpart of this Patent Security Agreement by telefacsimile or other electronic method of transmission also shall deliver an original executed counterpart of this Patent Security Agreement but the failure to deliver an original executed counterpart shall not affect the validity, enforceability, and binding effect of this Patent Security Agreement.

7. CONSTRUCTION. This Patent Security Agreement is a Transaction Document. Unless the context of this Patent Security Agreement clearly requires otherwise, references to the plural include the singular, references to the singular include the plural, the terms "includes" and "including" are not limiting, and the term "or" has, except where otherwise indicated, the inclusive meaning represented by the phrase "and/or". The words "hereof", "herein", "hereby", "hereunder", and similar terms in this Patent Security Agreement refer to this Patent Security Agreement as a whole and not to any particular provision of this Patent Security Agreement. Section, subsection, clause, schedule, and exhibit references herein are to this Patent Security Agreement unless otherwise specified. Any reference in this Patent Security Agreement to any agreement, instrument, or document shall include all alterations, amendments, changes, extensions, modifications, renewals, replacements, substitutions, joinders, and supplements, thereto and thereof, as

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applicable (subject to any restrictions on such alterations, amendments, changes, extensions, modifications, renewals, replacements, substitutions, joinders, and supplements set forth herein). The words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and

properties, including cash, securities, accounts, and contract rights. Any reference herein to the satisfaction, repayment, or payment in full of the Secured Obligations shall mean the repayment in full in cash or immediately available funds of all of the Secured Obligations other than unasserted contingent indemnification Secured Obligations. Any reference herein to any Person shall be construed to include such Person's successors and permitted assigns. Any requirement of a writing contained herein shall be satisfied by the transmission of a Record.

8. THE VALIDITY OF THIS PATENT SECURITY AGREEMENT, THE CONSTRUCTION, INTERPRETATION, AND ENFORCEMENT HEREOF, AND THE RIGHTS OF THE PARTIES HERETO WITH RESPECT TO ALL MATTERS ARISING HEREUNDER OR RELATED HERETO SHALL BE DETERMINED UNDER, GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF ILLINOIS.

9. THE PARTIES AGREE THAT ALL ACTIONS OR PROCEEDINGS ARISING IN CONNECTION WITH THIS PATENT SECURITY AGREEMENT SHALL BE TRIED AND LITIGATED ONLY IN THE STATE AND, TO THE EXTENT PERMITTED BY APPLICABLE LAW, FEDERAL COURTS LOCATED IN THE COUNTY OF COOK, STATE OF ILLINOIS; PROVIDED, HOWEVER, THAT ANY SUIT SEEKING ENFORCEMENT AGAINST ANY COLLATERAL OR OTHER PROPERTY MAY BE BROUGHT, AT COLLATERAL AGENT'S OPTION, IN THE COURTS OF ANY JURISDICTION WHERE COLLATERAL AGENT ELECTS TO BRING SUCH ACTION OR WHERE SUCH COLLATERAL OR OTHER PROPERTY MAY BE FOUND. COLLATERAL AGENT AND EACH GRANTOR WAIVE, TO THE EXTENT PERMITTED UNDER APPLICABLE LAW, ANY RIGHT EACH MAY HAVE TO ASSERT THE DOCTRINE OF FORUM NON CONVENIENS OR TO OBJECT TO VENUE TO THE EXTENT ANY PROCEEDING IS BROUGHT IN ACCORDANCE WITH THIS SECTION 9.

10. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, COLLATERAL AGENT AND EACH GRANTOR HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREIN, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW OR STATUTORY CLAIMS. COLLATERAL AGENT AND EACH GRANTOR REPRESENT THAT EACH HAS REVIEWED THIS WAIVER AND EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. IN THE EVENT OF LITIGATION, A COPY OF THIS PATENT SECURITY AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have caused this Patent Security Agreement to be executed and delivered as of the day and year first above written.

GRANTORS:

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

COLLATERAL AGENT:

ACCEPTED AND ACKNOWLEDGED BY: NORTHCREEK MEZZANINE FUND I, L.P.,
a Delaware limited partnership

By: NMF GP, LLC, its general partner

By: Northcreek Management, Inc.,
its manager

By: _____

Name: Barry Peterson

Title: Vice President

[SIGNATURE PAGE TO PATENT SECURITY AGREEMENT]

SCHEDULE I
to
PATENT SECURITY AGREEMENT

Patents

Grantor	Country	Patent	Application/ Patent No.	Filing Date
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EXHIBIT C

PLEDGED INTERESTS ADDENDUM

This Pledged Interests Addendum, dated as of , 20 (this "Pledged Interests Addendum"), is delivered pursuant to Section 6 of the Security Agreement referred to below. The undersigned hereby agrees that this Pledged Interests Addendum may be attached to that certain Security Agreement, dated as of March , 2011, (as amended, restated, supplemented, or otherwise modified from time to time, the "Security Agreement"), made by the undersigned, together with the other Grantors named therein, to NORTHCREEK MEZZANINE FUND I, L.P., a Delaware limited partnership, as Collateral Agent. Initially capitalized terms used but not defined herein shall have the meaning ascribed to such terms in the Security Agreement or, if not defined therein, in the Note Purchase Agreement. The undersigned hereby agrees that the additional interests listed on Schedule I shall be and become part of the Pledged Interests pledged by the undersigned to Collateral Agent in the Security Agreement and any pledged company set forth on Schedule I shall be and become a "Pledged Company" under the Security Agreement, each with the same force and effect as if originally named therein.

This Pledged Interests Addendum is a Transaction Document. Delivery of an executed counterpart of this Pledged Interests Addendum by telefacsimile or other electronic method of transmission shall be equally as effective as delivery of an original executed counterpart of this Pledged Interests Addendum. If the undersigned delivers an executed counterpart of this Pledged Interests Addendum by telefacsimile or other electronic method of transmission, the undersigned shall also deliver an original executed counterpart of this Pledged Interests Addendum but the failure to deliver an original executed counterpart shall not affect the validity, enforceability, and binding effect of this Pledged Interests Addendum.

The undersigned hereby certifies that the representations and warranties set forth in Section 5 of the Security Agreement of the undersigned are true and correct as to the Pledged Interests listed herein on and as of the date hereof.

THE VALIDITY OF THIS PLEDGED INTERESTS ADDENDUM, THE CONSTRUCTION, INTERPRETATION, AND ENFORCEMENT HEREOF, AND THE RIGHTS OF THE PARTIES HERETO WITH RESPECT TO ALL MATTERS ARISING HEREUNDER OR RELATED HERETO SHALL BE DETERMINED UNDER, GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF ILLINOIS.

THE PARTIES AGREE THAT ALL ACTIONS OR PROCEEDINGS ARISING IN CONNECTION WITH THIS PLEDGED INTERESTS ADDENDUM SHALL BE TRIED AND LITIGATED ONLY IN THE STATE, AND, TO THE EXTENT PERMITTED BY APPLICABLE LAW, FEDERAL COURTS LOCATED IN THE COUNTY OF COOK, STATE OF ILLINOIS; PROVIDED, HOWEVER, THAT ANY SUIT SEEKING ENFORCEMENT AGAINST ANY COLLATERAL OR OTHER PROPERTY MAY BE BROUGHT, AT COLLATERAL AGENT'S OPTION, IN THE COURTS OF ANY JURISDICTION WHERE COLLATERAL AGENT ELECTS TO BRING SUCH ACTION OR WHERE SUCH COLLATERAL OR OTHER PROPERTY MAY BE FOUND. COLLATERAL AGENT AND EACH GRANTOR WAIVE, TO THE EXTENT PERMITTED UNDER APPLICABLE LAW, ANY RIGHT EACH MAY HAVE TO ASSERT THE DOCTRINE OF FORUM NON CONVENIENS OR TO OBJECT TO VENUE TO THE EXTENT ANY PROCEEDING IS BROUGHT IN ACCORDANCE WITH THIS PARAGRAPH.

TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, COLLATERAL AGENT AND EACH GRANTOR HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS PLEDGED INTERESTS ADDENDUM OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREIN, INCLUDING

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CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW OR STATUTORY CLAIMS. COLLATERAL AGENT AND EACH GRANTOR REPRESENT THAT EACH HAS REVIEWED THIS WAIVER AND EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. IN THE EVENT OF LITIGATION, A COPY OF THIS PLEDGED INTERESTS ADDENDUM MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

[SIGNATURE PAGE FOLLOWS]

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IN WITNESS WHEREOF, the undersigned has caused this Pledged Interests Addendum to be executed and delivered as of the day and year first above written.

[]

By: _____
Name:
Title:

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SCHEDULE I
TO
PLEDGED INTERESTS ADDENDUM

Pledged Interests

Name of Grantor	Name of Pledged Company	Number of Shares/Units	Class of Interests	Percentage of Class Owned	Certificate Nos.

EXHIBIT D**TRADEMARK SECURITY AGREEMENT**

This TRADEMARK SECURITY AGREEMENT (this "Trademark Security Agreement") is made this _____ day of _____, 20____, by and among Grantors listed on the signature pages hereof (collectively, jointly and severally, "Grantors" and each individually "Grantor"), and **NORTHCREEK MEZZANINE FUND I, L.P.**, a Delaware limited partnership ("Northcreek"), in its capacity as collateral agent for the Subordinated Lender Group (in such capacity, together with its successors and assigns in such capacity, "Collateral Agent").

WITNESSETH:

WHEREAS, pursuant to that certain Secured Senior Subordinated Note and Warrant Purchase Agreement dated as of March _____, 2011 (as amended, restated, supplemented, or otherwise modified from time to time, the "Note Purchase Agreement") by and among PATRICK INDUSTRIES, INC., an Indiana corporation (the "Borrower"), the lenders party thereto as "Buyers" (such Buyers, together with their respective successors and assigns in such capacity, each, individually, a "Lender" and, collectively, the "Lenders"), and Collateral Agent, the Subordinated Lender Group has agreed to make certain financial accommodations available to the Borrower from time to time pursuant to the terms and conditions thereof; and

WHEREAS, the members of the Subordinated Lender Group are willing to make the financial accommodations to the Borrower as provided for in the Note Purchase Agreement, but only upon the condition, among others, that Grantors shall have executed and delivered to Collateral Agent, for the benefit of Subordinated Lender Group, that certain Security Agreement, dated as of March _____, 2011 (including all annexes, exhibits or schedules thereto, as from time to time amended, restated, supplemented or otherwise modified, the "Security Agreement"); and

WHEREAS, pursuant to the Security Agreement, Grantors are required to execute and deliver to Collateral Agent, for the benefit of Subordinated Lender Group, this Trademark Security Agreement;

NOW, THEREFORE, in consideration of the premises and mutual covenants herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each Grantor hereby agrees as follows:

1. **DEFINED TERMS.** All initially capitalized terms used but not otherwise defined herein have the meanings given to them in the Security Agreement or, if not defined therein, in the Note Purchase Agreement.

2. **GRANT OF SECURITY INTEREST IN TRADEMARK COLLATERAL.** Each Grantor hereby unconditionally grants, assigns, and pledges to Collateral Agent, for the benefit each member of the Subordinated Lender Group, to secure the Secured Obligations, a continuing security interest (referred to in this Trademark Security Agreement as the "Security Interest") in all of such Grantor's right, title and interest in and to the following, whether now owned or hereafter acquired or arising (collectively, the "Trademark Collateral"):

- (a) all of its Trademarks and Trademark Intellectual Property Licenses to which it is a party including those referred to on Schedule I;
- (b) all goodwill of the business connected with the use of, and symbolized by, each Trademark and each Trademark Intellectual Property License; and

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(c) all products and proceeds (as that term is defined in the Code) of the foregoing, including any claim by such Grantor against third parties for past, present or future (i) infringement or dilution of any Trademark or any Trademarks exclusively licensed under any Intellectual Property License, including right to receive any damages, (ii) injury to the goodwill associated with any Trademark, or (iii) right to receive license fees, royalties, and other compensation under any Trademark Intellectual Property License.

3. **SECURITY FOR SECURED OBLIGATIONS.** This Trademark Security Agreement and the Security Interest created hereby secures the payment and performance of the Secured Obligations, whether now existing or arising hereafter. Without limiting the generality of the foregoing, this Trademark Security Agreement secures the payment of all amounts which constitute part of the Secured Obligations and would be owed by Grantors, or any of them, to Collateral Agent, the Subordinated Lender Group, or any of them, whether or not they are unenforceable or not allowable due to the existence of an Insolvency Proceeding involving any Grantor.

4. **SECURITY AGREEMENT.** The Security Interest granted pursuant to this Trademark Security Agreement is granted in conjunction with the security interests granted to Collateral Agent, for the benefit of the Subordinated Lender Group, pursuant to the Security Agreement. Each Grantor hereby acknowledges and affirms that the rights and remedies of Collateral Agent with respect to the Security Interest in the Trademark Collateral made and granted hereby are more fully set forth in the Security Agreement, the terms and provisions of which are incorporated by reference herein as if fully set forth herein. To the extent there is any inconsistency between this Trademark Security Agreement and the Security Agreement, the Security Agreement shall control.

5. **AUTHORIZATION TO SUPPLEMENT.** If any Grantor shall obtain rights to any new trademarks, the provisions of this Trademark Security Agreement shall automatically apply thereto. Grantors shall give prompt notice in writing to Collateral Agent with respect to any such new trademarks or renewal or extension of any trademark registration. Without limiting Grantors' obligations under this Section, Grantors hereby authorize Collateral Agent unilaterally to modify this Trademark Security Agreement by amending Schedule I to include any such new trademark rights of each Grantor. Notwithstanding the foregoing, no failure to so modify this Trademark Security Agreement or amend Schedule I shall in any way affect, invalidate or detract from Collateral Agent's continuing security interest in all Collateral, whether or not listed on Schedule I.

6. **COUNTERPARTS.** This Trademark Security Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute but one and the same Trademark Security Agreement. Delivery of an executed counterpart of this Trademark Security Agreement by telefacsimile or other electronic method of transmission shall be equally as effective as delivery of an original executed counterpart of this Trademark Security Agreement. Any party delivering an executed counterpart of this Trademark Security Agreement by telefacsimile or other electronic method of transmission also shall deliver an original executed counterpart of this Trademark Security Agreement but the failure to deliver an original executed counterpart shall not affect the validity, enforceability, and binding effect of this Trademark Security Agreement.

7. **CONSTRUCTION.** This Trademark Security Agreement is a Transaction Document. Unless the context of this Trademark Security Agreement clearly requires otherwise, references to the plural include the singular, references to the singular include the plural, the terms "includes" and "including" are not limiting, and the term "or" has, except where otherwise indicated, the inclusive meaning represented by the phrase "and/or". The words "hereof", "herein", "hereby", "hereunder", and similar terms in this Trademark Security Agreement refer to this Trademark Security Agreement as a whole and not to any particular provision of this Trademark Security Agreement. Section, subsection, clause, schedule, and exhibit references herein are to this Agreement unless otherwise specified. Any reference in this Trademark Security Agreement to any agreement, instrument, or document shall include all alterations, amendments, changes, extensions,

modifications, renewals, replacements, substitutions, joinders, and supplements, thereto and thereof, as applicable (subject to any restrictions on such alterations, amendments, changes, extensions, modifications, renewals, replacements, substitutions, joinders, and supplements set forth herein). The words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts, and contract rights. Any reference herein to the satisfaction, repayment, or payment in full of the Secured Obligations shall mean the repayment in full in cash or immediately available funds of all of the Secured Obligations other than unasserted contingent indemnification Secured Obligations. Any reference herein to any Person shall be construed to include such Person's successors and permitted assigns. Any requirement of a writing contained herein shall be satisfied by the transmission of a Record.

8. **THE VALIDITY OF THIS TRADEMARK SECURITY AGREEMENT, THE CONSTRUCTION, INTERPRETATION, AND ENFORCEMENT HEREOF, AND THE RIGHTS OF THE PARTIES HERETO WITH RESPECT TO ALL MATTERS ARISING HEREUNDER OR RELATED HERETO SHALL BE DETERMINED UNDER, GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF ILLINOIS.**

9. **THE PARTIES AGREE THAT ALL ACTIONS OR PROCEEDINGS ARISING IN CONNECTION WITH THIS TRADEMARK SECURITY AGREEMENT SHALL BE TRIED AND LITIGATED ONLY IN THE STATE AND, TO THE EXTENT PERMITTED BY APPLICABLE LAW, FEDERAL COURTS LOCATED IN THE COUNTY OF COOK, STATE OF ILLINOIS; PROVIDED, HOWEVER, THAT ANY SUIT SEEKING ENFORCEMENT AGAINST ANY COLLATERAL OR OTHER PROPERTY MAY BE BROUGHT, AT COLLATERAL AGENT'S OPTION, IN THE COURTS OF ANY JURISDICTION WHERE COLLATERAL AGENT ELECTS TO BRING SUCH ACTION OR WHERE SUCH COLLATERAL OR OTHER PROPERTY MAY BE FOUND. COLLATERAL AGENT AND EACH GRANTOR WAIVE, TO THE EXTENT PERMITTED UNDER APPLICABLE LAW, ANY RIGHT EACH MAY HAVE TO ASSERT THE DOCTRINE OF FORUM NON CONVENIENS OR TO OBJECT TO VENUE TO THE EXTENT ANY PROCEEDING IS BROUGHT IN ACCORDANCE WITH THIS SECTION 9.**

10. **TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, COLLATERAL AGENT AND EACH GRANTOR HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREIN, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW OR STATUTORY CLAIMS. COLLATERAL AGENT AND EACH GRANTOR REPRESENT THAT EACH HAS REVIEWED THIS WAIVER AND EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. IN THE EVENT OF LITIGATION, A COPY OF THIS TRADEMARK SECURITY AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.**

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have caused this Trademark Security Agreement to be executed and delivered as of the day and year first above written.

GRANTORS:

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

COLLATERAL AGENT:

ACCEPTED AND ACKNOWLEDGED BY: NORTHCREEK MEZZANINE FUND I, L.P.,
a Delaware limited partnership

By: NMF GP, LLC, its general partner

By: Northcreek Management, Inc.,
its manager

By: _____
Name: Barry Peterson
Title: Vice President

[SIGNATURE PAGE TO PATENT SECURITY AGREEMENT]

SCHEDULE I
to
TRADEMARK SECURITY AGREEMENT

Trademark Registrations/Applications

Grantor	Country	Mark	Application/ Registration No.	App/Reg Date
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Trade Names

Common Law Trademarks

Trademarks Not Currently In Use

Trademark Licenses

SUBORDINATION AND INTERCREDITOR AGREEMENT

THIS SUBORDINATION AND INTERCREDITOR AGREEMENT (as amended, restated, supplemented or otherwise modified from time to time in accordance with the terms hereof, this "Agreement") is entered into as of March 31, 2011, by and among Tontine Capital Overseas Master Fund II, L.P., a Cayman Islands limited partnership ("Tontine"), Northcreek Mezzanine Fund I, L.P., a Delaware limited partnership ("Northcreek"), on its behalf and in its capacity as collateral agent pursuant to the terms of the Note Purchase Agreement described below (in such capacity, "Collateral Agent"), Patrick Industries, Inc., an Indiana corporation (the "Company"), and Wells Fargo Capital Finance, LLC, a Delaware limited liability company, as Agent for all Senior Lenders party to the Senior Credit Agreement described below and all Bank Product Providers.

RECITALS

- A. The Company, Agent and Senior Lenders have entered into a Credit Agreement of even date herewith (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "Senior Credit Agreement") pursuant to which, among other things, Senior Lenders have agreed, subject to the terms and conditions set forth in the Senior Credit Agreement, to make certain loans and financial accommodations to the Company. All of the Company's obligations to Agent and Senior Lenders under the Senior Credit Agreement and the other Senior Debt Documents are secured by Liens on all of the Collateral.
- B. The Company may from time to time obtain Bank Products and become liable for the Bank Product Obligations secured by Liens on the Collateral.
- C. The Company, Collateral Agent and Subordinated Creditors have entered into a Secured Senior Subordinated Note and Warrant Purchase Agreement of even date herewith (as the same may be amended, restated, supplemented or otherwise modified from time to time as permitted hereunder, the "Note Purchase Agreement") pursuant to which (i) Subordinated Creditors are extending credit to the Company as evidenced by those certain Secured Senior Subordinated Notes of even date herewith, one issued to Tontine in the original principal amount of \$2,500,000, and the other issued to Northcreek in the original principal amount of \$2,500,000 (as the same may be amended, restated, supplemented or otherwise modified from time to time as permitted hereunder, the "Subordinated Notes") and (ii) the Company is issuing to Tontine and Northcreek those certain warrants of even date herewith (collectively, as the same may be amended, restated, supplemented or otherwise modified from time to time as permitted hereunder, the "Warrants") to acquire common stock of the Company.
- D. All of the obligations of the Company under the Note Purchase Agreement, and the other Subordinated Debt Documents are secured by Liens on all of the Collateral.

E. As an inducement to and as one of the conditions precedent to the agreement of Agent and Senior Lenders to consummate the transactions contemplated by the Senior Credit Agreement, Agent and Senior Lenders have required the execution and delivery of this Agreement by each Subordinated Party (as hereinafter defined) and the Company in order to set forth the relative rights and priorities of Agent, Senior Lenders, and Subordinated Parties under the Senior Debt Documents and the Subordinated Debt Documents and in respect of the Collateral.

NOW, THEREFORE, in order to induce Agent and Senior Lenders to consummate the transactions contemplated by the Senior Credit Agreement, and for other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the parties hereto hereby agree as follows:

1. **Definitions.** The following terms shall have the following meanings in this Agreement:

"Agent" shall mean Wells Fargo Capital Finance, LLC, a Delaware limited liability company, as Agent for the Senior Lenders and the Bank Product Providers, or any other Person appointed by the holders of the Senior Debt as Agent for purposes of the Senior Debt Documents and this Agreement; provided that, after the consummation of any Permitted Refinancing, the term "Agent" shall refer to any Person appointed by the holders of the Senior Debt at such time as agent for themselves for purposes of, among other things, this Agreement.

"Bank Product" shall mean any financial accommodation extended to Company or any of its subsidiaries by a Bank Product Provider including, without limitation: (a) credit cards, (b) credit card processing services, (c) debit cards, (d) stored value cards, (e) purchase cards (including, without limitation, so-called "procurement cards" or "P-cards"), (f) cash management and related services, including, without limitation treasury, depository, return items, overdraft, controlled disbursement, merchant store value cards, e-payables services, electronic funds transfer, interstate depository network, automatic clearing house transfer (including Automated Clearing House processing of electronic funds transfers through the direct Federal Reserve Fedline system) and other cash management arrangements, or (g) transactions under any "swap agreement" as that term is defined in Section 101(53B)(A) of the Bankruptcy Code.

"Bank Product Documents" shall mean those agreements entered into from time to time by Company or any of its subsidiaries with a Bank Product Provider in connection with the obtaining of any of the Bank Products.

"Bank Product Obligations" shall mean (a) all obligations, liabilities, reimbursement obligations, fees, and expenses owing by Company or any of its

subsidiaries to any Bank Product Provider pursuant to or evidenced by the Bank Product Documents and irrespective of whether for the payment of money, whether direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising, and (b) all amounts Agent or any Senior Lender is obligated to pay to a Bank Product Provider as a result of Agent or such Senior Lender purchasing participations from, or executing guarantees or indemnities or reimbursement obligations to, a Bank Product Provider with respect to the Bank Products provided by such Bank Product Provider to Company or its subsidiaries.

"Bank Product Provider" shall mean Wells Fargo Bank, National Association or any of its affiliates (including, without limitation, Agent).

"Bankruptcy Code" shall mean the provisions of Title 11 of the United States Code, as amended from time to time and any successor statute and all rules and regulations promulgated thereunder.

"Business Day" shall mean any day that is not a Saturday, Sunday or other day on which commercial banks in Chicago, Illinois are authorized or required by law to remain closed.

"Collateral" shall mean, collectively, the existing and hereafter acquired property, whether real, personal or mixed, of the Company and any and all additional property and interests in property that secures all or any portion of the Senior Debt, the Subordinated Debt or both.

"Credit Parties" shall mean, collectively, the Company, and any guarantor of all or any portion of the Senior Debt, the Subordinated Debt or both.

“Disposition” shall mean, with respect to any interest in property, the sale, lease, license or other disposition of such interest in such property.

“Distribution” shall mean, with respect to any indebtedness, obligation or security (a) any payment or distribution by any Person of cash, securities or other property, by set-off or otherwise, on account of such indebtedness, obligation or security, or (b) any redemption, purchase or other acquisition of such indebtedness, obligation or security by any Person.

“Enforcement Action” shall mean (a) to take from or for the account of any of the Credit Parties or any other Person, by set-off or in any other manner, the whole or any part of any moneys which may now or hereafter be owing by any of the Credit Parties with respect to the Subordinated Debt, (b) to initiate or participate with others in any suit, action or proceeding against any of the Credit Parties or any other Person to (i) sue for or enforce payment of or to collect the whole or any part of the Subordinated Debt, (ii) commence or join

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with other Persons to commence a Proceeding or (iii) commence judicial enforcement of any of the rights and remedies under the Subordinated Debt Documents or applicable law with respect to the Subordinated Debt, (c) to accelerate the Subordinated Debt, (d) to take any action to enforce any rights or remedies with respect to the Subordinated Debt, (e) to exercise any put option or to cause any of the Credit Parties to honor any redemption or mandatory prepayment obligation under any Subordinated Debt Document, (f) to exercise any rights or remedies of a secured party under the Subordinated Debt Documents or applicable law or take any action under the provisions of any state or federal law, including, without limitation, the Uniform Commercial Code, or under any contract or agreement, to enforce, foreclose upon, take possession of or sell any property or assets of any Credit Party.

“Lien” shall mean, with respect to any asset, any mortgage, deed of trust, lien, pledge, hypothecation, encumbrance, charge or security interest in, on or of such asset.

“Paid in Full” or “Payment in Full” shall mean, as of any date of determination with respect to the Senior Debt, that (a) all such Senior Debt has been paid in full in cash (or with such other assets or consideration as agreed to by Agent and the Senior Lenders) (other than (i) contingent indemnification obligations not yet due and payable or with respect to which a claim has not been asserted, (ii) obligations not yet due and payable with respect to letters of credit issued pursuant to the Senior Debt Documents (it being understood that such obligations include interest, fees, charges, costs and expenses that accrue subsequent to such date of determination in respect of undrawn or drawn letters of credit) and (iii) Bank Product Obligations not yet due and payable), (b) no Person has any further right to obtain any loans, letters of credit or other extensions of credit under the Senior Debt Documents, (c) any and all letters of credit issued under the Senior Debt Documents have been cancelled and returned (or backed by standby letters of credit (issued by a bank, and in form and substance acceptable, to Agent) or cash collateralized, in each case in an amount equal to 105% of the face amount of such letters of credit in accordance with the terms of such documents), (d) any and all Bank Product Obligations have been cancelled (or backed by standby letters of credit (issued by a bank, and in form and substance, acceptable to Agent) or cash collateralized, in each case in an amount reasonably determined by Agent as sufficient to satisfy the estimated credit exposure with respect to the Bank Product Obligations), and (e) any costs, expenses and contingent indemnification obligations which are not yet due and payable but with respect to which a claim has been asserted by Agent or a Senior Lender, are backed by standby letters of credit (issued by a bank, and in form and substance, acceptable to Agent) or cash collateralized, in each case in an amount reasonably estimated by Agent to be the amount of costs, expenses and

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contingent indemnification obligations that may become due and payable with respect to claims made.

“Permitted Refinancing” shall mean any refinancing or replacement of the Senior Debt under the WFCF Loan Documents (or any Permitted Refinancing Senior Debt Documents); provided, that the financing documentation entered into by the Credit Parties in connection with such Permitted Refinancing constitutes Permitted Refinancing Senior Debt Documents.

“Permitted Refinancing Senior Debt Documents” shall mean any financing documentation which replaces the WFCF Loan Documents and pursuant to which the Senior Debt under the WFCF Loan Documents is refinanced or replaced, as such financing documentation may be amended, restated, supplemented or otherwise modified from time to time in compliance with this Agreement, but specifically excluding any such financing documentation to the extent that it contains, either initially or by amendment or other modification, any material terms, conditions, covenants or defaults other than those that (a) then exist in the WFCF Loan Documents (or any Permitted Refinancing Senior Debt Documents) or (b) could be included in the WFCF Loan Documents (or any Permitted Refinancing Senior Debt Documents) by an amendment or other modification that would not be prohibited by the terms of this Agreement.

“Permitted Subordinated Debt Payments” shall mean (i) payments of Subordinated Debt Costs and Expenses, (ii) regularly scheduled payments of interest (including non-cash in-kind payments) on the Subordinated Debt due and payable on a non-accelerated basis as and when due and payable, (iii) the payment of principal of the Subordinated Debt at its regularly scheduled maturity date and (iv) payments constituting Permitted Subordinated Debt Redemptions (as such term is defined in the Senior Credit Agreement), in each case with respect to clauses (i), (ii) and (iii) above in accordance with the terms of the Subordinated Debt Documents as in effect on the date hereof or as modified in accordance with the terms of this Agreement.

“Person” shall mean any natural person, corporation, general or limited partnership, limited liability company, firm, trust, association, government, governmental agency or other entity, whether acting in an individual, fiduciary or other capacity.

“Proceeding” shall mean any voluntary or involuntary insolvency, bankruptcy, receivership, custodianship, liquidation, dissolution, reorganization, assignment for the benefit of creditors, appointment of a custodian, receiver, trustee or other officer with similar powers or any other proceeding for the liquidation, dissolution or other winding up of a Person.

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“Senior Covenant Default” shall mean any “Event of Default” under the Senior Debt Documents (other than a Senior Payment Default), or any condition or event that, after notice or lapse of time or both, would constitute such an Event of Default (other than a Senior Payment Default) if that condition or event were not cured or removed within any applicable grace or cure period set forth therein.

“Senior Debt” shall mean (a) all obligations, liabilities and indebtedness of every nature of each Credit Party from time to time owed to Agent or any Senior Lender under the Senior Debt Documents, including, without limitation, the principal amount of all debts, claims and indebtedness, accrued and unpaid interest accruing thereon and all fees, costs and expenses, whether primary, secondary, direct, contingent, fixed or otherwise, heretofore, now and from time to time hereafter owing, due or payable, whether before or after the filing of a Proceeding, without regard to whether or not such interest, fees, costs and expenses are an allowed claim (provided, however, that in no event shall the principal amount of the Senior Debt exceed the sum of (i) the principal amount of the loans and any unfunded loan commitments under the Senior Credit Agreement as in effect on the date hereof reduced by the amount of any repayments and commitment reductions under the Senior

Credit Agreement to the extent that such payments and reductions may not be reborrowed or increased, as applicable (specifically excluding, however, any such repayments and commitment reductions occurring in connection with any Permitted Refinancing), plus (ii) the aggregate amount of capitalized interest, fees and expenses in respect of the loans and other obligations under the Senior Credit Agreement plus (iii) \$5,000,000 (the sum of items (i) and (iii) is the "Senior Debt Limit" but in no event shall such sum exceed \$55,000,000) and (b) all Bank Product Obligations. Senior Debt shall be considered to be outstanding whenever any loan commitment under the Senior Debt Document is outstanding.

"Senior Debt Documents" shall mean the WCF Loan Documents and, after the consummation of any Permitted Refinancing, the Permitted Refinancing Senior Debt Documents.

"Senior Default" shall mean any Senior Payment Default or Senior Covenant Default.

"Senior Default Notice" shall mean a written notice from Agent to Collateral Agent pursuant to which Collateral Agent is notified of the occurrence of a Senior Default, which notice incorporates a reasonably detailed description of such Senior Default and states that such notice is a "Senior Default Notice" for purposes of this Agreement.

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"Senior Lenders" shall mean the holders of the Senior Debt, and shall include, without limitation, the "Lenders", as such term is defined in the Senior Credit Agreement.

"Senior Payment Default" shall mean any "Event of Default" under the Senior Debt Documents resulting from the failure of any Credit Party to pay, on a timely basis, any principal, interest, fees or other obligations under the Senior Debt Documents including, without limitation, any default in payment of Senior Debt after acceleration thereof, or any condition or event that, after notice or lapse of time or both, would constitute such an Event of Default if that condition or event were not cured or removed within any applicable grace or cure period set forth therein.

"Senior Secured Parties" shall mean Agent, Senior Lenders and Bank Product Providers.

"Subordinated Creditors" means Tontine and Northcreek, and their respective successors and assigns.

"Subordinated Debt" shall mean all of the obligations, liabilities and indebtedness of each Credit Party to each Subordinated Party evidenced by or incurred pursuant to the Subordinated Debt Documents; provided, however, that, "Subordinated Debt" shall not include the warrants issued to Subordinated Creditors pursuant to the Subordinated Debt Documents, any shares of stock of the Company issued to Subordinated Creditors upon the exercise of such warrants, or any proceeds received by Subordinated Creditors on account of such warrants or such shares.

"Subordinated Debt Costs and Expenses" shall mean reasonable out-of-pocket costs and expenses, including attorneys' fees and costs payable by the Credit Parties to Subordinated Parties pursuant to the terms of the Subordinated Debt Documents as in effect on the date of this Agreement or as modified in accordance with the terms of this Agreement.

"Subordinated Debt Default" shall mean a default in the payment of the Subordinated Debt or in the performance of any term, covenant or condition contained in the Subordinated Debt Documents or any other occurrence permitting Subordinated Parties (or any portion thereof) to accelerate the payment of, put or cause the redemption of, all or any portion of the Subordinated Debt or any Subordinated Debt Document.

"Subordinated Debt Default Notice" shall mean a written notice from one or more of the Subordinated Parties to Agent pursuant to which Agent is notified of the occurrence of a Subordinated Debt Default, which notice incorporates a reasonably detailed description of such Subordinated Debt

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Default and states that such notice is a "Subordinated Debt Default Notice" for purposes of this Agreement.

"Subordinated Debt Documents" shall mean the Note Purchase Agreement, the Subordinated Note, any guaranty with respect to the Subordinated Debt, any security agreement or other collateral document securing the Subordinated Debt and all other documents, agreements and instruments now existing or hereinafter entered into evidencing or pertaining to all or any portion of the Subordinated Debt.

"Subordinated Parties" means, collectively, the Subordinated Creditors and Collateral Agent.

"WCF Loan Documents" shall mean the Senior Credit Agreement and all other agreements, documents and instruments executed from time to time in connection therewith, as the same may be amended, restated, supplemented or otherwise modified from time to time.

2. **Subordination.**

2.1. **Subordination of Subordinated Debt to Senior Debt.** Each Credit Party covenants and agrees, and each Subordinated Party likewise covenants and agrees, notwithstanding anything to the contrary contained in any of the Subordinated Debt Documents, that the payment of any and all of the Subordinated Debt shall be subordinate and subject in right and time of payment, to the extent and in the manner hereinafter set forth, to the Payment in Full of all Senior Debt. Each holder of Senior Debt, whether now outstanding or hereafter created, incurred, assumed or guaranteed, shall be deemed to have acquired Senior Debt in reliance upon the provisions contained in this Agreement.

2.2. **Liquidation, Dissolution, Bankruptcy.** In the event of any Proceeding involving any Credit Party:

(a) **General Provisions.**

(i) **Distributions.** All Senior Debt shall first be Paid in Full before any Distribution from such Proceeding, whether in cash, securities or other property, shall be made to any Subordinated Party on account of Subordinated Debt. Any Distribution from such Proceeding, whether in cash, securities or other property, which would otherwise, but for the terms hereof, be payable or deliverable in respect of the Subordinated Debt shall be paid or delivered directly to Agent (to be held and/or applied by Agent in accordance with the terms of the Senior Debt Documents) until all Senior Debt is Paid in Full. Each Subordinated Party agrees to irrevocably authorize, empower and direct any debtor, debtor-in-possession, receiver, trustee, liquidator, custodian, conservator or other Person having authority, to pay or otherwise deliver all such Distributions to Agent for application to the Senior Debt until Payment in

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Full of all Senior Debt. Each Subordinated Party also irrevocably authorizes and empowers Agent to demand, sue for, collect and receive any and all such Distributions.

(ii) **Proofs of Claim and Plans of Reorganization.** Each Subordinated Party hereby irrevocably authorizes, empowers and appoints Agent its agent and attorney-in-fact to execute, verify, deliver and file proofs of claim in respect of the Subordinated Debt in any Proceeding upon the failure of any Subordinated Party to do so prior to fifteen (15) Business Days before the expiration of the time to file any such proof of claim; provided Agent shall have no obligation to execute, verify, and/or file any such proof of claim. Nothing in this Agreement shall restrict or impair the right of the Subordinated Parties to vote their respective claims in respect of the Subordinated Debt in any Proceeding; provided that, without the prior written consent of Agent, no Subordinated Party may vote in favor of a plan of reorganization in a Proceeding that contravenes the priority or subordination provisions of this Agreement.

(iii) **Avoidance, Etc.** The Senior Debt shall continue to be treated as Senior Debt and the provisions of this Agreement shall continue to govern the relative rights and priorities of Agent and Senior Lenders and the Subordinated Parties in respect of the Senior Debt and Subordinated Debt even if all or part of the Senior Debt or the Liens securing the Senior Debt are subordinated, set aside, avoided, invalidated or disallowed in connection with any such Proceeding, and this Agreement shall be reinstated (but without affecting any payment received by any Subordinated Party prior to such reinstatement) if at any time any payment of any of the Senior Debt is rescinded or must otherwise be returned by any holder of Senior Debt or any representative of such holder.

(iv) **Effectiveness in a Proceeding.** This Agreement, which the parties hereto expressly acknowledge is a "subordination agreement" under section 510(a) of the Bankruptcy Code, shall be effective before, during and after the commencement of any Proceeding. All references in this Agreement to any Credit Party shall include such Credit Party as a debtor-in-possession and any receiver or trustee for such Credit Party in any Proceeding.

(b) **Provisions Regarding Liens Securing the Subordinated Debt**

(i) **Filing of Motions; Voting.** Except as specifically permitted in this Agreement and without limiting the rights of the Subordinated Parties to enforce this Agreement, until the Payment in Full of all the Senior Debt, each Subordinated Party agrees that it shall not, in or in connection with any Proceeding, file any adverse pleadings or motions, take any adverse position at any hearing or proceeding of any nature, or otherwise take any adverse action whatsoever, in each case in respect of the Collateral, including, without

limitation, with respect to the determination of Senior Debt or any Liens or claims held by Senior Secured Parties as security for the Senior Debt (including the validity, perfection, priority and enforceability thereof).

(ii) **Financing Matters.** If any Credit Party becomes subject to any Proceeding, and if Agent desires to consent (or not object) to the sale, use or lease of cash or other collateral under the Bankruptcy Code or to provide financing to any Credit Party under the Bankruptcy Code or to consent (or not object) to the provision of such financing to any Credit Party by any third party ("DIP Financing"), then each Subordinated Party agrees, so long as the sum of the DIP Financing and the outstanding Senior Debt shall not exceed any of the applicable Senior Debt Limit, each Subordinated Party (A) will be deemed to have consented to, will raise no objection to, nor support any other Person objecting to, the sale, use or lease of such cash or other collateral or to such DIP Financing, (B) will not request or accept any form of adequate protection or any other relief in connection with the sale, use or lease of such cash or other collateral or such DIP Financing except as set forth in clause (iv) below, (C) will subordinate (and will be deemed hereunder to have subordinated) its Liens in the Collateral (x) to such DIP Financing on the same terms and conditions as the Subordinated Parties' other Liens are subordinated under this Agreement (and such subordination will not alter in any manner the terms of this Agreement), (y) to any adequate protection provided to Agent or any Senior Lender (subject to the other terms and provisions of this Agreement) and (z) to any "carve-out" for professional and United States Trustee fees agreed to by Agent, and (D) agrees that notice received five (5) Business Days prior to the entry of an order approving such usage of cash collateral or approving such financing shall be adequate notice. Each Subordinated Party agrees that such Subordinated Party will not, without the prior written consent of Agent, extend directly or indirectly all or any portion of any DIP Financing secured by Liens with priority over, or *pari passu* with, the Liens securing the Senior Debt.

(iii) **Relief From the Automatic Stay.** Until the Payment in Full of the Senior Debt, each Subordinated Party agrees that it will not seek relief from, or modification of, the automatic stay or from any other stay in any Proceeding or take any action in derogation thereof, in each case in respect of the Subordinated Debt or any Collateral securing the Subordinated Debt, without the prior written consent of Agent, except and to the extent that Agent obtains relief from, or modification of, the automatic stay.

(iv) **Adequate Protection.** Each Subordinated Party agrees that it shall not object to, contest, or support any other Person objecting to or contesting, (A) any request by Agent or any Senior Lender for adequate protection or (B) any objection by Agent or any Senior Lender to any motion, relief, action or proceeding based on a claim of a lack of adequate protection or

(C) the payment of interest, fees, expenses or other amounts to Agent or any Senior Lender under section 506(b) or 506(c) of the Bankruptcy Code or otherwise. Notwithstanding anything contained in this clause (b)(iv) and in clause (b)(ii) of this Section 2.2, in any Proceeding, (x) the Subordinated Parties may seek, support, accept and retain adequate protection solely in the form of (I) additional or replacement Liens on assets, subordinated to the Liens securing the Senior Debt and any DIP Financing provided in accordance with clause (ii) above on the same basis as the other Liens securing the Subordinated Debt are so subordinated to the Liens securing the Senior Debt under this Agreement and (II) superpriority claims junior in all respects to the superpriority claims granted to Agent, and (y) in the event the Subordinated Parties receive adequate protection, including in the form of additional or replacement collateral, then the Subordinated Parties agree that Agent shall have a senior Lien and claim on such adequate protection as security for the Senior Debt and that any Lien on any additional or replacement collateral securing the Subordinated Debt shall be subordinated to such Liens on such collateral securing the Senior Debt and any DIP Financing and any other Liens granted to Agent as adequate protection in respect of Senior Debt, with such subordination to be on the same terms, and to the extent, that the other Liens securing the Subordinated Debt are subordinated to the Liens securing the Senior Debt under this Agreement.

(v) **Section 363 Asset Dispositions.** No Subordinated Party shall in a Proceeding oppose or object to any sale (or related sale procedures) or disposition of any assets conducted under Section 363 of the Bankruptcy Code of any Credit Party that is supported by Agent, and each Subordinated Party will be deemed to have consented under Section 363 of the Bankruptcy Code to any such sale or disposition consented to by Agent and to have released its Liens in such assets (but not the proceeds thereof) so long as Agent has done the same; provided that, the Collateral Agent retains the right to object to any use of proceeds thereof (other than proceeds that are used upon receipt thereof to permanently reduce the Senior Debt and thereby permanently reduce the applicable Senior Debt Limit). All proceeds of such sales and dispositions received by Agent shall be applied to permanently reduce the Senior Debt. Agent shall not object to any "credit bid" made by the Collateral Agent in respect of such sale or disposition so long as such bid is otherwise sufficient for the Senior Debt to be Paid in Full.

(vi) **Grants of Security and Separate Classification.** Agent and each Subordinated Party acknowledges and agrees that (i) the grants of Liens pursuant to the Senior Debt Documents and Subordinated Debt Documents constitute two separate and distinct grants of Liens, and (ii) among other things, because the Subordinated Debt is subordinated to the Senior Debt (to the extent provided by this Agreement), and because of their differing rights in the Collateral, the Subordinated Debt is fundamentally different from the

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Senior Debt and must be separately classified in any plan of reorganization proposed or adopted in a Proceeding. To further effectuate the intent of the parties as provided in the immediately preceding sentence, if it is held that the claims of Agent and Senior Lenders and Subordinated Parties in respect of the Collateral constitute only one secured claim (rather than separate classes of senior and junior secured claims), then each Subordinated Party hereby acknowledges and agrees that all Distributions shall be made as if there were separate classes of senior and junior secured claims against the Credit Parties in respect of the Collateral (with the effect being that, to the extent that the aggregate Distributions are sufficient (for this purpose ignoring all claims held by the Subordinated Parties)), Agent shall be entitled to receive, in addition to amounts distributed to Agent in respect of Senior Debt constituting principal, pre-petition interest and other claims, all amounts owing in respect of and unpaid interest accruing thereon (including, without limitation, interest accruing after the commencement of a Proceeding, without regard to whether or not such interest is an allowed claim) on account of Senior Debt before any Distribution with respect to such Proceeding is made in respect of the claims held by the Subordinated Parties, with each Subordinated Party hereby acknowledging and agreeing to turn over to Agent amounts otherwise received or receivable by such Subordinated Party to the extent necessary to effectuate the intent of this sentence, even if such turnover has the effect of reducing the claim or recovery of the Subordinated Parties.

(vii) **No Waivers of Rights of Agent.** Nothing contained in this Section 2.2(b) shall prohibit or in any way limit Agent from objecting in any Proceeding or otherwise to any action taken by any Subordinated Party, including the seeking by any Subordinated Party of adequate protection or the asserting by any Subordinated Party of any of its rights and remedies under the Subordinated Debt Documents or otherwise, except with respect to such actions taken by the Subordinated Parties that are expressly permitted in this Agreement.

(viii) **Limitation of Waivers re Subordinated Parties' Rights as Unsecured Creditors** Notwithstanding any provisions in this Agreement to the contrary, the Subordinated Parties do not waive any rights to take any action or assert any position (whether or not such position would be adverse to Agent) with respect to the matters described in Section 2.2(b)(i), Section 2.2(b)(ii) or Section 2.2(b)(v) to the extent any holder of an unsecured claim would have the right to do so.

2.3. Subordinated Debt Payment Restrictions.

(a) Notwithstanding the terms of the Subordinated Debt Documents, each Credit Party hereby agrees that it may not make, and each Subordinated

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Party hereby agrees that it will not accept, any Distribution with respect to the Subordinated Debt until the Senior Debt is Paid in Full, other than, subject to the terms of Section 2.2, Permitted Subordinated Debt Payments; provided, however, that each Credit Party and each Subordinated Party further agree that no Permitted Subordinated Debt Payment may be made by any Credit Party or accepted by any Subordinated Party if, either at the time of such payment or after giving effect thereto:

(i) a Senior Payment Default exists and such Senior Payment Default shall not have been cured or waived; or

(ii) subject to paragraph (d) of this Section 2.3, (A) the Company and Collateral Agent shall have received a Senior Default Notice from Agent stating that a Senior Covenant Default exists or would be created by the making of such payment, (B) each such Senior Covenant Default shall not have been cured or waived and (C) 180 days shall not have elapsed since the date such Senior Default Notice was received.

(b) The Credit Parties may resume Permitted Subordinated Debt Payments (and may make any Permitted Subordinated Debt Payments missed due to the application of paragraph (a) of this Section 2.3) in respect of the Subordinated Debt or any judgment with respect thereto:

(i) in the case of a Senior Payment Default referred to in clause (i) of paragraph (a) of this Section 2.3, upon a cure or waiver thereof; or

(ii) in the case of a Senior Covenant Default referred to in clause (ii) of paragraph (a) of this Section 2.3, upon the earlier to occur of (A) the cure or waiver of all such Senior Covenant Defaults for which a Senior Default Notice was provided by Agent to the Company and Collateral Agent or (B) the expiration of such period of 180 days.

(c) No Senior Default shall be deemed to have been waived for purposes of this Section 2.3 unless and until the Credit Parties shall have received a written waiver from Agent.

(d) Notwithstanding any provision of this Section 2.3 to the contrary:

(i) the Credit Parties shall not be prohibited from making, and Subordinated Parties shall not be prohibited from receiving, Permitted Subordinated Debt Payments under clause (ii) of paragraph (a) of this Section 2.3 for more than an aggregate of 180 days within any period of 360 consecutive days;

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(ii) no Senior Covenant Default existing on the date any Senior Default Notice is given pursuant to clause (ii) of paragraph (a) of this Section 2.3 shall, unless the same shall have ceased to exist for a period of at least 30 consecutive days, be used as a basis for any subsequent such notice (for purposes of this Section 2.3, breaches of the same financial covenant for different (including, without limitation, consecutive) periods shall constitute separate and distinct Senior Covenant Defaults); and

(iii) the failure of any Credit Party to make any Distribution with respect to the Subordinated Debt by reason of the operation of this Section 2.3 shall not be construed as preventing the occurrence of a Subordinated Debt Default under the applicable Subordinated Debt Documents.

2.4. Subordinated Debt Standstill Provisions.

(a) Until the Senior Debt is Paid in Full, no Subordinated Party shall, without the prior written consent of Agent, take any Enforcement Action with

respect to the Subordinated Debt or under any of the Subordinated Debt Documents; provided, that upon the earliest to occur of (i) acceleration of the Senior Debt, (ii) the commencement of a Proceeding involving a Credit Party, in which case the provisions of Section 2.2 shall apply, and (iii) the passage of 180 days from the delivery of a Subordinated Debt Default Notice to Agent if any Subordinated Debt Default described therein shall not have been cured or waived within such period, and in any event no earlier than 10 days after Agent's receipt of written notice of a Subordinated Party's intention to take any such action, such Subordinated Party may (A) sue for payment of the whole or any part of the Subordinated Debt, (B) accelerate the Subordinated Debt, or (C) exercise any other unsecured creditor remedy not otherwise prohibited by this Agreement (provided, that in no event may a Subordinated Party commence or join with other Persons to commence a Proceeding or exercise any rights or remedies with respect to the Collateral). Notwithstanding the foregoing but subject to the provisions of Section 2.2(a)(ii), Subordinated Parties may file proofs of claim against any Credit Party in any Proceeding involving such Credit Party. Any Distributions or other proceeds of any Enforcement Action obtained by any Subordinated Party shall in any event be held in trust by it for the benefit of Agent and Senior Lenders and promptly paid or delivered to Agent for the benefit of Senior Lenders in the form received until the Senior Debt is Paid in Full.

(b) Notwithstanding anything contained herein to the contrary, if following the acceleration of the Senior Debt by Senior Lenders such acceleration is rescinded (whether or not any existing Senior Default has been cured or waived), then all Enforcement Actions taken by Subordinated Parties

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shall likewise be rescinded if such Enforcement Action is based solely on clause (i) of paragraph (a) of this Section 2.4.

2.5. **Incorrect Payments.** If any Distribution on account of the Subordinated Debt not permitted to be made by any Credit Party or accepted by any Subordinated Party under this Agreement is made and received by any Subordinated Party, such Distribution shall not be commingled with any of the assets of any Subordinated Party, shall be held in trust by such Subordinated Party for the benefit of Senior Secured Parties and shall be promptly paid over to Agent, with any necessary endorsement, for application (in accordance with the Senior Debt Documents) to the payment of the Senior Debt then remaining unpaid, until all of the Senior Debt is Paid in Full. Conversely, if any Distribution on account of the Senior Debt is made by any Credit Party or received by Agent or any Senior Lender after such time as the Senior Debt is Paid in Full, such Distribution shall not be commingled with any of the assets of Agent or any Senior Lender, shall be held in trust by Agent for the benefit of the Company and shall be promptly paid over to the Company, with any necessary endorsement.

2.6. **Subordination of Liens and Security Interests; Agreement Not to Contest; Agreement to Release Liens**

(a) Until the Senior Debt has been Paid in Full, any Liens of any Subordinated Party in any Collateral shall be and hereby are subordinated for all purposes and in all respects to the Liens of Agent and Senior Lenders in such Collateral, regardless of the time, manner or order of perfection of any such Liens.

(b) Each Subordinated Party agrees that it will not at any time, including without limitation in connection with any Proceeding, contest the validity, perfection, priority or enforceability of the Senior Debt, the Senior Debt Documents, or the Liens of Agent and Senior Lenders in the Collateral securing the Senior Debt. Conversely, Agent agrees that it will not at any time, including without limitation, in connection with any Proceeding, contest the validity, perfection, priority or enforceability of the Subordinated Debt, the Subordinated Debt Documents, or the Liens of the Subordinated Parties in the Collateral securing the Subordinated Debt.

(c) In the event that the Company desires to sell, lease, license or otherwise dispose of any interest in any of the Collateral (including the equity interests of a Credit Party), Agent consents to such Disposition and the proceeds of such Disposition are applied in accordance with Section 2.8 hereof, each Subordinated Party shall be deemed to have consented to such Disposition and such Disposition shall be free and clear of any Liens of the Subordinated Parties in such Collateral (and if such Disposition involves the equity interests of a Credit Party, each Subordinated Party shall release such Credit Party from any guaranty or other obligation owing to such Subordinated Party).

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Party) and any purchaser of any Collateral may rely on this Agreement as evidence of each Subordinated Party's consent to such Disposition and that such Disposition is free and clear of any Liens of such Subordinated Party in such Collateral (and if such Disposition involves the equity interests of a Credit Party, that such Credit Party is released from any guaranty or other obligation owing to such Subordinated Party). Each Subordinated Party shall (or shall cause its agent) to promptly execute and deliver to Agent such termination statements and releases as Agent shall request to effect the release of the Liens of such Subordinated Party in such Collateral in accordance with this Section 2.6. In furtherance of the foregoing, each Subordinated Party hereby irrevocably appoints Agent its attorney-in-fact, with full authority in the place and stead of such Subordinated Party and in the name of such Subordinated Party or otherwise, to execute and deliver any document or instrument which such Subordinated Party may be required to deliver pursuant to this Section 2.6.

(d) Proceeds of the Collateral include insurance proceeds, and therefore, anything contained in the Subordinated Debt Documents to the contrary notwithstanding, the priorities set forth in this Agreement govern the ultimate disposition of casualty insurance proceeds. Until the Senior Debt has been Paid in Full, Agent shall have the sole and exclusive right, as against the Subordinated Parties, to adjust settlement of insurance claims in the event of any covered loss, theft or destruction of such Collateral. All proceeds of such insurance shall inure to Agent and the Senior Lenders, to the extent of the Senior Debt, and each Subordinated Party shall cooperate (if necessary) in a reasonable manner in effecting the payment of insurance proceeds to the holders of Senior Debt (or any representative thereof). In the event the requisite holders of Senior Debt (or any representative thereof), in their or its sole discretion or pursuant to agreement with any Credit Party, permits such Credit Party to utilize the proceeds of insurance to replace Collateral, the consent of the holders of Senior Debt (or any representative thereof) shall be deemed to include the consent of each Subordinated Party.

2.7. **Sale, Transfer or other Disposition of Subordinated Debt**

(a) No Subordinated Party shall sell, assign, pledge, dispose of or otherwise transfer all or any portion of the Subordinated Debt or any Subordinated Debt Document: (i) without giving prior written notice of such action to Agent, and (ii) unless, prior to the consummation of any such action, the transferee thereof shall execute and deliver to Agent an agreement joining such transferee as a party to this Agreement as a Subordinated Party or an agreement substantially identical to this Agreement, providing for the continued subordination of the Subordinated Debt to the Senior Debt as provided herein and for the continued effectiveness of all of the rights of Agent and Senior Lenders arising under this Agreement.

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(b) Notwithstanding the failure of any transferee to execute or deliver an agreement substantially identical to this Agreement, the subordination effected hereby shall survive any sale, assignment, pledge, disposition or other transfer of all or any portion of the Subordinated Debt, and the terms of this Agreement shall be binding upon the successors and assigns of each Subordinated Party, as provided in Section 11 hereof.

2.8. **Application of Proceeds from Sale or other Disposition of the Collateral** In the event of any sale, transfer or other disposition (including a casualty loss or taking through eminent domain or expropriation) of any Collateral, the proceeds resulting therefrom (including insurance proceeds) shall be applied in

accordance with the terms of the Senior Debt Documents or as otherwise consented to by Agent and Senior Lenders until such time as the Senior Debt is Paid in Full.

2.9. **Legends.** Until the termination of this Agreement in accordance with Section 17 hereof, each Subordinated Party will cause to be clearly, conspicuously and prominently inserted on the face of the Subordinated Note, and any other Subordinated Debt Document, as well as any renewals or replacements thereof, the following legend:

“This [**agreement/instrument**] and the rights and obligations evidenced hereby are subordinate in the manner and to the extent set forth in that certain Subordination and Intercreditor Agreement (as the same may be amended or otherwise modified from time to time pursuant to the terms thereof, the “**Subordination Agreement**”) dated as of March 31, 2011 among Patrick Industries, Inc., an Indiana corporation (the “**Company**”), Tontine Capital Overseas Master Fund II, L.P., a Cayman Islands limited partnership, Northcreek Mezzanine Fund I, L.P., a Delaware limited partnership, on its behalf and as collateral agent, and Wells Fargo Capital Finance, LLC (“**Agent**”), to the indebtedness (including interest) owed by the Credit Parties pursuant to that certain Credit Agreement dated as of March 31, 2011 among the Company, Agent and the lenders from time to time party thereto, and the other Senior Debt Documents (as defined in the Subordination Agreement), as such Credit Agreement, and such other Senior Debt Documents have been and hereafter may be amended, restated, supplemented or otherwise modified from time to time and to indebtedness refinancing the indebtedness under such agreements as permitted by the Subordination Agreement; and each holder of this [**agreement/instrument**], by its acceptance hereof, irrevocably agrees to be bound by the provisions of the Subordination Agreement.”

2.10. **Obligations Hereunder Not Affected.** All rights and interest of Senior Secured Parties hereunder, and all agreements and obligations of the Subordinated Parties and Credit Parties hereunder, shall remain in full force and effect irrespective of:

(a) any lack of validity or enforceability of any document evidencing any of the Senior Debt;

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(b) any change in the time, manner or place of payment of, or any other term of, all or any of the Senior Debt, or any other permitted amendment or waiver of or any release or consent to departure from any of the Senior Debt Documents;

(c) any exchange, release or non-perfection of any collateral for all or any of the Senior Debt;

(d) any failure of any Senior Secured Party to assert any claim or to enforce any right or remedy against any other party hereto under the provisions of this Agreement or any Senior Debt Document other than this Agreement;

(e) any reduction, limitation, impairment or termination of the Senior Debt for any reason, including any claim of waiver, release, surrender, alteration or compromise, and shall not be subject to (and Credit Parties and Subordinated Parties hereby waive any right to or claim of) any defense or setoff, counterclaim, recoupment or termination whatsoever by reason of invalidity, illegality, nongenuineness, irregularity, compromise, unenforceability of, or any other event or occurrence affecting, any Senior Debt; and

(f) any other circumstance which might otherwise constitute a defense available to, or a discharge of, Credit Parties in respect of the Senior Debt or the Subordinated Parties in respect of this Agreement.

Each Subordinated Party acknowledges and agrees that the Senior Secured Parties may, in accordance with the terms of the Senior Debt Documents, without notice or demand and without affecting or impairing any Subordinated Party's obligations hereunder, (i) modify the Senior Debt Documents to the extent permitted pursuant to Section 3.1; (ii) take or hold security for the payment of the Senior Debt and exchange, enforce, foreclose upon, waive and release any such security; (iii) apply such security and direct the order or manner of sale thereof as Agent and Senior Lenders in their sole discretion, may determine; (iv) release and substitute one or more endorsers, warrantors, borrowers or other obligors; and (v) exercise or refrain from exercising any rights against any Credit Party or any other Person. The Senior Debt shall continue to be treated as Senior Debt and the provisions of this Agreement shall continue to govern the relative rights and priorities of Senior Secured Parties and the Subordinated Parties even if all or part of the Senior Debt or the security interests securing the Senior Debt are subordinated, set aside, avoided, invalidated or disallowed. For the avoidance of doubt, except as provided in Section 2.6(c), nothing in this Section 2.10 shall prevent the Subordinated Parties from taking possession or control of any Collateral waived or released by the Senior Secured Parties in order for the Subordinated Parties to perfect their continuing security interest in such Collateral.

2.11. **Notices to Collateral Agent.** Promptly upon (or as soon as practicable following) (i) Payment in Full of the Senior Debt, (ii) commencement by Agent of any Enforcement Action with respect to any Collateral (including by way of a public or private sale of Collateral), (iii) the modification of any of the Senior Debt Documents, or (iv) the

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transfer or assignment of any of the Senior Debt, Agent shall use commercially reasonable efforts to deliver written notice of such payment or action to the Collateral Agent; provided, however, that, the failure to give any such notice shall not result in any liability of Agent or any Senior Lender or in any modification, alteration, impairment or waiver of the rights of any party hereunder.

3. **Modifications.**

3.1. **Modifications to Senior Debt Documents.** Senior Lenders may at any time and from time to time without the consent of or notice to any Subordinated Party, without incurring liability to any Subordinated Party and without impairing or releasing the obligations of any Subordinated Party under this Agreement, change the manner or place of payment or extend the time of payment of or renew or alter any of the terms of the Senior Debt, or amend or otherwise modify in any manner any agreement, note, guaranty or other instrument evidencing or securing or otherwise relating to the Senior Debt; provided that Senior Lenders shall not (a) increase the Senior Debt to an amount in excess of the Senior Debt Limit, (b) increase the margins applicable to the interest rates with respect to the Senior Debt by more than 200 basis points, except in connection with (i) the imposition of a default rate of interest in accordance with the terms of the Senior Debt Documents or (ii) the imposition of market interest rates in respect of any Permitted Refinancing of the Senior Debt, (c) extend the final maturity of the Senior Debt (as set forth in the WFCF Loan Documents in effect on the date hereof) by more than two years, other than in connection with a Permitted Refinancing or (d) shorten the amortization of any portion of the Senior Debt (as set forth in the WFCF Loan Documents in effect on the date hereof).

3.2. **Modifications to Subordinated Debt Documents.** Until the Senior Debt has been Paid in Full, and notwithstanding anything to the contrary contained in the Subordinated Debt Documents, no Subordinated Party shall, without the prior written consent of Agent, (i) agree to any amendment, modification or supplement to the Subordinated Debt Documents the effect of which is to (a) increase the maximum principal amount of the Subordinated Debt or rate of interest on any of the Subordinated Debt (provided that, for the avoidance of doubt, the payment by the Company of non-cash in-kind interest, the increase in the interest rate on the second anniversary of the date hereof and the imposition of a default rate of interest, all in accordance with the terms of the Subordinated Debt Documents as in effect on the date hereof, shall not constitute an amendment, modification or supplement to the Subordinated Debt Documents), (b) change the dates upon which payments of principal or interest on the Subordinated Debt are due or terms upon which interest is required to be paid, (c) change or add any event of default or any covenant with respect to the Subordinated Debt, (d) change any redemption or prepayment provisions of the Subordinated Debt, (e) alter the subordination provisions with respect to the Subordinated Debt, including, without limitation, subordinating the Subordinated Debt to any other indebtedness, or (f) change or amend any other term of the Subordinated Debt

Senior Lenders, or (ii) take any Liens in any assets of any Credit Party other than such Liens provided for in the Subordinated Debt Documents as in existence on the date hereof unless the same shall have been granted to the Senior Secured Parties.

4. **Waiver of Certain Rights by Subordinated Parties.**

4.1. **Acceptance.** Except as specifically set forth in this Agreement, each Subordinated Party hereby waives notice of the acceptance by Agent and Senior Lenders of the subordination and other provisions of this Agreement, all other notices not expressly required pursuant to the terms of this Agreement and all waivable notices under the Uniform Commercial Code in connection with foreclosure on or sale of all or any portion of the Collateral by Agent and Senior Lenders, and each Subordinated Party expressly consents to reliance by Agent and Senior Lenders upon the subordination and other agreements as herein provided. Except as specifically set forth in this Agreement, Agent hereby waives notice of the acceptance by the Subordinated Parties of the subordination and other provisions of this Agreement, and Agent expressly consents to reliance by the Subordinated Parties upon the subordination and other agreements as herein provided.

4.2. **Marshaling.** Each Subordinated Party hereby waives any rights it may have under applicable law to assert the doctrine of marshaling or to otherwise require Agent or any Senior Lender to marshal any property of any Credit Party for the benefit of such Subordinated Party.

4.3. **Rights Relating to Agent's Actions with respect to the Collateral.** Except as expressly provided otherwise in this Agreement, each Subordinated Party hereby waives, to the extent permitted by applicable law, any rights which it may have (i) to enjoin or otherwise obtain a judicial or administrative order preventing Agent or any Senior Lender from taking, or refraining from taking, any action with respect to all or any part of the Collateral and (ii) to affect the method or challenge the appropriateness of any such action by Agent or such Senior Lender. Except as expressly provided otherwise in this Agreement, without limitation of the foregoing, each Subordinated Party hereby agrees (a) that it has no right to direct or object to the manner in which Agent or any Senior Lender applies the proceeds of the Collateral resulting from the exercise by Agent and Senior Lenders of rights and remedies under the Senior Debt Documents to the Senior Debt and (b) that Agent has not assumed any obligation to act as the agent for such Subordinated Party with respect to the Collateral except as provided in Section 7. Except as expressly provided otherwise in this Agreement, each Subordinated Party hereby (i) waives any and all rights of redemption with respect to the Collateral and (ii) agrees that the Agent and Senior Lenders may deal with the Collateral as if such Subordinated Party held no Lien on any Collateral in respect of the Subordinated Debt. Notwithstanding any provisions in this Section 4.3 to the contrary, no Subordinated Party waives any rights to take any action or assert any position (whether or not such position would be adverse to Agent and Senior Lenders) with respect to the matters described in this Section 4.3 to the extent any holder of an unsecured claim would have the right to do so.

5. **Representations and Warranties.**

5.1. **Representations and Warranties of Tontine.** Tontine hereby represents and warrants to Agent and Senior Lenders that as of the date hereof: (a) Tontine is a limited partnership duly formed and validly existing under the laws of the Cayman Islands; (b) Tontine has the power and authority to enter into, execute, deliver and carry out the terms of this Agreement, all of which have been duly authorized by all proper and necessary action; (c) the execution of this Agreement by Tontine will not violate or conflict with the organizational documents of Tontine, any material agreement binding upon Tontine or any law, regulation or order or require any consent or approval which has not been obtained; (d) this Agreement is the legal, valid and binding obligation of Tontine, enforceable against Tontine in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by equitable principles; and (e) Tontine is the sole owner of record, and, collectively with its general and limited partners, the sole owners beneficially, of a Subordinated Note in the original principal amount of \$2,500,000.

5.2. **Representations and Warranties of Northcreek.** Northcreek hereby represents and warrants to Agent and Senior Lenders that as of the date hereof: (a) Northcreek is a limited partnership duly formed and validly existing under the laws of the State of Delaware; (b) Northcreek has the power and authority to enter into, execute, deliver and carry out the terms of this Agreement, all of which have been duly authorized by all proper and necessary action; (c) the execution of this Agreement by Northcreek will not violate or conflict with the organizational documents of Northcreek, any material agreement binding upon Northcreek or any law, regulation or order or require any consent or approval which has not been obtained; (d) this Agreement is the legal, valid and binding obligation of Northcreek, enforceable against Northcreek in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by equitable principles; and (e) Northcreek is the sole owner of record, and, collectively with its general and limited partners, the sole owners beneficially, of a Subordinated Note in the original principal amount of \$2,500,000.

5.3. **Representations and Warranties of Agent.** Agent hereby represents and warrants to each Subordinated Party that as of the date hereof: (a) Agent is a limited liability company duly formed and validly existing under the laws of the State of Delaware; (b) Agent has the power and authority to enter into, execute, deliver and carry out the terms of this Agreement, all of which have been duly authorized by all proper and necessary action; (c) the execution of this Agreement by Agent will not violate or conflict with the organizational documents of Agent, any material agreement binding upon Agent or any law, regulation or order or require any consent or approval which has not been obtained; and (d) this Agreement is the legal, valid and binding obligation of Agent, enforceable against Agent in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally or by equitable principles.

6. **Subrogation; Recovery.** Subject to the Payment in Full of the Senior Debt, each Subordinated Party shall be subrogated to the rights of Agent and Senior Lenders to receive Distributions until the Senior Debt is Paid in Full. If Agent or any Senior Lender is required to disgorge any proceeds of Collateral, payment or other amount received by such Person (whether because such proceeds, payment or other amount is invalidated, declared to be fraudulent or preferential or otherwise) or turn over or otherwise pay any amount (a "Recovery") to the estate or to any creditor or representative of the Company or any other Person, then the Senior Debt shall be reinstated (to the extent of such Recovery) as if such Senior Debt had never been paid and to the extent any Subordinated Party has received proceeds, payments or other amounts to such Subordinated Party would not have been entitled under this Agreement had such reinstatement occurred prior to receipt of such proceeds, payments or other amounts, such Subordinated Party shall turn over such proceeds, payments or other amounts to Agent for reapplication to the Senior Debt. A Distribution made pursuant to this Agreement to Agent or Senior Lenders which otherwise would have been made to any Subordinated Party is not, as between the Credit Parties and the Subordinated Parties, a payment by the Credit Parties to or on account of the Senior Debt.

7. **Possessory Collateral; Third Party Collateral Documents.** Agent hereby acknowledges that, to the extent that it holds, or a third party holds on its behalf, physical possession of or "control" (as defined in the Uniform Commercial Code) over any of the Collateral pursuant to the Senior Debt Documents, such possession or control is also for the benefit of the Subordinated Parties solely to the extent required to perfect its Lien in such Collateral. Nothing in the preceding sentence

shall be construed to impose any duty to the Subordinated Parties on Agent (or any third party acting on Agent's behalf) with respect to such Collateral or provide the Subordinated Parties with any rights with respect to such Collateral beyond those specified in this Agreement and the Subordinated Debt Documents, provided that upon the written request of the Collateral Agent, subsequent to the Payment in Full of all Senior Debt, Agent shall (i) deliver to the Collateral Agent, at the Credit Parties' sole cost and expense, all of the Collateral in the possession or control of Agent together with any necessary endorsements to the extent required by the Subordinated Debt Documents, except as a court of competent jurisdiction otherwise directs, and (ii) transfer to the Collateral Agent, at the Credit Parties' sole cost and expense, all of the rights and interests of Agent under any and all deposit account and securities account control agreements, landlord's agreements, warehouseman's agreements, collateral access agreements and/or any other third party collateral document with respect to the Senior Debt, and in each case take, at the Credit Parties' sole cost and expense, all steps reasonably requested with respect thereto by Collateral Agent. The provisions of this Section 7 shall not impose on Agent any obligations in respect of the disposition of any Collateral (or any proceeds thereof) that would conflict with any prior perfected Liens or any claims thereon in favor of any other Person.

8. **Modification.** Any modification or waiver of any provision of this Agreement, or any consent to any departure by any party from the terms hereof, shall not be effective in any event unless the same is in writing and signed by Agent and each Subordinated Party, and then such modification, waiver or consent shall be effective only in the specific instance and for the specific purpose given. Any notice to or demand on any

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party hereto in any event not specifically required hereunder shall not entitle the party receiving such notice or demand to any other or further notice or demand in the same, similar or other circumstances unless specifically required hereunder.

9. **Further Assurances.** Each party to this Agreement promptly will execute and deliver such further instruments and agreements and do such further acts and things as may be reasonably requested in writing by any other party hereto that may be necessary or desirable in order to effect fully the purposes of this Agreement.

10. **Notices.** Unless otherwise specifically provided herein, any notice delivered under this Agreement shall be in writing addressed to the respective party as set forth below and may be personally served, sent by facsimile transmission or sent by overnight courier service or certified or registered United States mail and shall be deemed to have been given (a) if delivered in person, when delivered; (b) if delivered by facsimile transmission, on the date of transmission if transmitted on a business day before 4:00 p.m. (Chicago time) or, if not, on the next succeeding business day; (c) if delivered by overnight courier, one business day after delivery to such courier properly addressed; or (d) if by United States mail, four business days after deposit in the United States mail, postage prepaid and properly addressed.

Notices shall be addressed as follows:

If to Tontine:

Tontine Capital Overseas Master Fund II, L.P.
55 Railroad Avenue
Greenwich, Connecticut 06830
Attention: Mr. Jeffrey L. Gendell
Facsimile: (203) 769-2010

With a copy to:

Barack Ferrazzano Kirschbaum & Nagelberg LLP
200 West Madison Street, 39th Floor
Chicago, Illinois 60606
Attention: Sarah M. Bernstein, Esq.
Facsimile: (312) 984-3150

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If to Northcreek or Collateral Agent:

Northcreek Mezzanine Fund I, L.P.
255 East Fifth Street, Suite 3010
Cincinnati, Ohio 45202
Attention: Barry A. Peterson
Facsimile: (513) 985-6603

With a copy to:

McGuireWoods LLP
77 West Wacker Drive, Suite 4100
Chicago, Illinois 60601-1818
Attention: Mark A. Kromkowski, Esq.
Facsimile: (312) 698-4548

If to any Credit Party:

Patrick Industries, Inc.
107 West Franklin Street
Elkhart, Indiana 46515
Attention: Andy L. Nemeth
Facsimile: (574) 522-5213

With a copy to:

McDermott Will & Emery
227 West Monroe Street
Chicago, Illinois 60606
Attention: John Hammond, Esq.
Facsimile: (312) 984-7700

If to Agent or Senior Lenders:

Wells Fargo Capital Finance, LLC
 150 South Wacker Drive, Suite 2200
 MAC N2814-220
 Chicago, Illinois 60606-4204
 Attention: Laura Dixon
 Facsimile: (312) 332-0424

With a copy to:

Goldberg Kohn Ltd.
 55 East Monroe Street, Suite 3300
 Chicago, Illinois 60603
 Attention: David L. Dranoff, Esq.
 Facsimile: (312) 332-2196

or in any case, to such other address as the party addressed shall have previously designated by written notice to the serving party, given in accordance with this Section 10. Notwithstanding anything to the contrary contained in this Agreement, for so long as only Tontine and Northcreek (or any of their Affiliates (as defined in the Senior Credit Agreement)) hold the Subordinated Debt, written notices that may or are required to be sent to Collateral Agent under this Agreement shall instead be sent to both Tontine and Northcreek.

11. **Successors and Assigns.** This Agreement shall inure to the benefit of, and shall be binding upon, the respective successors and assigns of Agent, Senior Lenders, the Subordinated Parties and the Credit Parties. To the extent permitted under the Senior Debt Documents, Senior Lenders may, from time to time, without notice to any Subordinated Party, assign or transfer any or all of the Senior Debt or any interest therein to any Person and, notwithstanding any such assignment or transfer, or any subsequent assignment or transfer, the Senior Debt shall, subject to the terms hereof, be and remain Senior Debt for purposes of this Agreement, and every permitted assignee or transferee of any of the Senior Debt or of any interest therein shall, to the extent of the interest of such permitted assignee or transferee in the Senior Debt, be entitled to rely upon and be the third party beneficiary of the subordination provided under this Agreement and shall be entitled to enforce the terms and provisions hereof to the same extent as if such assignee or transferee were initially a party hereto.

12. **Relative Rights.** This Agreement shall define the relative rights of Agent, Senior Lenders and Subordinated Parties. Nothing in this Agreement shall (a) impair, as among the Credit Parties, Agent and Senior Lenders and as between the Credit Parties and the Subordinated Parties, the obligation of the Credit Parties with respect to the payment of the Senior Debt and the Subordinated Debt in accordance with their respective terms or

(b) affect the relative rights of Agent, Senior Lenders or Subordinated Parties with respect to any other creditors of the Credit Parties. The terms of this Agreement shall govern even if all or any part of the Senior Debt or the Liens in favor of Agent or Senior Lenders are avoided, disallowed, unperfected, set aside or otherwise invalidated in any judicial proceeding or otherwise.

13. **Conflict.** In the event of any conflict between any term, covenant or condition of this Agreement and any term, covenant or condition of any of the Subordinated Debt Documents, the provisions of this Agreement shall control and govern.

14. **Headings.** The paragraph headings used in this Agreement are for convenience only and shall not affect the interpretation of any of the provisions hereof.

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

16. **Severability.** In the event that any provision of this Agreement is deemed to be invalid, illegal or unenforceable by reason of the operation of any law or by reason of the interpretation placed thereon by any court or governmental authority, the validity, legality and enforceability of the remaining provisions of this Agreement shall not in any way be affected or impaired thereby, and the affected provision shall be modified to the minimum extent permitted by law so as most fully to achieve the intention of this Agreement.

17. **Continuation of Subordination; Termination of Agreement.** This Agreement shall remain in full force and effect until Payment in Full of the Senior Debt, after which this Agreement shall terminate without further action on the part of the parties hereto.

18. **GOVERNING LAW; SUBMISSION TO JURISDICTION.** THIS AGREEMENT SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF ILLINOIS, WITHOUT REGARD TO CONFLICTS OF LAW PRINCIPLES. EACH SUBORDINATED PARTY AND THE COMPANY HEREBY CONSENTS TO THE JURISDICTION OF ANY STATE OR FEDERAL COURT LOCATED WITHIN THE COUNTY OF COOK, STATE OF ILLINOIS AND IRREVOCABLY AGREES THAT, SUBJECT TO AGENT'S ELECTION, ALL ACTIONS OR PROCEEDINGS ARISING OUT OF OR RELATING TO THIS AGREEMENT SHALL BE LITIGATED IN SUCH COURTS. EACH SUBORDINATED PARTY AND THE COMPANY EXPRESSLY SUBMITS AND CONSENTS TO THE JURISDICTION OF THE AFORESAID COURTS AND WAIVES ANY DEFENSE OF FORUM NON CONVENIENS. EACH SUBORDINATED PARTY AND THE COMPANY HEREBY WAIVES PERSONAL SERVICE OF ANY AND ALL PROCESS AND AGREES THAT ALL SUCH SERVICE OF PROCESS MAY BE MADE UPON IT BY CERTIFIED OR REGISTERED MAIL, RETURN RECEIPT REQUESTED, ADDRESSED TO EACH SUBORDINATED PARTY AND THE COMPANY AT

THEIR RESPECTIVE ADDRESSES SET FORTH IN THIS AGREEMENT AND SERVICE SO MADE SHALL BE COMPLETE TEN (10) DAYS AFTER THE SAME HAS BEEN POSTED.

19. **WAIVER OF JURY TRIAL.** EACH SUBORDINATED PARTY, THE COMPANY AND AGENT HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT,

ANY OF THE SUBORDINATED DEBT DOCUMENTS OR ANY OF THE SENIOR DEBT DOCUMENTS AND AGREES THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY. EACH SUBORDINATED PARTY, THE COMPANY AND AGENT ACKNOWLEDGES THAT THIS WAIVER IS A MATERIAL INDUCEMENT TO ENTER INTO A BUSINESS RELATIONSHIP, THAT EACH HAS RELIED ON THE WAIVER IN ENTERING INTO THIS AGREEMENT, THE SUBORDINATED DEBT DOCUMENTS AND THE SENIOR DEBT DOCUMENTS AND THAT EACH WILL CONTINUE TO RELY ON THIS WAIVER IN THEIR RELATED FUTURE DEALINGS. EACH SUBORDINATED PARTY, THE COMPANY AND AGENT WARRANTS AND REPRESENTS THAT EACH HAS HAD THE OPPORTUNITY OF REVIEWING THIS JURY WAIVER WITH LEGAL COUNSEL, AND THAT EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS.

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IN WITNESS WHEREOF, Collateral Agent, the Subordinated Creditors, the Company and Agent have caused this Agreement to be executed as of the date first above written.

SUBORDINATED PARTIES:

TONTINE:

TONTINE CAPITAL OVERSEAS MASTER FUND II, L.P.,
a Cayman Islands limited partnership

By: Tontine Asset Associates, L.L.C., a Delaware limited liability company, its general partner

By: /s/ Jeffrey L. Gendell
Name: Jeffrey L. Gendell, Managing Member

Subordination and Intercreditor Agreement

NORTHCREEK:

NORTHCREEK MEZZANINE FUND I, L.P.,
a Delaware limited partnership

By: NMF GP, LLC, a Delaware limited liability company, its general partner

By: Northcreek Management, Inc., a Delaware corporation, its manager

By: /s/ Barry Peterson
Name: Barry Peterson, Vice President

Subordination and Intercreditor Agreement

COLLATERAL AGENT:

NORTHCREEK MEZZANINE FUND I, L.P.,
a Delaware limited partnership

By: NMF GP, LLC, a Delaware limited liability company, its general partner

By: Northcreek Management, Inc., a Delaware corporation, its manager

By: /s/ Barry Peterson
Name: Barry Peterson, Vice President

Subordination and Intercreditor Agreement

COMPANY:

PATRICK INDUSTRIES, INC.,
an Indiana corporation

By: /s/Andy L. Nemeth
Its Chief Financial Officer

Subordination and Intercreditor Agreement

AGENT:

WELLS FARGO CAPITAL FINANCE, LLC,
a Delaware limited liability company, as Agent

By /s/ Ernest May
Its Director

Subordination and Intercreditor Agreement
