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PATRICK INDUSTRIES INC  
Form DEF 14A  
April 10, 2003

SCHEDULE 14A INFORMATION  
PROXY STATEMENT PURSUANT TO SECTION 14(A) OF THE  
SECURITIES EXCHANGE ACT OF 1934

Filed by the Registrant [ ]

Filed by a Party other than the Registrant [ ]

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to Sections 240.14a-11(c) or Section 240.14a-12

Patrick Industries, Inc.

-----  
(Name of Registrant as Specified in its Charter)

-----  
(Name Of Person(S) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

- (1) Title of each class of securities to which transaction applies:
- (2) Aggregate number of securities to which transactions applies:
- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):
- (4) Proposed maximum aggregate value of transaction:
- (5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

- (1) Amount Previously Paid:
- (2) Form, Schedule or Registration Statement No.:
- (3) Filing Party:

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(4) Date Filed:

PATRICK INDUSTRIES, INC.  
1800 SOUTH 14TH STREET  
P.O. BOX 638  
ELKHART, INDIANA 46515  
574-294-7511

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NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD MAY 15, 2003

TO THE SHAREHOLDERS:

NOTICE IS HEREBY GIVEN that the Annual Meeting of Shareholders of Patrick Industries, Inc., an Indiana corporation, will be held at the Company's Patrick Metals Division offices, 5020 Lincolnway East, Mishawaka, Indiana, on Thursday, May 15, 2003 at 1:30 p.m., Mishawaka time, for the following purposes:

1. To elect three directors of the Company to serve until 2006.
2. To consider and transact such other business as may properly come before the meeting or any adjournments thereof.

The Board of Directors has fixed the close of business on March 14, 2003, as the record date for the determination of the holders of shares of the Company's outstanding Common Stock entitled to notice of and to vote at the Annual Meeting of Shareholders. Each shareholder is entitled to one vote per share on all matters to be voted on at the meeting.

Whether or not you expect to attend the meeting, you are urged to sign, date, and return the enclosed proxy in the enclosed envelope.

By Order of the Board of Directors,

ANDY L. NEMETH  
SECRETARY

April 11, 2003

PLEASE DATE, SIGN AND MAIL THE ENCLOSED PROXY IN THE ENVELOPE PROVIDED WHICH REQUIRES NO POSTAGE FOR MAILING IN THE UNITED STATES. A PROMPT RESPONSE IS HELPFUL, AND YOUR COOPERATION WILL BE APPRECIATED.

PATRICK INDUSTRIES, INC.  
1800 SOUTH 14TH STREET  
P.O. BOX 638  
ELKHART, INDIANA 46515  
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PROXY STATEMENT

ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD MAY 15, 2003  
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This Proxy Statement is being mailed to shareholders of Patrick Industries, Inc. (the "Company") on or about April 11, 2003, and is furnished in connection with the Board of Directors' solicitation of proxies for the Annual Meeting of Shareholders to be held on May 15, 2003 for the purpose of considering and acting upon the matters specified in the Notice of Annual Meeting of Shareholders accompanying this Proxy Statement. If the form of proxy which accompanies this Proxy Statement is executed and returned, it may be revoked by the person giving it at any time prior to the voting thereof by written notice to the Secretary, by delivery of a later dated proxy or by requesting to vote in person at the meeting. Additional solicitations, in person or by telephone or telegraph, may be made by certain directors, officers and employees of the Company without additional compensation. Expenses incurred in the solicitation of proxies, including postage, printing and handling, and actual expenses incurred by brokerage houses, custodians, nominees, and fiduciaries in forwarding documents to beneficial owners, will be paid by the Company.

The Annual Report to shareholders for the year ended December 31, 2002, accompanies this Proxy Statement. Additional copies of the Annual Report may be obtained by writing the Secretary of the Company.

## VOTING INFORMATION

Each shareholder is entitled to one vote for each share of the Company's Common Stock held as of the record date. For purposes of the meeting, a quorum means a majority of the outstanding shares. As of the close of business on March 14, 2003, the record date for shareholders entitled to vote at the annual meeting, there were outstanding 4,584,261 shares of Common Stock, entitled to one vote each. In determining whether a quorum exists at the meeting, all shares represented in person or by proxy will be counted. A shareholder may, with respect to the election of directors, (i) vote for the election of all named director nominees, (ii) withhold authority to vote for all named director nominees or (iii) vote for the election of all named director nominees other than any nominee with respect to whom the shareholder withholds authority to vote by so indicating in the appropriate space on the proxy. Proxies properly executed and received by the Company prior to the meeting and not revoked will be voted as directed therein on all matters presented at the meeting. In the absence of a specific direction from the shareholder, proxies will be voted for the election of all named director nominees.

The Directors are elected by a plurality of the votes cast by shares present in person or by proxy at the Annual Meeting and entitled to vote. Withholding authority to vote in the election of Directors will have no effect on that matter. Any other matter which may properly come before the meeting may be approved by a majority of the votes cast at a meeting at which a quorum is present. Broker non-votes will have no effect on any matter at the Annual Meeting.

The Board of Directors knows of no other matter which may come up for action at the meeting. However, if any other matter properly comes before the meeting, the persons named in the proxy form enclosed will vote in accordance with their judgment upon such matter.

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Shareholder proposals for inclusion in proxy materials for the next Annual Meeting should be addressed to the Company's Secretary, P.O. Box 638, Elkhart, Indiana 46515, and must be received no later than December 12, 2003. In addition, the Company's By-laws require notice of any other business to be brought before a meeting by a shareholder (but not included in the proxy statement) to be delivered to the Company's Secretary, together with certain prescribed information, not less than 20 nor more than 50 days prior to such meeting. Likewise, the Articles of Incorporation and By-laws require that shareholder nominations to the Board of Directors be delivered to the Secretary, together with certain prescribed information, not less than 20 nor more than 50 days prior to a meeting at which directors are to be elected.

### STOCK OWNERSHIP INFORMATION

The following table sets forth, as of the record date, information concerning the only parties known to the Company having beneficial ownership of more than 5 percent of its outstanding Common Stock and information with respect to the stock ownership of all directors and executive officers of the Company as a group.

NAME AND ADDRESS OF BENEFICIAL OWNER -----	NUMBER OF SHARES BENEFICIALLY OWNED -----	PERCENT OF CLASS -----
Mervin D. Lung . . . . . Chairman Emeritus of the Company P.O. Box 638 Elkhart, Indiana 46515	1,029,911	22.47%
Dimensional Fund Advisors, Inc. . . . . 1299 Ocean Avenue, 11th Floor Santa Monica, California 90401	378,542	8.26%
FMR Corp . . . . . 25 Lovat Lane Boston, Massachusetts 02109	453,000	9.88%
Heartland Advisors, Inc. . . . . 789 North Water Street Milwaukee, Wisconsin 53202	395,900	8.64%
Directors and Executive Officers as a group (11 persons) . .	1,262,311	27.54%(1)

(1) The stock ownership of the executive officers named in the Summary Compensation Table is set forth under the heading "Election of Directors", except for Thomas G. Baer (15,008 shares), and Alan M. Rzepka (250 shares).

### SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires that certain of the Company's officers, its directors and 10% shareholders file with the Securities and Exchange Commission and Nasdaq an initial statement of beneficial ownership and certain statements of changes in beneficial ownership of Common Stock of the Company. Based solely on its review of such forms received by the

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Company and written representation from the directors and officers that no other reports were required, the Company is unaware of any instances of noncompliance or late compliance, other than the instances noted below, with such filings during the fiscal year ended December 31, 2002.

Name of Person Reporting	Number of Transactions not Reported on a Timely Basis	Number of Late Reports
Harold E. Wyland	3	2
David D. Lung	2	2
Keith V. Kankel	2	2
Alan M. Rzepka	2	2

### ELECTION OF DIRECTORS

The Board of Directors is divided into three classes, with the members of each class serving staggered three-year terms. John H. McDermott, an incumbent director until the 2004 Annual Meeting, has agreed to stand for election this year and will resign from the 2004 Class following his election as a director to the 2003 Class. Accordingly, at the 2003 Annual Meeting three directors will be elected to hold office until the 2006 Annual Meeting or until their successors are duly elected and qualified. Mr. Thomas Baer is retiring from the Board. We would like to thank him for his many years of faithful service.

It is intended that the proxies will be voted for the nominees listed below, unless otherwise indicated on the proxy form. It is expected that these nominees will serve, but, if for any unforeseen cause any such nominee should decline or be unable to serve, the proxies will be voted to fill any vacancy so arising in accordance with the discretionary authority of the persons named in the proxies.

The following information concerning principal occupations and the number of shares of Common Stock of the Company owned beneficially as of March 14, 2003, has been furnished by the nominees and directors continuing in office:

NAME AND AGE	PRINCIPAL OCCUPATION AND OTHER DIRECTORSHIPS	FIRST YEAR ELECTED DIRECTOR	COMMON STOCK OF THE COMPANY OWNED (1)
Nominees to Serve Until the 2006 Annual Meeting:			
Walter E. Wells, 64 . . . . .	Retired President and CEO of Schult Homes Corporation and Director of Pleasant Street, LLC (home builders)	2001	6,000
David D. Lung, 55 . . . . .	President (Chief Executive Officer) since 1989. Son of Mervin D. Lung.	1977	76,356
John H. McDermott, 71 . . . . .	Of counsel to the Chicago, Illinois law firm of McDermott, Will & Emery, which firm has been retained by the	1969	26,000

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Company since 1968 for certain legal matters.

Directors to Serve Until the 2004 Annual Meeting:

Keith V. Kankel, 60 . . . . .	Retired Vice President of Finance of Patrick Industries, Inc. from 1987 through 2002 and retired Secretary-Treasurer from 1974 through 2002.	1977	16,686
Mervin D. Lung, 80 . . . . .	Chairman Emeritus, President since incorporation in 1961 until 1989, and father of David D. Lung.	1961	1,029,911
Harold E. Wyland, 66 . . . . .	Chairman in 2001. Retired Vice President of Sales, of Patrick Industries, Inc. from 1990 through 1998.	1989	11,300

NAME AND AGE	PRINCIPAL OCCUPATION AND OTHER DIRECTORSHIPS	FIRST YEAR ELECTED DIRECTOR	COMMON STOCK OF THE COMPANY OWNED (1)
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Directors to Serve Until the 2005 Annual Meeting:

Robert C. Timmins, 81 . . . . .	Retired Vice President and Director of a Musical Instrument Company and CPA and Partner of McGladrey & Pullen (certified public accountants) until 1985.	1987	51,300
Terrence D. Brennan, 64 . . . . .	Retired President and CEO of NBD Bank, Elkhart, IN, from 1973 to 1997.	1999	13,000
Larry D. Renbarger, 64 . . . . .	Retired as CEO of Shelter Components in 1998. Currently serving on Boards for Planet Earth, Inc. (retail science and nature Stores), Therm-O-Lite, Inc. (manufacturer of windows), and The Utility Bodywerks (converter of mid-size trucks).	2002	16,500

(1) Each individual has sole voting and dispositive power over the shares indicated.

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## COMPENSATION OF EXECUTIVE OFFICERS AND DIRECTORS

### SUMMARY COMPENSATION TABLE

NAME AND PRINCIPAL POSITION	YEAR	ANNUAL COMPENSATION		LONG-TERM INCENTIVE PLAN UNDERLYING OPTIONS
		SALARY (\$)	BONUS (\$) (1)	
David D. Lung	2002	328,193	- - -	-
President and CEO	2001	312,137	- - -	37,500
	2000	244,182	- - -	12,000
Keith V. Kankel	2002	146,801	- - -	-
Retired Vice President of Finance	2001	192,638	- - -	15,000
	2000	151,890	- - -	7,500
Alan M. Rzepka	2002	186,550	- - -	-
Vice President Sales/Marketing	2001	177,777	- - -	7,500
	2000	141,615	- - -	12,000
Gregory J. Scharnott	2002	131,308	34,053	-
Vice President of Operations	2001	99,188	34,556	-
Andy L. Nemeth	2002	118,163	- - -	-
Secretary-Treasurer	2001	95,975	- - -	1,800
	2000	86,098	- - -	2,000

- (1) The bonus for Gregory J. Scharnott is related to compensation as an executive director of the Midwest regional business units. Mr. Scharnott joined the company in February 2001.
- (2) Company contributions to 401(k) Savings Plan.

#### EMPLOYMENT CONTRACTS

The Company entered into Employment Agreements with David Lung and Alan Rzepka, pursuant to which they agreed to serve as executive officers of the Company. The initial term of the Employment Agreements were for three (3) years, subject to extension at the discretion of the Board of Directors of the Company. The Agreements with David Lung and Alan Rzepka provide for a minimum annual base salary of \$300,000 and \$165,000, respectively, and expire on May 15, 2004.

#### AGGREGATED OPTION EXERCISES IN LAST FISCAL YEAR AND FY-END OPTION VALUES

NAME	NUMBER OF	VALUE OF
	SECURITIES UNDERLYING UNEXERCISED OPTIONS AT FY-END (#)	UNEXERCISED IN-THE-MONEY OPTIONS AT FY-END (\$) *
	EXERCISABLE / NONEXERCISABLE	EXERCISABLE / NONEXERCISABLE
David D. Lung . . . . .	34,125/15,375	\$8,216/4,279
Keith V. Kankel . . . . .	15,000/7,500	\$3,806/2,231

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Alan M. Rzepka . . . . .	11,625/7,875	\$3,491/2,704
Andy L. Nemeth . . . . .	2,406/1,469	\$ 680/ 483
Gregory D. Scharnott . . . . .	0/0	\$0/0
- - - -		

\* Market value of the underlying stock at exercise date or year-end as the case may be, minus the exercise price of the options.

Under the Company's 1987 Stock Option Program as Amended, the Company may grant to key employees (including employees who may also be officers and directors, as long as they do not serve on the committee overseeing the administration of the Program) stock options that may either be incentive stock options or non-qualified stock options, related stock appreciation rights and stock awards.

Certain of the executive officers of the Company have deferred compensation agreements which provide that the Company will pay each of these employees or their beneficiaries 60% of their base salary for 120 months upon retirement (if the employee continues in the employment of the Company until the age of 65) or upon the employee's death or total disability, up to a maximum of \$82,000 per year for David D. Lung, and 40% of base salary up to a maximum \$72,000 per year for Alan M. Rzepka. The cost of these agreements is being funded with insurance contracts purchased by the Company.

### BOARD OF DIRECTORS AND COMMITTEES

The Board of Directors has an Audit Committee comprised of Terrence D. Brennan, Walter E. Wells, John H. McDermott, Robert C. Timmins, and Larry D. Renbarger who are not employees of the Company. The Audit Committee's responsibilities include recommending to the Board of Directors the independent accountants to be employed for the purpose of conducting the annual examination of the Company's financial statements, discussing with the independent accountants the scope of their examination, reviewing the Company's financial statements and the independent accountants' report thereon with Company personnel and the independent accountants, and inviting the recommendations of the independent accountants regarding internal controls and other matters. All of the members of the Audit Committee are independent as defined in the Nasdaq listing standards. The Audit Committee met six times in 2002.

The Board of Directors also has a Stock Option Committee, comprised of John H. McDermott, Terrence D. Brennan, Walter E. Wells, Robert C. Timmins, and Larry D. Renbarger. The Stock Option Committee met three times in 2002.

The Board of Directors also has a Compensation Committee which met four times in 2002 and their actions are described on the following pages of this Proxy Statement.

The Board of Directors had four regular meetings and one telephonic meeting in 2002 and all directors attended at least four meetings. Non-employee directors are paid an annual retainer of \$5,000, \$1,000 for each board meeting they attend, and \$1,000 for each committee meeting that they attend with a maximum of \$2,000 per combined event. Employee directors receive no compensation as such. On an annual basis in May, each non-employee director is automatically granted a restricted stock award for 3,000 shares of the Company's Common Stock which will vest upon such director's continued service as a member of the Board of Directors for two years or earlier upon certain events.



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## COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION

This report of the Compensation Committee and the following Performance Graph shall not be deemed incorporated by reference by any general statement incorporating by reference this Proxy Statement into any filing under the Securities Act of 1933 or under the Securities Exchange Act of 1934, except to the extent that the Company specifically incorporates this information by reference, and shall not otherwise be deemed filed under such Acts.

### OVERVIEW

The Committee policy is to design compensation programs for salaries, incentive bonus programs, other benefits, and long-term incentive programs for all key executives, including the officers named in the Summary Compensation Table. The goals and objectives of the Committee are to attract and retain top quality management employees and ensure that an appropriate relationship exists between executive pay and the creation of shareholder value. The criteria used to determine the compensation of the Chief Executive Officer will also be used in determining compensation for the other officers. The Committee will also receive the recommendation of the Chief Executive Officer regarding the compensation of the other officers.

Federal tax law imposes a \$1 million limit on the tax deduction for certain executive compensation payments. Because the compensation paid to any executive officer is significantly below the \$1 million threshold, the Compensation Committee has not yet had to address the issues relative thereto.

### SALARIES

The executive salaries are reviewed annually. The Committee sets executive salaries based on competitive market levels, experience, individual and company performance, levels of responsibility, and pay practices of other companies relating to executives of similar responsibility. The Committee considered the compensation levels of executives at comparable companies and fixed the compensation for the CEO and other executive officers at levels approximating the midrange of such companies. The Committee includes in its consideration comparable companies listed in the CRSP Index for lumber and wood products and other in building products industries. See "Performance Graph."

### ANNUAL INCENTIVE

The Company provides an annual bonus plan for executive officers that gives them the opportunity to earn additional compensation based on the performance of the Company. The Chief Executive Officer and the other officers share in this program to achieve certain bonus amounts based on various levels of profitability of the Company.

David D. Lung  
Walter E. Wells  
John H. McDermott  
Terrence D. Brennan  
Robert C. Timmins  
Larry D. Renbarger

### COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

David D. Lung is President and Chief Executive Officer of the Company. David D. Lung did not participate in the final decisions with respect to his compensation. John H. McDermott is of counsel to the Chicago, Illinois law firm

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of McDermott, Will & Emery which provides various legal services to the Company.

### CERTAIN TRANSACTIONS

The Company leased a distribution warehouse and various facilities for its manufacturing operations from Mervin D. Lung, the Company's Chairman Emeritus, until May 2002 when it was purchased from Mervin D. Lung for \$2,000,000. The Company also leases two buildings from Mr. Lung used for distribution and manufacturing, under an agreement expiring on September 30, 2004, with an option to renew for five years. The agreement provides for monthly rental of \$25,029, and the payment of property taxes and insurance premiums on the property. The Company also leases two manufacturing facilities from Mr. Lung under agreements that expire on March 31, 2004 with options to renew for three years. The agreements provide for monthly rentals of \$11,421, and

the payment of property taxes and insurance premiums on the property. The Company also leases three manufacturing facilities from Mr. Lung under agreements that expire on July 31, 2004, August 31, 2003, and October 31, 2003 with options to renew for three years. The agreements provide for monthly rentals of \$25,680, and the payment for property taxes and insurance premiums on the property. The Company also leases an aircraft from Mr. Lung under an agreement that expires on October 31, 2004. The agreement provides for monthly rentals of \$10,600, and the payment of insurance premiums and maintenance on the aircraft.

Mr. Lung owns a building supply firm which does not serve the Manufactured Housing and Recreational Vehicle industries. The Company purchases certain specialty items from and sells products to such firm. During the year ended December 31, 2002, purchases from such firm totaled \$78,177 and sales to such firm totaled \$32,406.

The Company believes that the terms of each of the above transactions are at least as favorable as those which could have been obtained from unrelated parties.

### AUDIT COMMITTEE REPORT

The responsibilities of the Audit Committee, which are set forth in the Audit Committee Charter adopted by the Board of Directors, include providing oversight to the Company's financial reporting process through periodic meetings with the Company's independent auditors, principal accounting officer, and management to review accounting, auditing, internal controls, and financial reporting matters. The management of the Company is responsible for the preparation and integrity of the financial reporting information and related systems of internal controls. The Audit Committee, in carrying out its role, relies on the Company's senior management, including senior financial management, and its independent auditors.

We have reviewed and discussed with senior management the Company's audited financial statements included in the 2002 Annual Report to Shareholders. Management has confirmed to us that such financial statements (i) have been prepared with integrity and objectivity and are the responsibility of management and, (ii) have been prepared in conformity with generally accepted accounting principles.

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We have discussed with McGladrey & Pullen, LLP, our independent auditors, the matters required to be discussed by SAS 61 (Communications with Audit Committee). SAS 61 requires our independent auditors to provide us with additional information regarding the scope and results of their audit of the Company's financial statements, including with respect to (i) their responsibility under generally accepted auditing standards, (ii) significant accounting policies, (iii) management judgements and estimates, (iv) any significant audit adjustments, (v) any disagreements with management, and (vi) any difficulties encountered in performing the audit.

We have received from McGladrey & Pullen, LLP a letter providing the disclosures required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees) with respect to any relationships between McGladrey & Pullen, LLP and the Company that in their professional judgment may reasonably be thought to bear on independence. McGladrey & Pullen, LLP has discussed its independence with us, and has confirmed in such letter that, in its professional judgment, it is independent of the Company within the meaning of the federal securities laws.

Based on the review and discussions described above with respect to the Company's audited financial statements included in the Company's 2002 Annual Report to Shareholders, we have recommended to the Board of Directors that such financial statements be included in the Company's Annual Report on Form 10-K for filing with the Securities and Exchange Commission.

As specified in the Audit Committee Charter, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate and in accordance with generally accepted accounting principles. That is the responsibility of management and the Company's independent auditors. In giving our recommendation to the Board of Directors, we have relied on (i) management's representation that such financial statements have been prepared with integrity and objectivity and in conformity with generally accepted accounting principles, and (ii) the report of the Company's independent auditors with respect to such financial statements.

Robert C. Timmins  
Terrence D. Brennan  
John H. McDermott  
Walter E. Wells  
Larry D. Renbarger

### PERFORMANCE GRAPH\*

Set forth below is a line graph comparing the yearly cumulative total shareholder return on the Company's Common Stock against the cumulative total return of the indices indicated for the period of five fiscal years commencing December 31, 1997 and ended December 31, 2002. This graph assumes that \$100 was invested on December 31, 1997 and that all dividends were reinvested. The stock price performance shown on the graph below is not necessarily indicative of future price performance.

COMPARISON OF FIVE YEAR-CUMULATIVE TOTAL RETURNS  
PERFORMANCE GRAPH FOR PATRICK INDUSTRIES, INC.

Produced on 03/17/2003 including data to 12/31/02

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[GRAPHIC OMITTED]

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 LEGEND

Symbol	CRSP Total Returns Index for:	12/1997	12/1998	12/1999	12/2000
-----	-----	-----	-----	-----	-----
[omitted]	PATRICK INDUSTRIES, INC.	100.0	105.7	64.4	41.0
[omitted]	Nasdaq Stock Market (US Companies)	100.0	141.0	261.5	157.0
[omitted]	NASDAQ Stocks (SIC 2400-2499 US Companies)	100.0	100.8	96.1	65.0
[omitted]	Lumber and wood products, except furniture				

NOTES:

- A. The lines represent monthly index levels derived from compounded daily returns that include all dividends.
  - B. The indexes are reweighted daily, using the market capitalization on the previous trading day.
  - C. If the monthly interval, based on the fiscal year-end, is not a trading day, the preceding trading day is used.
  - D. The index level for all series was set to \$100.0 on 12/31/1997.
- 

\*Prepared by Center for Research in Securities Prices, University of Chicago/Graduate School of Business.

ACCOUNTING INFORMATION

The Board of Directors appointed McGladrey & Pullen, LLP as independent auditors to audit the financial statements of the Company for 2002. Representatives of McGladrey & Pullen, LLP are expected to be present at the annual meeting and will be given the opportunity to make a statement if they desire to do so and will be available to respond to appropriate questions.

AUDIT FEES

The aggregate fees billed by the Company's independent auditors for professional services rendered in connection with (i) the audit of the Company's annual financial statements set forth in the Company's Annual Report on Form 10-K for the year ended December 31, 2002, and (ii) the review of the Company's quarterly financial statements set forth in the Company's Quarterly Reports on Form 10-Q for the quarters ended March 31, 2002, June 30, 2002, and September 30, 2002, were approximately \$115,000.

FINANCIAL INFORMATION SYSTEMS DESIGN AND IMPLEMENTATION FEES

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There were no fees billed by the Company's independent auditors for the Company's most recent fiscal year for professional services in this category.

ALL OTHER FEES

The aggregate fees for all other services rendered by its independent auditors or affiliates for the Company's most recent fiscal year were approximately \$64,000. These fees include work performed by the independent auditors with respect to employee benefit plan audits, income tax services, and general advisory services.

The Audit Committee has advised the Company that it has determined that the non-audit services rendered by the Company's independent auditors during the Company's most recent fiscal year are compatible with maintaining the independence of such auditors.

By Order of the Board of Directors

ANDY L. NEMETH  
Secretary

April 11, 2003

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PROXY - PATRICK INDUSTRIES, INC.  
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1800 SOUTH 14TH STREET, P.O. BOX 638, ELKHART, INDIANA 46515  
THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned hereby appoints David D. Lung and Andy L. Nemeth, and each of them, as the undersigned's proxies, each with full power of substitution, to represent and to vote, as designated below, all of the undersigned's Common Stock in Patrick Industries, Inc. at the annual meeting of shareholders of Patrick Industries, Inc. to be held on Thursday, May 15, 2003, and at any adjournment thereof, with the same authority as if the undersigned were personally present.

This Proxy when properly executed will be voted in the manner directed herein by the undersigned shareholders. If no specific direction is made, this proxy will be voted FOR the election of Directors.

PLEASE MARK, SIGN, DATE AND RETURN THE PROXY CARD PROMPTLY USING THE ENCLOSED ENVELOPE.

(Continued and to be signed on reverse side.)

PATRICK INDUSTRIES, INC.

/ / Mark this box with an X if  
you have made changes to

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your name or address details  
above.

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ANNUAL MEETING PROXY CARD  
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A. ELECTION OF DIRECTORS:

The Board of Directors recommends a vote FOR the listed nominees.

	For	Withhold
01 - Walter E. Wells		
02 - David D. Lung		
03 - John H. McDermott		

In their discretion, the Proxies are authorized to vote upon such other business as may properly come before the meeting.

B. AUTHORIZED SIGNATURES - SIGN HERE - This section must be completed for your instructions to be executed.

Please sign exactly as name appears hereon. For joint accounts, all tenants should sign. Executors, Administrators, Trustees, etc., should so indicate when signing.

Signature 1 -  
(Please keep signature  
within box)

Signature 2 -  
(Please keep signature  
within box)

Date (dd/mm/yyyy)

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